

**STRICTLY CONFIDENTIAL — DO NOT FORWARD**

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) UNDER RULE 144A OF THE SECURITIES ACT (AS DEFINED BELOW) OR (2) PERSONS LOCATED OUTSIDE THE UNITED STATES WHO ARE NOT A “U.S. PERSON” (AS DEFINED IN REGULATION S OF THE SECURITIES ACT).**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the offering memorandum (the “Offering Memorandum”). You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Offering Memorandum. In accessing the attached Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** By accepting the e-mail and accessing the attached Offering Memorandum you shall be deemed to have represented to Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Inc., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Merrill Lynch (Singapore) Pte. Ltd., Standard Chartered Bank, DBS Bank Ltd. and SMBC Nikko Capital Markets Limited (each a “Manager” and, collectively, the “Managers”) that (1) either (i) you are located within the United States (“U.S.”) and you are, or you are acting on behalf of, a “qualified institutional buyer” (“QIB”) as defined in Rule 144A of the U.S. Securities Act of 1933, as amended (the “Securities Act”) purchasing the securities described in the attached Offering Memorandum in a transaction exempt from the registration requirements of the Securities Act, or (ii) you are located outside the U.S. and you are not, and are not acting for the account or benefit of, a “U.S. person” as defined in Regulation S of the Securities Act (“Regulation S”) purchasing the securities described in the attached Offering Memorandum in an offshore transaction in compliance with Regulation S and the applicable laws, and (2) you consent to the delivery of the attached Offering Memorandum and any amendments or supplements thereto by electronic transmission.

The attached Offering Memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Network i2i Limited (the “Issuer”), Bharti Airtel Limited (the “Guarantor”), the Managers, the Trustee or the Agents (each as defined in the attached Offering Memorandum) or any of their respective directors, employees, representatives, affiliates or agents accept any liability or responsibility whatsoever in respect of any discrepancies between the Offering Memorandum distributed to you in electronic format and the hard copy version. The Issuer will provide a hard copy version to you upon request.

**Restrictions:** The attached document is an Offering Memorandum and is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in the attached Offering Memorandum is not complete and may be changed.

**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Securities are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**EU MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a “distributor”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.**

**UK MiFIR product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturers’ product approval process, the target market assessment in respect of the securities has led to the conclusion that: (i) the target market for the securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. A distributor should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in**

respect of the securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

**PRIIPs Regulation/Prohibition of sales to EEA retail investors** — The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**UK PRIIPs Regulation/Prohibition of sales to UK retail investors** — The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.**

**THE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAW OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.**

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Managers, the Trustee or the Agents to subscribe for or purchase any of the securities described herein, and access has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of any of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers and their respective affiliates on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Memorandum on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

**Actions that You May Not Take:** You should not reply by e-mail to this communication, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORIZED TO AND MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED OFFERING MEMORANDUM, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

STRICTLY CONFIDENTIAL



## Network i2i Limited

(Incorporated with limited liability in Mauritius)

**U.S.\$500,000,000 3.975 per cent. Subordinated Perpetual Securities**

**guaranteed by**

## Bharti Airtel Limited

(Incorporated with limited liability in the Republic of India under the Companies Act, 1956)

**Issue Price: 99.888%**

The subordinated perpetual securities (the “**Securities**”) will be issued in an initial aggregate principal amount of U.S.\$500,000,000 by Network i2i Limited (the “**Issuer**”), a wholly owned subsidiary of Bharti Airtel Limited (the “**Guarantor**”). The Securities will be guaranteed (the “**Guarantee**”) by the Guarantor.

The Securities will be unsecured and will constitute subordinated obligations of the Issuer as set forth herein. The Guarantee will be unsecured and will constitute a subordinated obligation of the Guarantor as set forth herein. The Guarantee will have an initial term of 25 years and three months from the Issue Date, expiring on June 3, 2046. The Guarantor will extend or renew the Guarantee on or prior to such termination date for an additional term of 25 years and thereafter will extend or renew the Guarantee on each subsequent termination date for an additional term of 25 years, in each case if any Securities remain outstanding on such termination date; provided, however, that the Guarantor will not be required to extend or renew the Guarantee as aforesaid if it is unable to do so, after using its best endeavors, due to a change in law or regulation effective after the Issue Date (as defined herein).

The potential liability of the Guarantor under the Guarantee will be capped initially at an amount equal to 150 per cent. of the aggregate principal amount of the Securities issued on the Issue Date. On or prior to the date that is 15 Business Days after each Reset Date (as defined herein), the Guarantor will increase its potential liability under the Guarantee effective on and after such Reset Date to an amount at least equal to 115 per cent. of the sum of (i) the aggregate principal amount of the Securities then outstanding, (ii) the aggregate amount of interest payable on such Securities during the Reset Period (after giving effect to the Subsequent Fixed Interest Rate (as defined herein) for the Reset Period commencing on such Reset Date) commencing on such Reset Date and (iii) any outstanding Arrears of Interest (as defined herein); provided, however, that the Guarantor will not be required to increase its potential liability under the Guarantee as aforesaid if it is unable to do so, after using its best endeavors, due to a change in law or regulation effective after the Issue Date.

The Securities will bear interest on their principal amount from (and including) the Issue Date (as defined herein) to (but excluding) June 3, 2026 (the “**First Reset Date**”) at a rate of 3.975 per cent. per annum, payable semi-annually in arrear on June 3 and December 3 in each year, commencing June 3, 2021, except that the first payment of interest, to be made on June 3, 2021 (the “**First Interest Payment Date**”), will be in respect of the period from and including the Issue Date to but excluding the First Interest Payment Date.

Thereafter, unless previously redeemed, the Securities will bear interest from (and including) the First Reset Date at a rate per annum which shall be the relevant Treasury Rate (as defined herein) plus the applicable Margin (as defined herein) for the relevant Reset Period (as defined herein), payable semi-annually in arrear on June 3 and December 3 in each year. If the Issuer does not elect to redeem the Securities following the occurrence of a Change of Control Triggering Event (as defined herein), the then prevailing interest rate, and each subsequent interest rate otherwise determined as set forth in “*Terms and Conditions of the Securities*,” shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Triggering Event occurred. The Issuer may at its discretion elect to defer all or part of any payment of interest on the Securities unless an Enforcement Event (as defined herein) has occurred. See “*Terms and Conditions of the Securities—Optional Interest Deferral*.” Any amounts so deferred shall constitute Arrears of Interest. The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time, provided that it will pay any outstanding Arrears of Interest, in whole but not in part, on the earliest of (1) the fifth Business Day (as defined herein) following the date of an occurrence of a breach of any of the provisions described under Condition 5(b), (2) the date of any redemption of the Securities as described under Condition 6, (3) the date of any Substitution or Variation Event, (4) the Winding-Up of the Issuer and (5) the Winding-Up of the Guarantor.

The Issuer may redeem the Securities in whole but not in part on any date prior to March 3, 2026 (the “**First Call Date**”) at the principal amount of the Securities plus a premium set forth in this offering memorandum (“**Offering Memorandum**”) under “*Terms and Conditions of the Securities—Redemption—Make-whole Redemption by the Issuer*,” together with any accrued and unpaid interest up to (but excluding) such date and any outstanding Arrears of Interest. Thereafter, the Issuer may redeem the Securities in whole but not in part on any date from (and including) the First Call Date to (and including) the First Reset Date or on any Interest Payment Date thereafter, at their principal amount, together with any accrued and unpaid interest up to (but excluding) such date and any outstanding Arrears of Interest. Upon the occurrence of an Accounting Event, a Capital Event, a Change of Control Triggering Event, a Substantial Repurchase Event, a Tax Event or a Withholding Tax Event (each as defined herein), the Issuer may redeem the Securities in whole, but not in part, at specified prices. See “*Terms and Conditions of the Securities—Redemption*.”

In addition, the Issuer may, upon the occurrence of an Accounting Event, a Capital Event, a Tax Event or a Withholding Tax Event, as an alternative to redemption, at any time, without the consent of the holders of the Securities, either (i) substitute all, but not less than all, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities (as defined herein). See “*Terms and Conditions of the Securities—Substitution or Variation*.”

The Guarantor is concurrently conducting an offering of an aggregate principal amount of U.S.\$750,000,000 3.25% senior notes due 2031 (such offering, the “**Concurrent Notes Offering**”). The Concurrent Notes Offering is not part of this offering and is being conducted pursuant to a separate Offering Memorandum.

In case of additional market demand for the Securities, the Issuer may launch and price additional securities during the period from this Offering Memorandum to, or shortly after, the Issue Date. Such additional securities, if issued, could be fully fungible with and consolidated into, and form a single series with, the Securities offered in this Offering Memorandum. The Issuer intends to use the proceeds of any such issuance of additional securities for the same purposes as the Securities offered pursuant to this Offering Memorandum. Any such offering of additional securities would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum.

See “*Risk Factors*” beginning on page 48 for a discussion of certain risks that you should consider in connection with an investment in any of the Securities.

Approval-in-principle has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Memorandum. Admission of the Securities to the Official List of the SGX-ST and quotation of the Securities on the SGX-ST is not to be taken as an indication of the merits of the Securities or the Guarantor, or of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any). The Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require. Currently there is no public market for the Securities.

**The Securities and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any U.S. state securities laws and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)). The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and within the United States to “qualified institutional buyers” in reliance on Rule 144A under the Securities Act (“Rule 144A”). Prospective purchasers are hereby notified that sellers of the Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Securities and distribution of this Offering Memorandum, see “*Plan of Distribution*” and “*Transfer Restrictions*.”**

Delivery of the Securities is expected to be made to investors in book-entry form through The Depository Trust Company (“**DTC**”) and its participants, including Euroclear Bank SA/NV (“**Euroclear**”), and Clearstream Banking S.A. (“**Clearstream**”) on or about March 3, 2021.

No key information document required by the PRIIPs Regulation or the UK PRIIPs Regulation for offering or selling the Securities or otherwise making them available to retail investors in the European Economic Area (“**EEA**”) or the United Kingdom (“**UK**”) has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation. The Offering Memorandum has been prepared on the basis that any offer of the Securities in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (the “**UK Prospectus Regulation**”) from a requirement to publish a prospectus for offers of Securities. The Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

The appointment of the Trustee (as defined below) and the Agents (as defined below) is subject to internal approvals by the entities named as such in this Offering Memorandum.

### Lead Managers

Barclays      BofA Securities      BNP PARIBAS      Citigroup      HSBC      J.P. Morgan      Standard Chartered Bank

### Co-Managers

DBS Bank Ltd      SMBC Nikko

Offering Memorandum dated February 25, 2021



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## NOTICE TO INVESTORS

The Issuer, as well as Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Inc., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Merrill Lynch (Singapore) Pte. Ltd., Standard Chartered Bank, DBS Bank Ltd. and SMBC Nikko Capital Markets Limited (together, the “**Managers**”), reserve the right to withdraw the offering of the Securities at any time or to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Securities offered hereby.

This Offering Memorandum is personal to the prospective investor to whom it has been delivered by the Managers and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Securities. Distribution of this Offering Memorandum to any person other than the prospective investor and those persons, if any, retained to advise that prospective investor with respect thereto is unauthorized, and any disclosure of its contents without the Issuer’s prior written consent is prohibited. The prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and agrees not to make any photocopies of this Offering Memorandum.

This Offering Memorandum is intended solely for the purpose of soliciting indications of interest in the Securities from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions contained in any transaction documents described herein. The information provided is not all-inclusive. The market information in this Offering Memorandum has been obtained by the Issuer from publicly available sources deemed by it to be reliable. Notwithstanding any investigation that the Managers may have conducted with respect to the information contained herein, the Managers do not accept any liability in relation to the information contained in this Offering Memorandum or its distribution or with regard to any other information supplied by or on the Issuer’s and the Guarantor’s behalf.

This Offering Memorandum does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Securities or the Guarantee by or on behalf of the Issuer, the Guarantor, the Managers, Citicorp International Limited as trustee (the “**Trustee**”), Citibank, N.A., London Branch as the initial principal paying agent (the “**Principal Paying Agent**”), any other initial paying agents (together with the Principal Paying Agent, the “**Paying Agents**”), Citibank, N.A., London Branch as registrar (the “**Registrar**”), Citibank, N.A., London Branch as the calculation agent (the “**Calculation Agent**”) or Citibank, N.A., London Branch as transfer agent (the “**Transfer Agent**,” and together with the Paying Agents, the Calculation Agent and the Registrar, the “**Agents**”).

Prospective investors in the Securities should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Guarantor or the Managers has authorized the provision of information different from that contained in this Offering Memorandum. The information contained in this Offering Memorandum is accurate in all material respects only as of the date of this Offering Memorandum, regardless of the time of delivery of this Offering Memorandum or of any sale of the Securities. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in the Issuer’s or the Guarantor’s affairs and those of each of its subsidiaries or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof.

Prospective investors hereby acknowledge that (i) they have not relied on the Managers, the **Trustee**, the Agents or any person affiliated with the Managers, the Trustee, or the Agents in connection with any investigation of the accuracy of such information or their investment decision, and (ii) no person has been authorized to give any information or to make any representation concerning the Issuer, the Guarantor, the Securities or the Guarantee (other than as contained herein and information given by the Issuer’s or the Guarantor’s duly authorized officers and employees, as applicable, in connection with investors’ examination of the Issuer and the Guarantor, and the terms of this offering) and, if given or made, any such other information or representation

should not be relied upon as having been authorized by the Issuer, the Guarantor, the Managers, the Trustee or the Agents.

**The Securities and the Guarantee have not been approved or rescinded by the U.S. Securities and Exchange Commission (“SEC”), any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Securities or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.**

None of the Managers, the Issuer, the Guarantor, the Trustee, the Agents or their affiliates or representatives is making any representation to any offeree or purchaser of the Securities offered hereby regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. None of the Managers, the Trustee or any Agent makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Memorandum. To the fullest extent permitted by law, none of the Managers, the Trustee or any Agent accepts any responsibility for the contents of this Offering Memorandum or for any other statement made or purported to be made by the Managers or on any of their behalves in connection with the Issuer and/or the Guarantor or the issue and offering of the Securities. Each of the Managers, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Memorandum or any such statement.

**Each prospective investor should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the Guarantor, and the terms of the Securities and the Guarantee being offered, including the merits and risks involved and its purchase of the Securities and the Guarantee should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. See section, “Risk Factors” for a discussion of certain factors to be considered. Any prospective investor in the Securities should be able to bear the economic risk of an investment in the Securities for an indefinite period of time.**

This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Securities or Guarantee offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation in such jurisdiction.

This Offering Memorandum has been prepared on the basis that any offer of the Securities in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from a requirement to publish a prospectus for offers of the Securities. This Offering Memorandum is not a prospectus for the purpose of the UK Prospectus Regulation.

This Offering Memorandum has not been and will not be reviewed or approved by any regulatory authority in India, including the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Memorandum and the Securities are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether by way of private placement or to the public in India.

This offering is being made in reliance upon exemptions from registration under the Securities Act, for an offer and sale of securities which does not involve a public offering. If you purchase any of the Securities, you will be deemed to make certain acknowledgments, representations and agreements set forth under “*Transfer Restrictions*.”

The distribution of this Offering Memorandum and the offer and sale of the Securities may, in certain jurisdictions, be restricted by law. None of the Issuer, the Managers, the Trustee or the Agents represent that this Offering Memorandum may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an

exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any of the Issuer, the Managers, the Trustee or the Agents which would permit a public offering of any Securities or distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Each purchaser of the Securities must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Securities or possesses or distributes this Offering Memorandum, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. Persons into whose possession this Offering Memorandum or any Securities may come must inform themselves about, and observe any such restrictions on the distribution of Offering Memorandum and the offering and sale of the Securities. In particular, there are restrictions on the offer and sale of the Securities, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom (the “**UK**”) and the European Economic Area (“**EEA**”) and to persons connected therewith. See “*Plan of Distribution*.”

This Offering Memorandum is for distribution only to persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”), (iii) are persons falling within Article 49(2)(a) to (d) (“**high net worth companies, unincorporated associations etc.**”) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Securities are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a

customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the “**PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore, offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

UK PRIIPs Regulation/Prohibition of sales to UK retail investors — The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

## **NOTICE TO MAURITIAN INVESTORS**

This Offering Memorandum has not been and will not be registered as a prospectus or a statement in lieu of a prospectus with the Financial Services Commission of Mauritius. This Offering Memorandum has not been and will not be approved by any regulatory authority in Mauritius, including, but not limited to, the Financial Services Commission, the Registrar of Companies or the Stock Exchange of Mauritius. This Offering Memorandum and the Securities are not and should not be construed as an advertisement, invitation, offer or sale of any securities to the public of any person resident in Mauritius.

The Securities may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Offering Memorandum, nor any offering material or information contained herein relating to the offer of the Securities, may be released or issued to the public in Mauritius or used in connection with any such offer. This Offering Memorandum does not constitute an offer to sell the Securities to the public in Mauritius.

The Mauritius Financial Services Commission is not responsible for the contents of this Offering Memorandum and shall not be liable to any action in damages suffered in connection with this Offering Memorandum.

## **REQUIREMENTS OF THE COMPANIES ACT 2001 AS REGARDS THE ISSUE, TRANSFER AND SECURING SECURITIES UNDER MAURITIUS LAW**

Where a Mauritius issuer issues securities, it must keep at its registered office a register of holders of the securities which must contain (a) the names and addresses of the holders of securities and (b) the amount of securities held by them. The register must, except when duly closed, be open to the inspection of a holder of securities.

A register will be deemed to be duly closed if closed in accordance with a provision contained in the terms and conditions of the securities, the agency deed or any other document relating to or securing the securities during such period not exceeding in the aggregate thirty (30) days in any year as is specified in such document. An “agency deed” means a deed executed by a company or the representative of holders of the securities in relation

to the issue of securities and includes a supplemental document, resolution or scheme of arrangement modifying the terms of the deed and a deed substituted therefore.

## U.S. INFORMATION

This Offering Memorandum is being submitted on a confidential basis in the United States to a limited number of qualified institutional investors within the meaning of Rule 144A for informational use solely in connection with the consideration of the purchase of the Securities. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Issuer and the Guarantor have agreed that, for so long as any of the Securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer or the Guarantor, as the case may be, will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

For this offering of the Securities, the Issuer, the Guarantors and the Managers are relying upon exemptions from registration under the Securities Act for offers and sales of securities which do not involve a public offering, including Rule 144A. The Securities and the Guarantee have not been, and will not be, registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. The Securities are being offered and sold solely to non-U.S. persons located outside the United States in reliance on Regulation S and within the United States to QIBs in reliance on Rule 144A. Until 40 days after the commencement of the offering of the Securities, an offer or sale of the Securities within the United States by a dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in transactions exempt from the registration requirements of the Securities Act.

Prospective investors are hereby notified that sellers of the Securities may be relying on the exemption from the provision of Section 5 of the Securities Act provided by Rule 144A. The Securities are subject to restrictions on transferability and resale. Purchasers of the Securities may not transfer or resell the Securities except as permitted under the Securities Act and applicable state securities laws.

Prospective investors must (1) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this Offering Memorandum and the purchase, offer or sale of the Securities, and (2) obtain any consent, approval or permission required to be obtained by the prospective investors for the purchase, offer or sale by them of the Securities under the laws and regulations applicable to the prospective investors in force in any jurisdiction to which they are subject or in which they make such purchases, offers or sales, and neither the Issuer, the Guarantor nor the Managers shall have any responsibility therefor.

For a description of these and certain further restrictions on offers, sales and transfers of the Securities and distribution of this Offering Memorandum, see “*Transfer Restrictions.*”



## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Financial Data

In this Offering Memorandum, unless otherwise specified all financial information is of the Guarantor on a consolidated basis.

In this Offering Memorandum, references to (a) “Rs.”, “Rupees”, “INR”, “Indian Rupees” or “₹” are to the legal currency of the Republic of India and (b) “USD”, “U.S.\$” and “U.S. Dollars” are to the legal currency of the United States. All references herein to the “U.S.” or the “United States” are to the United States of America and its territories and possessions and all references to “India” are to the Republic of India and its territories and possessions. All references herein to the “Central Government”, “Government”, “Government of India” or “State Government” are to the Government of India, central or state, as applicable. All the numbers in this document, have been presented in million or in whole numbers where the numbers have been too small to present in million, unless stated otherwise.

The Guarantor’s fiscal year ends on March 31 of each year, and references to a particular “Fiscal” are to the twelve-month period ended March 31 of that year.

The Guarantor presents its financial statements under Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. (“**U.S. GAAP**”) or International Financial Reporting Standards (“**IFRS**”). The Guarantor does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Offering Memorandum, nor does the Guarantor provide a reconciliation of its audited consolidated financial statements to IFRS or U.S. GAAP. Accordingly, the degree to which the audited consolidated financial statements for Fiscals 2018, 2019 and 2020, and for nine months ended December 31, 2020, as included in this Offering Memorandum, prepared in accordance with Ind AS, will provide meaningful information is entirely dependent on the reader’s familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Offering Memorandum should accordingly be limited. See “*Risk Factors – Significant differences exist between IND-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with IND-AS contained in this Offering Memorandum*”.

The Issuer has included in this Offering Memorandum the Guarantor’s audited consolidated financial statements as at and for the fiscal years ended March 31, 2020 and 2019 (which contain comparative financial information as at and for the fiscal years ended March 31, 2019 and 2018, respectively) and the Guarantor’s audited interim condensed consolidated financial statements as at and for the nine months ended December 31, 2020 (which contain comparative financial information as at and for the nine months ended December 31, 2019 and restated comparative financial information as at and for the fiscal year ended March 31, 2020).

As discussed below, largely as a result of the Indus Merger, the Guarantor’s restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein, which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020, and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor’s statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein, which is derived from the audited interim condensed consolidated financial statements for the nine months ended December 31, 2020, are not comparable to the Guarantor’s statements of financial position as at March 31, 2019 and 2018. For more information, see “—*The Indus Merger–Discontinued Operations*”.

Unless otherwise stated or unless the context requires otherwise, the financial information contained in this Offering Memorandum is derived from the Guarantor's audited consolidated financial statements as at and for the fiscal years ended March 31, 2020 and 2019 and the Guarantor's audited interim condensed consolidated financial statements as at and for the nine months ended December 31, 2020. Further, unless the context otherwise requires:

- all financial information contained in this Offering Memorandum as at or for Fiscal 2018 has been derived from the comparatives presented in the audited consolidated financial statements as at and for Fiscal 2019;
- all financial information contained in this Offering Memorandum relating to the Guarantor's consolidated statement of cash flow has been derived from the audited consolidated financial statements for Fiscal 2020;
- all financial information contained in this Offering Memorandum relating to the Guarantor's consolidated balance sheet and statements of profit and loss for Fiscal 2020 has been derived from the comparatives presented in the audited interim condensed consolidated financial statements as at and for the nine months ended December 31, 2020; and
- all financial information contained in this Offering Memorandum as at or for the nine months ended December 31, 2019 has been derived from the comparatives presented in the audited interim condensed consolidated financial statements as at and for the nine months ended December 31, 2020.

For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements of the Guarantor included elsewhere in this Offering Memorandum.

The Ministry of Corporate Affairs of India ("MCA") issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019, notifying the leasing standard IND-AS 116 "Leases", which replaces the prior standard (IND-AS 17). IND-AS 116 is applicable to companies in India from the fiscal year beginning on or after April 1, 2019. The Guarantor has adopted IND-AS 116 from April 1, 2019, which has an impact on its reported consolidated assets, liabilities, income statement and cash flow statement. In implementing IND-AS 116, the Guarantor's audited consolidated financial statements for Fiscal 2020 have been prepared under the modified retrospective approach pursuant to which comparative results are not restated. Accordingly, the audited consolidated financial statements for Fiscal 2020 and certain financial tables presented in this Offering Memorandum include, where applicable, a reconciliation of the Guarantor's results of operations for the fiscal year ended March 31, 2020 (which were prepared in accordance with IND-AS 116) to the Guarantor's results of operations for the fiscal year ended March 31, 2019 (for which IND-AS 116 was not applicable) in order to facilitate a comparison of the Guarantor's results of operations for the periods presented.

The Guarantor refers to its results of operations as at and for the fiscal year ended March 31, 2020, as adjusted to exclude the impact of IND-AS 116, as the "**Frozen GAAP Financial Information**" or as information "presented on a Frozen GAAP basis" and have included such financial information in certain financial tables in this Offering Memorandum under the columns titled "Frozen GAAP." The Guarantor refers to its results of operations as at and for the fiscal year ended March 31, 2020, as calculated in accordance with IND-AS 116, as the "**IND-AS Financial Information**" and have included such financial information in certain financial tables in this Offering Memorandum under the columns titled "IND-AS." See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of The Guarantor's Financial Statements—Changes to Accounting Standards—IND-AS 116.*"

In making an investment decision, investors must rely on their own examination of the Guarantor, the terms of the offering and the financial information contained in this Offering Memorandum. Potential investors should

consult their own professional advisers for an understanding of the differences between IFRS and IND-AS, and how these differences might affect their understanding of the financial information contained herein.

Information in the Annual Financial Statements and the Interim Condensed Financial Statements is, unless otherwise stated therein, stated in Indian Rupees in “millions.” Unless otherwise specified, financial information that is presented in the rest of the Offering Memorandum has been rounded to the nearest million Indian Rupees.

Unless otherwise stated, references in this Offering Memorandum to a particular year are to the calendar year ended on December 31 and to a particular “Financial Year”, “Fiscal”, or “FY” are to the financial year of the Guarantor ending on March 31 of a particular year.

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

The audited interim condensed consolidated financial statements of the Guarantor as at and for the nine month period ended December 31, 2020 (with comparative financial information as at and for the nine months ended December 31, 2019 and restated comparative financial information as at and for the fiscal year ended March 31, 2020), audited consolidated financial statements as at and for Fiscal 2020 (with comparative information as at and for the fiscal year ended March 31, 2019) and audited consolidated financial statements as at and for Fiscal 2019 (with comparative information as at and for the fiscal year ended March 31, 2018), as included in this Offering Memorandum, have been audited by Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors.

Deloitte Haskins & Sells LLP (“**DHS LLP**”), the current statutory auditors of the Guarantor, i.e. Bharti Airtel Limited, is a firm registered with the Institute of Chartered Accountants of India. It has been reported that in connection with certain alleged lapses identified by the Serious Fraud Investigation Office in one of its audit assignments, the Ministry of Corporate Affairs in India (“**MCA**”) has filed, among others, a petition with the National Company Law Tribunal (“**NCLT**”) seeking an order under Section 140(5) of the Companies Act to impose a restriction on DHS LLP (and another large audit firm which was the joint auditor with DHS LLP) from being appointed as an auditor of any company for a five-year period, (the “**Proposed Restriction**”). The MCA has also made other applications before other judicial/quasi-judicial forums seeking certain other orders against DHS LLP and the other audit firm. In addition, the National Financial Reporting Authority (“**NFRA**”) has issued an order under Section 132(4) of the Companies Act, 2013 against a former partner of DHS LLP and two current partners of DHS LLP in relation to the Fiscal 2018 statutory audit of one of the companies which they had audited pursuant to ‘audit quality reports’. DHS LLP and the joint auditor for Fiscal 2018 have been served notices by the NFRA, based on the similar observations contained in ‘audit quality reports’. These aforementioned matters are currently pending adjudication/being challenged before various judicial/quasi-judicial forums and the relevant authorities. As of date, there are no orders that prevent DHS LLP from continuing as auditors of the Guarantor. These alleged matters are unrelated to the Guarantor’s financial statements and procedures.

### **The Indus Merger – Discontinued Operations**

On November 19, 2020, Bharti Infratel and Indus Towers completed their merger and created a pan-India tower company operating across all 22 telecom service areas (the “**Indus Merger**”). Immediately following the Indus Merger, the Guarantor’s 53.5% shareholding in Bharti Infratel was reduced to 36.7% in the merged Indus Towers entity. Therefore, starting from the effective date of the Indus Merger, November 19, 2020, the Guarantor no longer held a controlling stake in Bharti Infratel. Accordingly, Bharti Infratel has been deconsolidated from the Guarantor’s financial statements and will no longer be consolidated on a line-by-line basis in the Guarantor’s financial statements. For periods after November 19, 2020, the Guarantor began accounting for its equity interests in the post-merger, combined Indus Towers under the equity method of

accounting, as reflected in the Guarantor's interim financial statements for the nine months ended December 31, 2020. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation.

This change in accounting method has caused an impact on the presentation of the Guarantor's financial statements and results of operations. Bharti Infratel was not previously classified as discontinued operation or asset held for sale in the Guarantor's historical financial statements. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. Moreover, the Guarantor's "Tower Infrastructure Services" business segment has henceforth been eliminated and presented separately as a "Discontinued Operations: Tower Infrastructure Services" category in the Guarantor's business segments presentation. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations.

Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.

On December 2, 2020 and December 28, 2020, the Guarantor acquired an additional stake of 4.935180% and 0.064816%, respectively, in the merged Indus Towers entity, increasing its equity stake from 36.7% to 41.7%, as it currently stands on the date of this Offering Memorandum.

### **Non-GAAP Financial Measures**

As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable IND-AS measures. From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures," primarily EBITDA (which, unless otherwise specified, is defined as earnings before finance income, finance costs, non-operating expenses, exceptional items, taxation, depreciation and amortization, and share of results of joint ventures and associates), Frozen GAAP Financial Information (as defined above), and net debt (which, unless otherwise specified, is defined as the sum of current and non-current borrowings (including lease liabilities) less investments and cash & cash equivalents). The Guarantor's management believes that EBITDA and net debt provide investors with additional information about the Guarantor's performance, as well as ability to incur and service debt and make capital expenditures, and are measures commonly used by investors. For more detailed information concerning EBITDA, Frozen GAAP Financial Information and net debt, see "*Selected Consolidated Financial and Operating Data of the Guarantor*." The non-GAAP financial measures described herein are not a substitute for IND-AS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

### **Industry and Market Data**

Market and Industry data used in this Offering Memorandum has been obtained or derived from publicly available information. The Issuer has not commissioned any report for the purposes of this Offering Memorandum.

Information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to the Guarantor's business contained in this Offering Memorandum consists of estimates based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which the Guarantor competes. Unless stated otherwise, the statistical information included in this Offering Memorandum relating to the industry in which the Guarantor operates has been reproduced from various trade, industry and government publications and websites. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither the Issuer, the Guarantor nor the Managers have independently verified this data and do not make any representation regarding the accuracy or completeness of such data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so the Guarantor has relied on internally developed estimates. Similarly, while the Guarantor believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources. Thus, neither the Issuer, the Guarantor nor the Managers can assure you of the correctness, accuracy and completeness of such data. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this Offering Memorandum is meaningful depends solely on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in *"Risk Factors—Industry and market data used in this Offering Memorandum has been obtained or derived from publicly available information. There can be no assurance that such data is either complete or accurate."*

### **Exchange Rates and Currency Translations**

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Securities.

We have translated certain Indian Rupee amounts included in this Offering Memorandum into U.S. Dollars using the exchange rate of Rs. 73.05 per U.S.\$1.00 as on December 31, 2020 based on the reference rates released by the RBI/FBIL, which are available on the website of the RBI/FBIL.

The U.S. Dollar equivalent information presented in this Offering Memorandum is provided solely for the convenience of the reader and should not be construed as implying that any Indian Rupee amounts referred to could have been, or could be, converted into U.S. Dollars at any particular rate, the rate stated above, or at all.

### **Rounding**

Certain amounts and percentages included in this Offering Memorandum have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not equal the total figure for that column.

## **LISTING AND TRADING**

Approval-in-principle has been received from the SGX-ST for the listing of and quotation for the Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Memorandum. Admission of the Securities to the Official List of the SGX-ST and quotation of the Securities on the SGX-ST is not to be taken as an indication

of the merits of the Securities or the Guarantee, or of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any). The Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require.

For so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Securities may be presented or surrendered for payment or redemption, in the event that a Global Certificate (as defined below) is exchanged for definitive Certificates. In addition, in the event that a Global Certificate is exchanged for definitive Certificates, an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the Paying Agent in Singapore.

The Legal Entity Identifiers of the Issuer and the Guarantor are 2549003L8M1FGHLHOX45 and 335800KQ1FPKOQ84OR26, respectively.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Memorandum that are not statements of historical fact constitute 'forward looking statements'. Investors can generally identify forward-looking statements by terminology including 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'target', 'guideline', 'will likely result', 'is likely', 'are likely', 'expected to', 'will continue', 'will achieve', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of the Guarantor are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding the Guarantor's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Guarantor's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Offering Memorandum that are not historical facts. These forward-looking statements contained in this Offering Memorandum (whether made by the Guarantor or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Guarantor to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Guarantor that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from the Guarantor's expectations include, among others:

- Changes in laws, regulations or governmental policy affecting the Guarantor's business activities;
- The impacts of market fluctuations and economic slowdowns in the markets where the Guarantor operates and the global economy, particularly as a result of the COVID-19 pandemic;
- Payment of additional spectrum charges for excess spectrum held or surrender excess spectrum held by the Guarantor to the GoI;
- Failure to acquire new spectrum licenses, or failure to renew the Guarantor's existing spectrum licenses at spectrum auctions;
- Developments relating to the Supreme Court's ruling in the legal proceedings pertaining to adjusted gross revenue;
- Loss of comparability of the Guarantor's future results with the Guarantor's historical financial statements following the completion of the Indus Merger;
- Significant competition from other companies, including from those with pan-India footprints;
- Foreign investment restrictions under Indian law that limits the Guarantor's ability to attract foreign investors;
- Ability to renew licenses in many countries, which have come up for renewal;
- Ability to provide telecommunications or related services that are technologically up to date;
- Exposure to a high risk of customer churn, resulting into increase in subscriber acquisition costs and loss of future subscriber revenues; and

- Ability to service the Guarantor's significant indebtedness and comply with its covenants to avoid refinancing risk.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited, to those discussed under "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*The Guarantor's Business*".

The forward-looking statements contained in this Offering Memorandum are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of the Guarantor. Whilst the Guarantor believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Offering Memorandum or the respective dates indicated in this Offering Memorandum, and neither the Guarantor nor any of the Managers undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of the Guarantor's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Guarantor could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Guarantor are expressly qualified in their entirety by reference to these cautionary statements.



## ENFORCEMENT OF CIVIL LIABILITIES

### India

The Guarantor is a public limited company incorporated under the laws of India. A majority of its directors and key management personnel are residents of India and all or a substantial portion of the Guarantor's assets are located in India. As a result, it may not be possible for investors to effect service of process on the Guarantor or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India including those predicated upon civil liabilities of the Guarantor or such directors and key management personnel under laws other than Indian laws, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. The statutory basis for recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**").

Section 44A of the Civil Code provides that, where a foreign judgment has been rendered by a superior court in any country or territory outside India which the GOI has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees other than those being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards, even if such awards are enforceable as a decree or judgment.

While each of the United Kingdom, Singapore, Hong Kong and United Arab Emirates has been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Code and the High Courts in England as the relevant superior courts, the United States has not been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Code. Furthermore, the execution of foreign decree under Section 44A of the Civil Code is also subject to the exception under Section 13 of the Civil Code, as discussed below. Accordingly, a judgment of a superior court in the United Kingdom may be enforceable by proceedings in execution, and a judgment not of a superior court, by a fresh suit resulting in a judgment or order. A judgment of a court in a jurisdiction which is not a reciprocating territory, including that of a court in the United States, may be enforced only by a new suit upon the judgment and not by proceedings in execution. Section 13 of the Civil Code provides that a foreign judgment to which this section applies shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or between parties under whom they or any of them claim to litigate under the same title except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where it has been obtained by fraud; or (vi) where it sustains a claim founded on a breach of any law in force in India. A foreign judgment which is conclusive under Section 13 of the Civil Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on record and such presumption may be displaced by proving want of jurisdiction.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice.

A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999, to execute such a judgment and repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to income tax in accordance with applicable laws. Any judgment in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment.

## **Mauritius**

The Issuer is incorporated as a private company with limited liability under the laws of Mauritius.

Most of its directors, officers and other executives are neither residents nor citizens of the United States. Furthermore, most of the Issuer's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Issuer or to enforce against them or the Issuer, judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Trust Deed, the Issuer has appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within other jurisdictions upon those persons or the Issuer provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

The courts of Mauritius will recognize, enforce and give effect to any final and conclusive judgment of the courts of New York for a definite sum (not being a sum payable in respect of taxes or other charges of a like nature, in respect of a fine or other penalty, or in respect of multiple damages) upon exequatur proceedings without a re-examination of the merits of the case, provided that: (i) the foreign judgment is still valid, final and capable of execution in the jurisdiction in which it was delivered, notwithstanding that an appeal may be pending against it or it may still be subject to an appeal in such country; (ii) the foreign judgment is not contrary to any principle affecting public policy in Mauritius; (iii) the foreign court which delivered the said judgment had jurisdiction to hear the claim; (iv) the Mauritian conflict of laws rules were respected; (v) there has not been any fraude à la loi, i.e. any malice, bad faith and fraud on and in the choice of law and jurisdiction clauses; (vi) the company (as applicable) had been regularly summoned to attend the proceedings before the foreign court; and (vii) the foreign judgment is duly registered with the relevant authority in Mauritius, in circumstances in which its registration is not liable, thereafter, to be set aside

## **ENFORCEMENT OF THE GUARANTEE**

In the event a guarantee issued by an Indian company on behalf of its wholly owned subsidiary or joint venture in which it has an equity stake is enforced by a competent court in a territory other than a "reciprocal territory," the judgment must be enforced in India by a suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment. For further details on the recognition and enforcement of foreign judgments in India, see *"Enforcement of Civil Liabilities—India."*

The Guarantor would not be entitled to immunity on the basis of sovereignty or otherwise from any legal proceedings in India to enforce the Guarantee or any liability or obligation of the Guarantor arising thereunder.

As the Guarantee is an obligation of a type which Indian courts would usually enforce, the Guarantee should be enforced against the Guarantor in accordance with its terms by an Indian court, subject to the following exceptions:

- enforcement may be limited by general principles of equity, such as injunction;
- Indian courts have sole discretion to grant specific performance of the Guarantee and the same may not be available, including where damages are considered by the Indian court to be an adequate remedy, or where the court does not regard specific performance to be the appropriate remedy;
- actions may become barred under the Limitation Act, 1963, or may be or become subject to setoff or counterclaim, and failure to exercise a right of action within the relevant limitation period prescribed will operate as a bar to the exercise of such right;
- any certificate, determination, notification, opinion or the like will not be binding on an Indian court which will have to be independently satisfied on the contents thereof for the purpose of enforcement despite any provisions in the documents to the contrary; and
- all limitations resulting from the laws of reorganization, suretyship or similar laws of general application affecting creditors' rights.

For details on the Indian laws and regulations under which the Guarantee is issued, see “*Indian Government and Other Approvals.*”

## CERTAIN DEFINITIONS AND ABBREVIATIONS

This Offering Memorandum uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to the “Issuer” mean Network i2i Limited and “the Guarantor” refers to Bharti Airtel Limited, the listed parent company of the Issuer incorporated in India and, unless otherwise indicated or required by context, Bharti Airtel Limited’s consolidated subsidiaries. In the Annual Financial Statements as set forth herein on pages designated as “F-,” Bharti Airtel Limited is referred to as the “Company.”

In this Offering Memorandum, unless otherwise specified, all financial statements and financial data are of the Guarantor on a consolidated basis. In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to “\$,” “U.S.\$,” “U.S. dollars” and “dollars” are to United States dollars, references to “€,” “Euro” and “Euros” are to the official currency of certain member states of the European Union, references to “Rs.,” “rupee,” “rupees” or “Indian rupees” are to the legal currency of India, references to “N” are to Nigerian Naira, references to “TZS” are to the Tanzanian Schilling, references to “ZK” or “ZMK” are to the Zambian Kwacha and references to “CFA” are to the West African or Central African Communauté Financière Africaine Franc. References to a particular “fiscal” year are to the fiscal year ended March 31 of such year. In this Offering Memorandum, references to “U.S.” or “United States” are to the United States of America, its territories and its possessions. References to “India” are to the Republic of India and references to “GoI” are to the Government of India.

Unless otherwise specified, the capitalized terms used in this Offering Memorandum shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

The following list of certain capitalized terms used in this Offering Memorandum is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

### Terms Related to the Guarantor

| Term                | Description                                                                                                                                                                                                                                                                   |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Airtel Africa Group | Airtel Africa Plc and its consolidated subsidiaries and subsidiary undertakings                                                                                                                                                                                               |
| Airtel Payments     | Airtel Payments Banks Limited                                                                                                                                                                                                                                                 |
| ARPU                | Average revenue per user. This is the average revenue per customer per month, computed by: dividing the total revenues, excluding equipment sales during the relevant period, by the average customers; and dividing the result by the number of months in a relevant period. |
| Average Customers   | Average customers are derived by computing the average of the monthly average customers for the relevant period.                                                                                                                                                              |
| Associates          | Companies constituting the associate companies of the Guarantor as determined in terms of Section 2(6) of the Companies Act or applicable accounting standards.                                                                                                               |
| Audit Committee     | Audit Committee of the Guarantor, as disclosed in “ <i>Management</i> ”                                                                                                                                                                                                       |

| Term                                  | Description                                                                                                                                                                                                                                                                             |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audited Financial Statements          | Audited consolidated financial statements of the Guarantor for Fiscals 2020 and 2019 and comparative information for Fiscal 2018 as contained in the audited consolidated financial statements of Fiscal 2019                                                                           |
| Bharti Airtel Netherlands             | Bharti Airtel International (Netherlands) B.V.                                                                                                                                                                                                                                          |
| Bharti Digital                        | Bharti Digital Networks Private Limited (earlier known as Tikona Digital Networks Private Limited)                                                                                                                                                                                      |
| Bharti Hexacom                        | Bharti Hexacom Limited                                                                                                                                                                                                                                                                  |
| Bharti Infratel                       | Bharti Infratel Limited                                                                                                                                                                                                                                                                 |
| Board of Directors or Board           | The Guarantor's board of directors or any duly constituted committee thereof                                                                                                                                                                                                            |
| BTL/ Bharti Telecom                   | Bharti Telecom Limited                                                                                                                                                                                                                                                                  |
| BWA                                   | Broadband Wireless Access                                                                                                                                                                                                                                                               |
| CBI                                   | Central Bureau of Investigation of India                                                                                                                                                                                                                                                |
| CMTS                                  | Cellular Mobile Telephone Service                                                                                                                                                                                                                                                       |
| COAI                                  | Cellular Operators Association of India                                                                                                                                                                                                                                                 |
| Company / the Company / the Guarantor | Bharti Airtel Limited, on a standalone basis, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered and Corporate Office situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi 110 070, India |
| CSR Committee                         | Corporate social responsibility committee of the Guarantor, as disclosed in " <i>Management</i> "                                                                                                                                                                                       |
| Directors                             | Any or all the directors on the Guarantor's Board, as may be appointed from time to time                                                                                                                                                                                                |
| DoT                                   | Department of Telecommunications, Ministry of Communication and Information Technology, GoI                                                                                                                                                                                             |
| DRC                                   | Democratic Republic of the Congo                                                                                                                                                                                                                                                        |
| DTH                                   | Direct to Home broadcast                                                                                                                                                                                                                                                                |
| EUWA                                  | European Union (Withdrawal) Act 2018                                                                                                                                                                                                                                                    |
| FBIL                                  | Financial Benchmarks India Pvt Ltd.                                                                                                                                                                                                                                                     |
| FEMA Guarantee Regulation             | The (Indian) Foreign Exchange Management Act, 1999, as amended from time to time and the (Indian) Foreign Exchange Management (Guarantee) Regulation, 2000, as amended from time to time and the circulars issued thereunder.                                                           |
| FEMA ODI Regulations                  | (Indian) Foreign Exchange Management Act, 1999, as amended from time to time, the (Indian) Foreign Exchange Management (Transfer or Issue of any                                                                                                                                        |

| Term                                           | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | Foreign Security) Regulations, 2004, as amended from time to time and, in each case, and the rules and regulations made thereunder, as amended from time to time and the circulars issued thereunder and the Master Directions on Direct Investment by Residents in Joint Venture (JV) /Wholly Owned Subsidiary (WOS) Abroad dated 1 January 2016 , as amended, updated or replaced, from time to time and the applicable provisions of the Master Direction on Reporting under the Foreign Exchange Management Act, 1999 dated January 1, 2016, as amended, updated or replaced from time to time. |
| Financial Statements                           | Audited Financial Statements and Interim Condensed Financial Statements. For details, see “ <i>Summary Financial Information</i> ”, “ <i>Selected Consolidated Financial and Operating Data of the Guarantor</i> ” and “ <i>Management’s Discussion and Analysis of Financial Condition and Results of Operations</i> ”                                                                                                                                                                                                                                                                             |
| FSMA                                           | Financial Services and Markets Act 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| GSM                                            | Global System for Mobile Communication                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| HR and Nomination Committee                    | HR and Nomination committee of the Guarantor, as disclosed in the “ <i>Management</i> ”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Independent Director                           | A non-executive and independent director of the Guarantor as per the Companies Act and the SEBI Listing Regulations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Indus Merger                                   | The merger between the Guarantor’s subsidiary Bharti Infratel and Indus Towers which was completed effective on November 19, 2020.                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Indus Towers                                   | Indus Towers Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Interim Condensed Financial Statements         | Audited interim condensed consolidated financial statements of the Guarantor as at and for the nine month period ended December 31, 2020 (with comparative financial information as at and for the nine months ended December 31, 2019 and restated comparative financial information as at and for the fiscal year ended March 31, 2020).                                                                                                                                                                                                                                                          |
| Issuer / the Issuer                            | Network i2i Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| ISP                                            | Internet Service Provider                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Joint Ventures                                 | Companies constituting the joint ventures of the Guarantor as determined in terms of Section 2(6) of the Companies Act or applicable accounting standards.                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Memorandum or MoA or Memorandum of Association | The memorandum of association of the Guarantor, as amended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

| <b>Term</b>                          | <b>Description</b>                                                                                                                                                                                       |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MTNL                                 | Mahanagar Telephone Nigam Limited                                                                                                                                                                        |
| OTT                                  | Over-the-top services                                                                                                                                                                                    |
| Pastel                               | Pastel Limited                                                                                                                                                                                           |
| Promoter                             | The promoter of the Guarantor being, BTL. Pastel, who is a member of the Guarantor's Promoter Group, had been disclosed as a 'deemed promoter' in regulatory filings under the SEBI Takeover Regulations |
| Promoter Group                       | Persons and / or entities constituting the promoter group of the Guarantor as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations                                                    |
| RBI                                  | Reserve Bank of India                                                                                                                                                                                    |
| RKM                                  | Route kilometres                                                                                                                                                                                         |
| Registered and Corporate Office      | Registered and corporate office of the Guarantor situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi 110 070, India                                                    |
| Registrar of Companies or RoC        | Registrar of Companies, NCT of Delhi and Haryana at New Delhi                                                                                                                                            |
| Risk Management Committee            | Risk management committee of the Guarantor, as disclosed in " <i>Management</i> "                                                                                                                        |
| SEBI                                 | The Securities and Exchange Board of India                                                                                                                                                               |
| Senior Management                    | Senior management of the Guarantor, as disclosed in " <i>Management</i> "                                                                                                                                |
| Shareholders                         | The shareholders of the Guarantor                                                                                                                                                                        |
| Stakeholders' Relationship Committee | "Stakeholders' relationship committee of the Guarantor, as disclosed in " <i>Management</i> "                                                                                                            |
| Statutory Auditors                   | The statutory auditors of the Guarantor, being Deloitte Haskins & Sells LLP                                                                                                                              |
| Subsidiaries                         | Companies or body corporates constituting the subsidiaries of the Guarantor as determined in terms of Section 2(87) of the Companies Act.                                                                |
| Telenor                              | Telenor (India) Communications Private Limited                                                                                                                                                           |
| TRAI                                 | Telecom Regulatory Authority of India                                                                                                                                                                    |
| TTML                                 | Tata Teleservices (Maharashtra) Limited                                                                                                                                                                  |
| TTSL                                 | Tata Teleservices Limited                                                                                                                                                                                |
| UAS                                  | Unified Access Service                                                                                                                                                                                   |
| VAS                                  | Value Added Services                                                                                                                                                                                     |
| VSAT                                 | Very Small Aperture Terminals                                                                                                                                                                            |

## Conventional and General Terms/ Abbreviations

| Term                                                                             | Description                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 144A                                                                             | Rule 144A under Securities Act                                                                                                                                                                                                                         |
| BSE                                                                              | BSE Limited                                                                                                                                                                                                                                            |
| CCI                                                                              | Competition Commission of India                                                                                                                                                                                                                        |
| CEO                                                                              | Chief executive officer                                                                                                                                                                                                                                |
| CFO                                                                              | Chief financial officer                                                                                                                                                                                                                                |
| Civil Procedure Code or Civil Code or CPC                                        | The Code of Civil Procedure, 1908                                                                                                                                                                                                                      |
| Companies Act, 1956                                                              | Erstwhile Companies Act, 1956 along with the rules made thereunder                                                                                                                                                                                     |
| Companies Act, 2013 / Companies Act                                              | Companies Act, 2013, along with the rules made thereunder                                                                                                                                                                                              |
| Cr.P.C. or Cr. PC                                                                | The Code of Criminal Procedure, 1973                                                                                                                                                                                                                   |
| CSR                                                                              | Corporate social responsibility                                                                                                                                                                                                                        |
| Depositories Act                                                                 | The Depositories Act, 1996                                                                                                                                                                                                                             |
| EBITDA / Earnings Before Interest, Taxes, Depreciation and Amortization Expenses | EBITDA, on a consolidated basis, is calculated as profit before tax and share of profit from operating activities before depreciation, amortisation and exceptional items as presented in the statement of profit and loss in the financial statements |
| FDI                                                                              | Foreign direct investment                                                                                                                                                                                                                              |
| FEMA                                                                             | The Foreign Exchange Management Act, 1999, as amended, and the regulations issued thereunder                                                                                                                                                           |
| Financial Year, Fiscal, or FY                                                    | Period of 12 months ended March 31 of that particular year, unless otherwise stated                                                                                                                                                                    |
| FIR                                                                              | First information report                                                                                                                                                                                                                               |
| GDP                                                                              | Gross domestic product                                                                                                                                                                                                                                 |
| Government/ GoI                                                                  | Government of India, unless otherwise specified                                                                                                                                                                                                        |
| GST                                                                              | Goods and services tax                                                                                                                                                                                                                                 |
| ICAI                                                                             | The Institute of Chartered Accountants of India                                                                                                                                                                                                        |
| IFRS                                                                             | International Financial Reporting Standards                                                                                                                                                                                                            |
| Ind AS                                                                           | Indian accounting standards as notified by the MCA vide Companies (Indian Accounting Standards) Rule 2015, as amended, notified under Section 133 of the Companies Act                                                                                 |
| IPC                                                                              | Indian Penal Code, 1860                                                                                                                                                                                                                                |
| IPO                                                                              | Initial Public Offering                                                                                                                                                                                                                                |
| IT Act                                                                           | Income-tax Act, 1961                                                                                                                                                                                                                                   |
| MCA                                                                              | The Ministry of Corporate Affairs, Government of India                                                                                                                                                                                                 |



| <b>Term</b>           | <b>Description</b>                                                                                               |
|-----------------------|------------------------------------------------------------------------------------------------------------------|
| NCLT                  | National Company Law Tribunal                                                                                    |
| NRI                   | Non-resident Indian                                                                                              |
| NSE                   | The National Stock Exchange of India Limited                                                                     |
| PAT                   | Profit After Tax                                                                                                 |
| QIB                   | Persons reasonably believed to be “qualified institutional buyers” as defined in Rule 144A of the Securities Act |
| RBI                   | The Reserve Bank of India                                                                                        |
| Regulation S          | Regulation S under the Securities Act.                                                                           |
| Securities Act        | United States Securities Act of 1933, as amended                                                                 |
| Stock Exchanges       | Together, BSE and the NSE                                                                                        |
| Telegraph Act         | Indian Telegraph Act, 1885                                                                                       |
| U.S. or United States | United States of America                                                                                         |
| VAT                   | Value added tax                                                                                                  |

## SUMMARY

### Overview

The Guarantor is a leading provider of telecommunications services with operations in 18 countries across Asia and Africa. Based on TRAI reported revenue, for the three months ended September 30, 2020, the Guarantor has a revenue market share of approximately 32.9% calculated on the basis of gross revenue and it ranks second in overall revenue market share in India. Further, as at December 31, 2020, the Guarantor served an aggregate of approximately 458 million customers globally.

The Guarantor provides telecommunication services under wireless and fixed line technology, national and international long-distance connectivity, broadband, VSAT and digital TV services, and integrated solutions to its enterprise customers. All these services are rendered under a unified brand “Airtel.” “Airtel Money” (known as “Airtel Payments Bank” in India) extends the Guarantor’s product portfolio to further its financial inclusion agenda and offers convenience of payments and money transfers through mobile phones over secure and stable platforms in India and across all 14 countries in Africa. Globally, the Guarantor operates with a fibre network covering over 360,000 route km (“Rkm”) and in India, the Guarantor’s national long distance infrastructure provides a pan-India reach with 314,459 Rkms of optical fiber as of December 31, 2020.

For the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020, the Guarantor’s total consolidated revenue was Rs. 826,388 million, Rs. 807,802 million, Rs. 846,765 million (U.S.\$11,592 million), Rs. 616,578 million and Rs. 748,685 million (U.S.\$10,249 million), respectively. The Guarantor’s consolidated net income for the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020, was Rs. 21,835 million, Rs. 16,875 million, Rs. (336,180) million (U.S.\$(4,602) million), Rs. (282,156) million and Rs. (249,317) million (U.S.\$(3,413) million), respectively. The Guarantor’s consolidated EBITDA for the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020 was Rs. 304,484 million, Rs. 262,935 million, Rs. 347,701 million (U.S.\$4,760 million), Rs. 250,084 million and Rs. 335,557 million (U.S.\$4,594 million), respectively. The Guarantor’s EBITDA margin for the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020 was 36.9%, 32.6%, 41.1%, 40.6% and 44.8%, respectively. As at March 31, 2018, 2019 and 2020 and December 31, 2020, the Guarantor’s total assets were Rs. 2,505,816 million, Rs. 2,751,975 million, Rs. 3,607,790 million (U.S.\$49,388 million) and Rs. 3,344,480 million (U.S.\$45,783 million), respectively.

### History

The Guarantor was founded and promoted by Bharti Telecom Limited, a company incorporated under the laws of India. The Guarantor was incorporated on July 7, 1995 in Delhi, India for the purpose of promoting telecommunications services.

The Guarantor obtained its certificate of commencement of business on January 18, 1996. The Guarantor filed a prospectus dated February 7, 2002, in respect of an initial public offering of its equity shares of face value of Rs. 10 each. Such equity shares were listed on BSE, NSE and the Delhi Stock Exchange pursuant to the IPO, and were subsequently delisted from the Delhi Stock Exchange with effect from October 13, 2004.

### Competitive Strengths

The Guarantor believes that the following factors contribute to its strong competitive position:

### ***Presence in large and attractive markets***

The Guarantor is present in the Indian, South Asian and African markets, which are markets in the midst of rapid digitization where demand for telecommunication services is expected to rise as these economies expand and penetration of telecommunication services increase.

Given India's population size of approximately 1.3 billion people, the telecommunication industry in India has experienced varying levels of growth in voice and data traffic respectively. According to TRAI, the total number of wireless and wireline subscribers in India region increased from 996.5 million for the year ended March 31, 2015 to 1,171.8 million for the year ended March 31, 2020. According to TRAI, the subscriber distribution is quite skewed in India and is characterised by high urban tele-density and low rural tele-density. Rising rural income provides a significant opportunity for the telecommunications industry and the Guarantor believes that it benefits from strong growth potential in rural and semi-urban markets. According to the TRAI, the overall telecommunications penetration in India, represented by the number of telephones per 100 people, was 86.4%, of which urban penetration was 140.6% and rural penetration was 58.9% as of October 31, 2020. According to Omdia, India's mobile subscriber base has increased from 489 million subscribers in 2017 to 646 million subscribers in 2019, and is expected to reach 775 million subscribers by 2023. In addition, the number of mobile internet subscribers has increased from 402 million subscribers in 2017 to 671 million subscribers in 2019, and is expected to reach 896 million subscribers by 2023. Finally, the number of 4G subscribers has increased from 242 million subscribers in 2017 to 605 million subscribers in 2019, and is expected to reach 768 million subscribers by 2023. For the three months ended September 30, 2020, the Guarantor ranked second in the telecommunications market in India, with a revenue market share of approximately 33%, compared to 31.4% for the six months ended September 30, 2019 according to TRAI.

Mobile services have also become a platform of choice for creating, distributing and consuming innovative digital solutions in Africa. Mobile devices are now the primary means through which a large number of internet users in sub-Saharan Africa access the internet. The opportunity in mobile services is further supported by the lack of legacy fixed broadband infrastructure in Sub-Saharan Africa and the increasing affordability of smartphones in emerging markets, particularly in Africa. The African mobile market, specifically Sub-Saharan Africa, is characterised by low but increasing mobile connectivity. According to Omdia, Africa's mobile subscriber base has increased from 271 million subscribers in 2017 to 442 million subscribers in 2019, and is expected to reach 791 million subscribers by 2023. In addition, the number of mobile internet subscribers has increased from 423 million subscribers in 2017 to 641 million subscribers in 2019, and is expected to reach 988 million subscribers by 2023. Finally, the number of 4G subscribers has increased from 40 million subscribers in 2017 to 123 million subscribers in 2019, and is expected to reach 376 million subscribers by 2023. For the nine months ended December 31, 2020, approximately 40%, 36% and 24% of the Guarantor's revenue in Africa originated from Nigeria, East Africa and Francophone Africa, respectively.

### ***Established leadership position and large subscriber base***

The Guarantor is a leading provider of telecommunications services with operations in 18 countries across Asia and Africa. Based on TRAI reported revenue, for the three months ended September 30, 2020, the Guarantor had a revenue market share of approximately 33% calculated on the basis of gross revenue and ranked second in overall revenue market share in India. As of October 31, 2020, the Guarantor had 330.3 million customers with a subscriber market share of 28.68% according to TRAI.

According to TRAI, the Guarantor was the largest operator in six telecommunication circles in terms of the number of mobile telecommunication subscribers as of October 31, 2020 – namely, Bihar, Jammu and Kashmir, Karnataka, North East, Tamil Nadu and Uttar Pradesh East – the second largest operator in six telecommunication circles – namely, Andhra Pradesh, Assam, Himachal Pradesh, Orissa, Punjab and Rajasthan – and the third largest operator in eight telecommunication circles – namely, Delhi, Gujarat, Kolkata, Madhya Pradesh, Maharashtra, Mumbai, West Bengal and Uttar Pradesh West. According to TRAI, as of September 30,

2020, the Guarantor was the third largest operator in the digital TV service business and as of November 30, 2020, the Guarantor was the second largest wired broadband service provider.

The Guarantor believes that its established leadership position allows it to capitalize on any growth opportunities in the future.

***Extensive telecommunication infrastructure built out to support future growth***

During the nine months ended December 31, 2019 and December 31, 2020, customers spent 2,212.65 billion minutes and 2,606.1 billion minutes, respectively, on the Guarantor's network in India, and consumed 14,567,514 million megabytes and 23,333,539 million megabytes, respectively, from its network in India. The Guarantor continues to invest in building data capabilities to provide an excellent network to its customers, and had approximately 298,014, 417,613 and 503,883 mobile broadband base stations at the end of fiscal year 2018, 2019 and 2020, adding approximately 205,869 mobile broadband base stations in the last two years. The consolidated capital expenditure investment for the year ended March 31, 2020 was Rs. 197,462 million (U.S.\$2,703 million), which represented 23.3% of revenue for the year ended March 31, 2020. As of December 31, 2020, the Guarantor had an aggregate of 1,731.40 MHz of unpaired spectrum (including the 142.50 MHz of unpaired spectrum acquired from Tata with effect from July 1, 2019) across the 22 telecommunication circles.

The Guarantor is addressing capacity at hotspots by deploying a combination of Massive Multiple-Input Multiple-Output ("MIMO") technology and sector splitting. The Guarantor is deploying small cells in high traffic areas. The Guarantor has also largely reallocated its 900 MHz band spectrum in selected circles for use in 4G services, which the Guarantor believes will provide deeper in-building 4G coverage for better VoLTE and data experience. The Guarantor has further completed the reallocation of its 2,100 MHz band spectrum for use in 4G services.

In order to cater for the exponential growth in data demand, the Guarantor has been investing in fiber, backhaul and transmission. The Guarantor's optical fiber cable transmission network, both owned and through indefeasible rights of use arrangements with other telecommunication operators, extends to approximately 314,459 Rkms in India as of December 31, 2020. Given the significant growth in data consumption, the need for more extensive fiber network is becoming critical. The Guarantor has established a dedicated fiber company, Telesonic Networks Limited, which the Guarantor expects to provide the requisite India based fiber network. These investments resulted in Airtel winning four awards in the Opensignal Report for September 2020 in the categories of video experience, games experience, voice app experience and download speed experience.

As of December 31, 2020, the Guarantor's global fiber network runs across 360,000 Rkms, covering 50 countries and five continents, which, while serving its enterprise solutions business, also enables the Guarantor to bring data closer to India and reduce latency for its customers. At the Indian Mobile Congress 2019, the Guarantor demonstrated live the 5G network. The ultra-low latency of the 5G network provides new opportunities for various industries, as it enables time and cost efficiency. On January 28, 2021, the Guarantor became India's first telecom provider to successfully test, demonstrate and orchestrate a live 5G service over a commercial network. Using a spectrum sharing, the Guarantor was able to operate 5G and 4G concurrently within the same spectrum block. This has demonstrated the future readiness the Guarantor's network across the radio, core and transport domains.

As of December 31, 2020, the Guarantor had 208,606 network towers in India, of which 207,360 towers are mobile broadband towers. In Africa, as of December 31, 2020, the Guarantor had 24,693 network towers, of which 22,998 towers are mobile broadband towers.

***Extensive distribution and service network***

The Guarantor maintains an extensive sales and distribution network covering both rural and urban geographies across India, with over 1 million retail outlets taking its range of product offerings to end consumers. These

outlets are serviced by over 10,000 distribution partners. Retail outlets are digitally empowered to sell Airtel services to the customers using “*Mitra Application*.”

The Guarantor believes its exclusive retail footprint is a key differentiator, including for supporting high value subscribers and products such as mobile internet. The Guarantor’s exclusive retail footprint is an integral part of its customer acquisition and engagement strategy, designed to bring the Airtel brand closer to its customers.

The Guarantor also has a growing digital distribution presence through the *Airtel Thanks* app which comprises of three different aspirational tiers, namely the silver, gold and platinum tiers. The digital distribution channel is cost-efficient compared to traditional channels and enhances customer experiences. The Guarantor’s distribution reach is further expanded by over 9,000 dedicated promoters who promote Airtel products in device selling outlets. As at December 31, 2020, *My Airtel* application had over 61 million subscribers.

***Experienced management team with strong execution track record and backed by global investors***

The Guarantor believes that it benefits significantly from having an experienced management team, including Mr. Sunil Bharti Mittal, its Chairman, Mr. Gopal Vittal, its Managing Director and Chief Executive Officer (India and South Asia) and Mr. Badal Bagri, the Guarantor’s Chief Financial Officer (India and South Asia) and other management personnel.

The Guarantor’s management team has been involved in the telecommunication industry in India for a significant period. During this time, the Guarantor’s management team has developed sector-specific knowledge and operational expertise and an in-depth understanding of the key opportunities and risks associated with its business. Their expertise in the industry is reflected in the Guarantor’s ability to maintain its position as a leading telecommunication operator in India, despite significant competition and new entrants in the market. The Guarantor has capitalized on the emerging opportunities and completed the acquisitions of Bharti Digital Networks Limited and Telenor India. On July 1, 2019, the Guarantor also successfully completed the merger of the consumer mobile businesses of Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited with the Guarantor’s business. Further, the Guarantor successfully completed the merger of Bharti Infratel with Indus Towers on November 19, 2020. See “—*The Guarantor’s Business—Business Operations—The Indus Merger*” for further information. The combined company is named Indus Towers Limited and has remained listed on the Indian stock exchanges. The Guarantor believes that the experience of its management provides the Guarantor with an advantage in commercial negotiations with suppliers and customers, identifying cost and operational efficiencies, anticipating and avoiding potential execution roadblocks, completing expansion and roll out plans on time and within budget.

In the third quarter of fiscal year 2019, six leading global investors, including Warburg Pincus, Temasek, SingTel and SoftBank Group International, invested U.S.\$1.25 billion in Airtel Africa Plc, the Guarantor’s subsidiary and its holding entity of the Africa operations, through a primary equity issuance. Further, Qatar Investment Authority, the sovereign wealth fund of the State of Qatar, has invested U.S.\$200 million through a primary equity issuance in Airtel Africa Plc. In June 2019, the Guarantor also concluded the initial public offering of Airtel Africa Plc on the London Stock Exchange and a secondary listing on the Nigerian Stock Exchange and raised net IPO proceeds of U.S.\$680 million. During the fiscal year ended March 31, 2020, the Guarantor raised Rs. 215 billion of additional long term financing through a combination of a qualified institutional placement of equity shares and a foreign currency convertible bond offering to foreign investors.

The Guarantor believes that the knowledge and expertise generated by the experience of its management team will prove to be a crucial advantage as it looks to expand and develop its business. The Guarantor also maintains strong corporate governance practices.

### ***Strong brand presence***

The Guarantor offers its services under its flagship brand “*Airtel*” which is widely recognized in India, Sri Lanka and Africa, where the Guarantor operates. The Guarantor supports the “*Airtel*” brand with extensive market research and a focused marketing strategy in India, Sri Lanka and Africa, including national and regional television advertisement campaigns as well as campaigns in mixed-media and over-the-top media platforms, including print, outdoor and digital. The Guarantor believes that the strength of its brand “*Airtel*” and its advertising campaigns have contributed significantly to its strong market position, subscriber growth and loyalty and have helped it to further fortify the “*Airtel*” brand.

The Guarantor believes that it has been able to strengthen its brand equity through its segmented marketing strategies that the Guarantor creates with the help of external marketing and advertising agencies across geographies and demographic variables. In 2018, the Guarantor launched the campaign “*Sab Kuch Try Karo, Fir Sahi Chuno*” and in 2019, it launched “*Sahi Chuno, Quality Chuno*” campaign, both of which demonstrate the Guarantor’s confidence in its product offerings. The Guarantor further strengthened its customer rewards program through the *Airtel Thanks* program that offers a range of rewards to customers based on ARPU. Further, the Guarantor’s marketing strategy in India focusses on customers at a district level, which allows it to prioritize, track and develop performance on a micro level. The Guarantor does so by dividing the Indian market into 244 priority districts based on their economic potential (4G market size of district), capital efficiency (revenue per tower of district) and brand affinity (*Airtel* 4G share in district).

The focus of the Guarantor’s communication is to highlight the benefits of its products and services to its customers. Further, the Guarantor’s strong brand presence is backed by an extensive distribution footprint in India and Africa across rural and urban areas. The Guarantor also has a growing digital distribution presence through the *Airtel Thanks* application.

The Guarantor’s brand excellence has been widely recognized. It was honored in the categories of “*Best Brand Loyalty Marketing Campaign*” and “*Excellence in CSR – Best Organization Transformation*” at the “Asian Customer Engagement Forum and Awards” in 2017. The Guarantor ranked second in the “*Brand Finance India 100 (2018)*”, an annual report on the most valuable Indian brands. The Guarantor also ranked fourth in the “*BrandZ Top 75 Most Valuable Indian Brands 2018 and 2019*” reports. *Airtel* has been consistently rated as the Indian telecom network with the fastest download speeds by multiple global platforms such as Opensignal, including best video experience, lower latency and highest downlink throughputs. The Guarantor has also been consistently recognised by Opensignal as the network providing India’s best video and gaming experience. Through this, the Guarantor has extended its network positioning from being the fastest network to providing best video experience, to differentiate itself from its competition.

### **Strategy**

The key elements of the Guarantor’s strategy is:

#### ***Growth of 4G subscriber market share in the mobile telecommunication industry***

The Guarantor operates in the highly competitive mobile telecommunication industry in India, which has grown significantly in recent years. According to TRAI, the Guarantor was one of the leading mobile telecommunication operators in India in terms of number of mobile telecommunication subscribers as of October 31, 2020. The Guarantor intends to leverage such position to increase its market share of the primary 4G SIM slot through attractive bundled pricing plans, partnerships with content companies for bundling their services with the Guarantor’s services and an increase in upgrades through device partnerships and offers. For example, in fiscal year 2018, the Guarantor launched “*Mera Pehla Smartphone*” initiative to introduce affordable 4G smartphones bundled with the *Airtel* mobile network in the Indian market. The Guarantor intends to consider more such opportunities to grow its share of high ARPU customers.

The Guarantor also launched a loyalty program “Airtel Thanks” to ensure customers have an incentive to upgrade to higher value plans by providing various offers and benefits. The “Airtel Thanks” program is a structured rewards program launched in fiscal year 2019 that is designed to deliver exclusive benefits and rewards to Airtel Mobile customers. The loyalty platform feeds on real-time events in a customer’s lifecycle. The analytics of the platform runs real time mapped to each customer profile backed with an open API that is tied to partnership with 3<sup>rd</sup> party service provider for any provisional billing. The platform is integrated with a scalable model of own subscription engine and provisional billing engine for prompt activation of any service.

Further, the Guarantor has also adopted various measures to lock-in post-paid customers through initiatives such as handset security, free music and TV, free Amazon prime membership, data roll-over, affordable financial services, among others, beyond the traditional services.

In Africa, the Guarantor aims to increase its mobile revenue market share through increasing its smartphone network, data penetration, introduction of new products and addition of quality customers.

***Invest in the Guarantor’s telecommunication network to enhance user experience and deliver a differentiated value proposition to the Guarantor’s customers***

The Guarantor is focused on delivering premium, high-speed and reliable telecommunication services to its customers. It has successfully grown its aggregate telecommunication customer base from approximately 357 million as of March 31, 2016 to approximately 458 million as of December 31, 2020 and intend to continue to retain its existing customer base and grow its market share by offering high speed and reliable mobile telecommunication services at competitive prices and providing high-quality customer support services.

During this period, the Guarantor’s data customer base grew from approximately 58 million as of March 31, 2016 to over 175 million as of December 31, 2020 in India. The Guarantor’s consolidated capital expenditures amounted to Rs. 139,514 million and Rs. 167,088 million (U.S.\$2,287 million) for the nine months ended December 31, 2019 and 2020, respectively.

The Guarantor intends to enhance its telecommunication network user experience by improving its network quality through digitization and using more self-healing and self-evolving networks using newer generation technologies. For example, to further strengthen its 4G network, the Guarantor has upgraded the 3G services in 19 telecom circles including Kolkata, Haryana, Punjab, Gujarat, Kerala, Mumbai, Madhya Pradesh, Maharashtra, Orissa, Karnataka, Delhi, Uttar Pradesh West, Tamil Nadu, Bihar, West Bengal, Rajasthan, Uttar Pradesh East, Jammu and Kashmir, Himachal Pradesh and has re-farmed the 900 MHz and 2100 MHz bands to expand its 4G capacity. The Guarantor has deployed L900 and L2100 technology to complement its existing 4G services. The re-farming of 3G spectrum for 4G will boost the network’s capacity, ensure wider availability of Airtel 4G and significantly improve coverage inside buildings and outdoors, especially during intracity and intercity transit for 4G smartphone customers.

The Guarantor had renewed and enhanced its on-going relationship by signing a multi-year agreement with Nokia in 2020 to deploy Nokia’s SRAN solution across 9 circles in India, helping to boost its network capacity, in particular 4G, and improve customer experience. The rollout, will also lay the foundation for providing 5G connectivity in the future and will see approximately 300,000 radio units deployed across several spectrum bands, including 900MHz, 1800MHz, 2100MHz and 2300MHz, and is expected to be completed by 2022. On January 28, 2021, the Guarantor became India’s first telecom provider to successfully test, demonstrate and orchestrate a live 5G service over a commercial network. Using a spectrum sharing, the Guarantor was able to operate 5G and 4G concurrently within the same spectrum block. This has demonstrated the future readiness the Guarantor’s network across the radio, core and transport domains.

On August 10, 2020, the Guarantor became the first private mobile operator to launch “Ultra-Fast 4G” services in Andaman and Nicobar with the inauguration of the fiber link between Chennai and Port Blair, integrating the seven islands of the Andaman and Nicobar archipelago into the Guarantor’s 4G network.

In addition, the Guarantor has launched *Airtel Wi-Fi Calling*, a Voice-Over Wi-fi service, which is designed to enhance voice calling experience for Airtel smartphone customers while indoors. The service is currently live in all circles except Jammu & Kashmir and across all broadband providers. There will be no extra charge for Airtel Wi-Fi Calling. The Guarantor believes that these investments would enable it to maintain its continued excellence in customer experience and network quality. As per the Opensignal October 2019 Report and Opensignal Report September 2020, Airtel has been rated as the network with the fastest download speed experience and also winner in terms of video experience on the network.

While the Guarantor utilizes various advanced technologies to deliver its services and operate its network, the Guarantor intends to continue to invest in its network and technology infrastructure in order to improve its existing technology systems and implement advanced technology systems that may be developed. This will enable the Guarantor to continue to deliver high quality, market leading and competitive service offerings, which will drive its growth.

***Focus on developing high growth revenue streams such as apps with digital media content, enterprise, broadband, digital TV and mobile payment bank (“MPS”) businesses, among others***

The Guarantor intends to rapidly grow the Homes Services business and to expand digital TV services business. Accordingly, the Guarantor has been investing in increasing its subscribers to accelerate the broadband business.

Pursuant to the Ministry of Information and Broadcasting’s digitization plans, DTH operators are likely to benefit from a rising subscriber base and higher market penetration. Innovations in paid TV services and migration from standard definition to high definition boxes have increased consumption of smart TVs and high definition services, offering more opportunities to service operators like the Guarantor.

Strong economic growth, aided by a shift to digital and on-demand business models with a growing need for anytime anywhere connectivity for enterprises and the GoI’s push for digitization, are fueling demand for telecommunication services from enterprises. The Guarantor’s enterprise strategy is to increase its share of wallet of existing customers and gain new customers by launching new enterprise platforms, thereby increasing its revenue market share. Small and medium-sized enterprises (“SMEs”) are increasing with digital India and start up India initiatives. The Guarantor enables emerging enterprises and start-ups through understanding their business needs and offering specific vertical value propositions. The Guarantor is committed to working toward strengthening its digital and technological offerings and capabilities, and intends to continue to adopt the ready business solution approach entitling SMEs to scale faster and enhance their operational efficiencies, making their business responsive to customers.

In January 2021, the Guarantor successfully tested, demonstrated and orchestrated a live 5G service over a commercial network in Hyderabad, India using its existing liberalized spectrum in the 1800 MHz band through the non-standalone network technology. During this event, the Guarantor seamlessly operated 5G and 4G concurrently within the same spectrum block. This demonstration has demonstrated the future readiness of the Guarantor’s network across various domains, including radio, core and transport. The Guarantor’s 5G is capable of delivering 10x speeds, 10x latency and 100x concurrency when compared to existing technologies. Specifically, in Hyderabad, users have been able to download a full-length movie within seconds using the Guarantor’s 5G network. The full impact of the 5G experience in terms of speeds, latency and concurrency, however, is expected to be felt only after adequate spectrum is available and the necessary Government approvals have been received.



Airtel Digital TV and Aakash Educational Services Limited (Aakash) launched India's first dedicated TV channels for medical and engineering entrance exams preparation. The initiative gives Airtel DTH customers affordable access to Aakash's test preparation content on the TV screen in a highly interactive format. In particular, it benefits students in smaller towns and villages, who have limited access to broadband internet. Airtel Digital TV and Vedantu announced an innovative partnership to make quality education accessible to students across India by leveraging the deep reach of Airtel. Under the partnership, two dedicated DTH channels – Vedantu Masterclasses – are available exclusively to millions of Airtel Digital TV customers, catering to students from classes 6 to 10 and classes 11 to 12, respectively, and covering both mathematics and science subjects.

Airtel Business announced the launch of its customer advisory board with the objective of making its customers equal stakeholders in its product development journey. The board will have representation from Airtel's main enterprise customers cutting across a diverse set of industries and sectors, and are expected to meet at regular intervals to deliberate and offer counsel on customer issues and emerging technology trends to help Airtel Business align its innovation roadmap to the strategic requirements of its customers and create the right solutions for the market. The advisory board will also provide Airtel's key enterprise customers an early view of the advanced capabilities that the Guarantor may be building.

Wynk Music is India's leading music streaming application, with 46 million monthly active users in October 2019, according to AppAnnie. It has hosted live online concerts on Navratri, Diwali, and New Year over its new platform Wynk Stage. This allows users and India's top artists to connect digitally and celebrate safely as India practices social distancing norms as part of its measures to mitigate the effects of the COVID-19 pandemic. These concerts set a new industry benchmark with more than 100,000 concurrent users.

To protect Airtel customers from the growing incidents of online payment frauds, APBL launched "Airtel Safe Pay" – India's safest mode for making digital payments. With "Airtel Safe Pay", Airtel customers are able to make UPI or Netbanking based payments through APBL. "Airtel Safe Pay" leverages Airtel's "telco exclusive" strength of network intelligence to provide an additional layer of payment validation compared to the industry norm of two-factor authentication. This offers a higher level of protection from potential frauds such, as phishing, stolen credentials or passwords, and even phone cloning that catches customers unaware.

Airtel launched the Gigabit Wi-Fi Experience. Its customers can enjoy 1 Gbps data speeds over Wi-Fi. The Airtel Xstream Fiber Rs 3,999 plan now comes with a complimentary 1 Gbps Wi-Fi router to go with unlimited data quota and massive bundled content. Its 4x4 Wi-Fi router enables 1 Gbps Wi-Fi coverage across homes and small offices. The Guarantor believe this will unlock a great experience for online gaming and animation and for work or study from home with large number of concurrently connected devices.

Amazon joined hands with Airtel for the first roll-out of Prime Video Mobile Edition, making high quality entertainment accessible to Airtel customers. Prime Video Mobile Edition is a single-user mobile-only plan created especially for a mobile-first country like India.

### ***Focus on digitization and cost optimization***

The Guarantor is focused on disciplined investment and prudent cost controls. Cost optimization is an integral part of its growth strategy to deliver shareholder value. The Guarantor aims to deliver savings in operating expenses through targeted cost saving programs with a range of initiatives across different functions. These include zero based budgeting with fresh look at all cost items to avoid redundant costs, focused initiatives on reducing low utilization sites, simplifications to reduce waste and drive efficiency in administrative costs. The Guarantor also periodically negotiates appropriate contracts including outsourcing arrangements and annual maintenance contracts with its technology and equipment vendors. Among other elements of its optimized cost structure, it outsources various non-core supplies, service and support functions in discrete parcels to multiple specialized providers, while retaining a high-level of centralized reporting and control. The Guarantor also

engages in new requests for proposal processes at the end of such contract terms, to allow it to re-evaluate the cost and performance of each active network partner or vendor, and to form new partnerships or vendor relationships, as necessary. The Guarantor also seeks to minimize its dependence on any single network provider by working with multiple vendors.

In addition, the Guarantor extensively focuses on network cost optimization programs, such as indoor to outdoor conversions of sites leading to reduction in energy cost, and off-net to on-net link conversion for enterprise customers leading to lower bandwidth charges.

The Guarantor uses technology to drive down costs, including through infrastructure sharing, adopting disruptive technologies, use of increased automation, including customer service automation and the use of digital tools and interfaces such as chatbots and webchats with its customers (as well as executive dashboards for account summaries and individual products, including through its *Airtel Thanks* application), and digitization, such as through its “*Green Bill*” initiative, which has resulted in lowering its billing costs, product and communication simplification, improved predictive analytics and reduced travel and outbound tele-calling. In addition, the Guarantor continues to expand “Project Leap” with sustained investments targeted towards building data capacities and the 4G network across the country. The Guarantor expanded its 4G services and other technological investments aimed to enhance consumer experience to Andaman and Nicobar Islands as well as to Lakshadweep Islands.

In Africa, the Guarantor aims to ensure cost optimization through ensuring greater utilization of assets that are already deployed and expenses that are already incurred. In addition, the Guarantor also focus on controlling and saving costs through measures, such as moving away from offline channels to online distribution, and churn reduction. With high fixed costs, operating leverage will play out on new revenue streams and it aims to ensure that incremental EBITDA earned on incremental revenue generated is greater than the existing EBITDA margin.

#### ***Focus on deleveraging and maintaining financial flexibility***

The Guarantor’s aggregate net debt (defined as the sum of current and non-current borrowings (including lease liabilities) less investments and cash & cash equivalents), current portion of long-term debt and lease liabilities minus cash and cash equivalents) amounted to Rs. 989,036 million, Rs. 1,123,989 million, Rs. 1,188,817 million (U.S.\$16,274 million) and Rs. 1,476,936 million (U.S.\$20,218 million) as of March 31, 2018, 2019 and 2020 and December 31, 2020, respectively. As of December 31, 2020, the Guarantor’s net debt to EBITDA ratio was 4.4, including lease obligations. The Guarantor’s debt profile is spread across local and overseas sources of funds to mitigate interest rate risks and to create natural hedges. The Guarantor has a healthy currency mix of debt having issued U.S.\$, EUR and CHF denominated bonds in the international debt capital markets as well as debt in local currencies including INR, XAF, UGX, RWF, NGN, LKR and XOF. Under the Guarantor’s risk management policy that has been approved by the Board, the Guarantor may continue to enter into hedging and derivative transactions to reduce the interest rate and current fluctuation risk. The Guarantor remains focused on maintaining a healthy leverage ratio and deleveraging through a mix of strategic and organic initiatives.

As part of the Guarantor’s strategic initiatives, it concluded a rights issue of approximately 1,134 million fully paid up equity shares that raised Rs. 249,390 million in May 2019 and utilized the proceeds materially towards deleveraging its balance sheet. In June 2019, the Guarantor also concluded the initial public offering of Airtel Africa Plc on the London Stock Exchange and the Nigerian Stock Exchange and raised net proceed of U.S.\$680 million. Prior to the initial public offering (“**IPO**”) of Airtel Africa plc, it raised U.S.\$1.45 billion through a pre-IPO placement to certain investors between October 2018 and January 2019. Between 2015 and 2018, the Guarantor sold shares in Bharti Infratel for an aggregate amount of over U.S.\$2.1 billion. The Guarantor raised Rs. 16,238 million through a stake sale in its DTH business to Warburg Pincus. The Guarantor realized approximately U.S.\$3 billion in Airtel Africa Plc through tower sale in eight countries and divestment of

operations in two countries. In addition, on January 15, 2020, the Guarantor raised U.S.\$2,000,000,000 through a qualified institutional placement (“**QIP**”). The Guarantor has raised approximately U.S.\$13.3 billion of equity capital since September 2014. Additionally, the Issuer raised a total of U.S.\$750 million through an issuance of perpetual securities in October 2019, and on February 12, 2020, it issued a further U.S.\$250 million of perpetual securities to be consolidated and form a single series with the perpetual securities issued in October 2019. It raised an additional U.S.\$1,000,000,000 through an issue of foreign currency convertible bonds (“**FCCB**”) on January 17, 2020.

The Guarantor aims to maintain an efficient capital structure with high balance sheet flexibility. It seeks to continue to manage its borrowing costs with a focus on cost effective financing and refinancing structures, including its repayment tenors and the balance between its fixed and floating rate instruments. The Guarantor will continue to maintain a measured and careful balance between fixed and floating rate debt.

Airtel Africa Plc maintains a reasonably conservative policy in respect of liquidity and leverage. In line with this principle, and as pursuant to its dividend policy in Africa, “surplus” cash is to be distributed to its respective shareholders, subject to leverage thresholds.

## **Recent Developments**

### ***COVID-19***

On March 11, 2020, the World Health Organization (“**WHO**”) declared COVID-19 as a global pandemic. In response, national, regional and local governmental authorities, including in India and other South Asian and African countries where the Guarantor operates, have taken extraordinary and wide-ranging actions to contain and combat the outbreak and spread of COVID-19. These measures have included border controls and significant restrictions on movement and economic activity, such wide ranging restrictions on travel and public gatherings, including the closing of offices, businesses, schools, retail stores and other public venues, and by instituting curfews or quarantines. These restrictions, as well as the dangers posed by the novel coronavirus, produced a significant reduction in mobility during the first half of 2020, have caused disruption in global economic activity across a number of geographies and markets, including global supply chain disruptions and shortages.

Although the impacts of the COVID-19 pandemic on the Guarantor’s operations have been isolated and limited, certain of these measures have, and are expected to continue to have, an indirect effect. The telecommunications industry in India was deemed an essential service and allowed to remain in operation through the lockdown periods, and the Guarantor continued to provide its telecommunications services to its customers during the COVID-19 pandemic. The telecommunications industry proved resilient and essential for companies and consumers, as the industry facilitated valuable activities such as remote working, e-schooling and virtual entertainment. The COVID-19 pandemic resulted in a considerable increase in internet traffic and a correlated decrease in mobile services usage as a means of overcoming connectivity challenges while gatherings were prohibited and residents were either required or advised to stay at home. As a result, COVID-19 positively impacted the Guarantor’s business, as people worked remotely, leading to an increase in calls, data usage, video-conferencing and other services requested by business customers. The Guarantor has also been able to capture increased demand for data services that it provides via its broadband and postpaid mobile connectivity businesses.

In addition, flight cancellations and travel restrictions reduced the mobility of the Guarantor’s international and regional workforce, resulting in operational disruptions to the Guarantor’s planned workforce rotations and delays in the Guarantor’s ability to mobilize on sites of newly awarded contracts. Addressing the disruptions caused by COVID-19 has also required the Guarantor’s senior management team and staff to devote time and resources to address the impact of the pandemic on the Guarantor’s businesses.

The COVID-19 pandemic has created new challenges in maintaining the health and safety of the Guarantor's employees. One of the Guarantor's top priorities is the health and well-being of its employees, partners and customers. The Guarantor established several measures to proactively identify and manage the challenges presented by the pandemic, with a focus on protecting its people, working closely with its key stakeholders to ensure operational continuity and preparing its business for future scenarios that may result from COVID-19. These measures have included, primarily:

- The Guarantor established a "war room" to closely supervise all developments relating to the COVID-19 pandemic, with daily meetings chaired by the CEO to monitor safety of employees and review the Guarantor's network, customer service and business performance.
- The Guarantor has sought to maintain its network and engineering operating centers as well as data centers operating with minimal workforce on-site, with most of the workforce working remotely.
- The Guarantor activated several new retail channels to provide customers with additional outlets to top-up their prepaid mobile phones during the lockdown, such as pharmacies, groceries, bank ATMs and post offices. The Guarantor also carried out several marketing campaigns to educate and encourage its customers to use digital channels to top-up their prepaid mobile phones.
- The Guarantor extended COVID-19 insurance coverage to all its associates and partners.
- The Guarantor has provided all sanitation essentials to the Guarantor's workforce on the field.
- All of the Guarantor's retail stores are maintaining social distancing norms, restricting number of customers inside the store at any time.
- While the Guarantor has opened up its offices, maintaining high levels of hygiene standards and precautions, the Guarantor has kept the attendance as voluntary, enabling a large part of its workforce to continue operating from home.

Although the Guarantor currently cannot reasonably estimate the ultimate impact of the COVID-19 pandemic on its business, the Guarantor believes that an increased need for data connectivity as a result of the COVID-19 pandemic has driven and will continue to drive increased data usage and, consequently, may result in the further growth of the telecommunications industry.

For more information, see *"Risk Factors—Risks Relating to the Guarantor's Business—The Guarantor's business and operations, and that of its customers and suppliers, have been and may continue to be adversely affected by the COVID-19 pandemic or other similar outbreaks, particularly if the economies of the countries in which it operates are affected for a significant amount of time"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Guarantor's Results of Operations and Financial Condition—COVID-19."*

#### ***Bharti Hexacom NCD Issuance***

On January 21, 2021, the Guarantor's subsidiary, Bharti Hexacom Limited issued 15,000 listed, unsecured, rated, redeemable, non-convertible debentures, of face value of Rs. 1 million, at a coupon rate of 6% per annum, payable annually, at par aggregating to Rs. 15,000 million on a private placement basis. These non-convertible debentures will mature on January 19, 2024.

#### ***5G Capabilities***

On January 28, 2021, the Guarantor became India's first telecom provider to successfully test, demonstrate and orchestrate a live 5G service over a commercial network. Using a spectrum sharing, the Guarantor was able to operate 5G and 4G concurrently within the same spectrum block. This has demonstrated the future readiness the Guarantor's network across the radio, core and transport domains.

### ***Ghana Divestment***

The Guarantor is currently in advanced stages of discussions for conclusion of the arrangements for the transfer of AirtelTigo on a going concern basis to the government of Ghana; accordingly, the Guarantor has voluntarily taken an additional charge of Rs. 4,713 million in its profit and loss statement for the nine months ended December 31, 2020.

### ***Acquisition of stake in Bharti Telemedia from Warburg Pincus***

On February 17, 2021, the Guarantor announced in filings to the Stock Exchanges, that it will acquire 102,040,000 shares (representing a 20% equity stake) in its DTH unit, Bharti Telemedia Limited (“**Bharti Telemedia**”) from Lion Meadow Investment Ltd., an affiliate of Warburg Pincus for a total consideration of approximately Rs. 31,260 million (U.S.\$430 million) which will be discharged primarily via an issuance of up to 36,469,913 equity shares of the Guarantor through preferential allotment basis at a price of Rs. 600 per share and, subject to adjustment, up to Rs. 10,378 million (U.S.\$143 million) in cash.

The Guarantor’s Board of Directors has provided its approval for the aforesaid transaction on February 17, 2021 and completion of the preferential allotment by the Guarantor is conditional on approval by the Guarantor’s shareholders in the extraordinary general meeting. The proposed transaction is part of the Guarantor’s strategy to align the shareholding of its customer facing products, services and businesses under the same holding group. Upon completion, the acquisition will provide the Guarantor with full control and ownership over Bharti Telemedia.

### ***Reorganization of the Guarantor’s business and shareholding structure***

The Guarantor’s Board of Directors, in its meeting held on February 17, 2021, has constituted a ‘Special Committee of Directors’ to consider and evaluate options for reorganization of the Guarantor’s business and shareholding structure and its various subsidiaries to achieve flexibility and sharper focus for its digital and non-telecom businesses to enable any unlocking of enhanced value for its stakeholders. The Special Committee of Directors will provide its recommendations to the Guarantor’s Board of Directors for its consideration and/or approval.

## SUMMARY OF THE OFFERING

*The following is a general summary of the terms of the Securities. This summary is derived from and should be read in conjunction with the full text set out herein in “Terms and Conditions of the Securities” (the “**Conditions**”) and a trust deed to be dated March 3, 2021 and made between the Issuer, the Guarantor and the Trustee (the “**Trust Deed**”) constituting the Securities, which will prevail to the extent of any inconsistency with the terms set out in this section. Capitalized terms used herein and not otherwise defined have the respective meanings given to such terms in the Conditions.*

|                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer</b>                                                                  | Network i2i Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Guarantor</b>                                                               | Bharti Airtel Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Trustee</b>                                                                 | Citicorp International Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Principal Paying Agent, Calculation Agent, Transfer Agent and Registrar</b> | Citibank, N.A., London Branch                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Issue Size</b>                                                              | U.S.\$500,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Issue Date</b>                                                              | March 3, 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Interest</b>                                                                | <p>The Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) June 3, 2026 (the “<b>First Reset Date</b>”) at a rate of 3.975 per cent. per annum, payable semi-annually in arrear on June 3 and December 3 in each year, commencing June 3, 2021, except that the first payment of interest, to be made on June 3, 2021 (the “<b>First Interest Payment Date</b>”), will be in respect of the period from and including the Issue Date to but excluding the First Interest Payment Date.</p> <p>Thereafter, unless previously redeemed, the Securities will bear interest from (and including) the First Reset Date at a rate per annum which shall be the relevant Treasury Rate plus the applicable Margin for the relevant Reset Period, payable semi-annually in arrear on June 3 and December 3 in each year.</p> |
| <b>Issue Price</b>                                                             | 99.888 per cent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Concurrent Offering</b>                                                     | <p>The Guarantor is concurrently conducting an offering of an aggregate principal amount of U.S.\$750,000,000 3.25% senior notes due 2031 (such offering, the “<b>Concurrent Notes Offering</b>”). The Concurrent Notes Offering is not part of this offering and is being conducted pursuant to a separate offering memorandum.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Overallotment Option</b>                                                    | <p>In case of additional market demand for the Securities, the Issuer may launch and price additional securities during the period from this Offering Memorandum to, or shortly after, the Issue Date. Such additional securities, if issued, could be fully fungible with and consolidated into, and form a single series with the Securities offered in this Offering Memorandum. The Issuer intends to use the proceeds of any such issuance of additional securities for the same purposes as the Securities offered pursuant to this Offering Memorandum. Any such offering of additional securities would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum.</p>                                                                                                                                                             |

**Status**

The Securities constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and in priority over claims of Junior Obligations of the Issuer. The rights and claims of the Holders in respect of the Securities are subordinated as described in Condition 3(a) and Condition 3(b).

The Guarantee constitutes a direct, unsecured and subordinated obligation of the Guarantor and ranks in priority over claims of Junior Obligations of the Guarantor. The rights and claims of the Holders in respect of the Guarantee are subordinated as described in Condition 3(c) and Condition 3(d).

**Subordination**

The claims of the Holders in respect of the Securities, including any accrued and unpaid interest and any outstanding Arrears of Interest, will, in the event of a Winding-Up of the Issuer (subject to certain exceptions), rank:

- (a) junior to all Senior Obligations of the Issuer;
- (b) *pari passu* with each other and with any Parity Obligations of the Issuer; and
- (c) senior only to Junior Obligations of the Issuer.

The claims of the Holders in respect of the Guarantee, including any accrued and unpaid interest and any outstanding Arrears of Interest, will, in the event of a Winding-Up of the Guarantor (subject to certain exceptions), rank:

- (a) junior to all Senior Obligations of the Guarantor;
- (b) *pari passu* with any Parity Obligations of the Guarantor; and
- (c) senior only to Junior Obligations of the Guarantor.

**No Set-off, etc.**

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Securities and each Holder shall, by virtue of holding any Security, be deemed to have waived all such rights of set-off, compensation or retention.

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with, the Guarantee and each Holder shall, by virtue of holding any Security, be deemed to have waived all such rights of set-off, compensation or retention.

**Guarantee**

The Guarantee will have an initial term of 25 years and three months from the Issue Date, expiring on June 3, 2046. The Guarantor will extend or renew the Guarantee on or prior to such termination date for an additional term of 25 years and thereafter will extend or renew the Guarantee on each subsequent termination date for an additional term of 25 years, in each case if any Securities remain outstanding on such termination date; *provided, however*, that the Guarantor will not be required to extend or renew the Guarantee as aforesaid if it is

unable to do so, after using its best endeavors, due to a change in law or regulation effective after the Issue Date.

The potential liability of the Guarantor under the Guarantee will be capped initially at an amount equal to 150 per cent. of the aggregate principal amount of the Securities issued on the Issue Date. On or prior to the date that is 15 Business Days after each Reset Date, the Guarantor will increase its potential liability under the Guarantee effective on and after such Reset Date to an amount at least equal to 115 per cent. of the sum of (i) the aggregate principal amount of the Securities then outstanding, (ii) the aggregate amount of interest payable on such Securities during the Reset Period (after giving effect to the Subsequent Fixed Interest Rate for the Reset Period commencing on such Reset Date) commencing on such Reset Date and (iii) any outstanding Arrears of Interest; *provided, however*, that the Guarantor will not be required to increase its potential liability under the Guarantee as aforesaid if it is unable to do so, after using its best endeavors, due to a change in law or regulation effective after the Issue Date.

In case of any decrease in the principal amount of the Securities, the aggregate potential liability of the Guarantor will be decreased effective on and after the date of such decrease to an amount at least equal to (i) 150 per cent. of the aggregate principal amount of the Securities, if such decrease occurred prior to the First Reset Date and (ii) 115 per cent. of the sum of (a) the aggregate principal amount of the Securities, (b) the aggregate amount of interest payable on such Securities during the Reset Period in which such decrease occurred and (c) any outstanding Arrears of Interest, if such decrease occurred after the First Reset Date.

#### **Optional Interest Deferral**

The Issuer may, at its discretion, elect to defer all or part of any Interest Payment which is otherwise scheduled to be paid on an Interest Payment Date by giving a Deferral Notice of such election to the Holders, the Trustee and the Principal Paying Agent, unless an Enforcement Event has occurred under Condition 11(a). If the Issuer elects not to make all or part of any Interest Payment on an Interest Payment Date, then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute a default by the Issuer or the Guarantor under the Securities or for any other purpose.

Non-payment of Arrears of Interest shall not constitute a default by the Issuer or the Guarantor under the Securities or for any other purpose, unless such payment is required in accordance with Condition 5(b).

#### **Arrears of Interest**

The Issuer may pay outstanding Arrears of Interest, in whole or in part, at any time, provided that it will pay any outstanding Arrears of Interest, in whole but not in part, on the earliest of (1) the fifth Business Day following the date of an occurrence of a breach of any of the provisions described under Condition 5(b), (2) the date of any



redemption of the Securities as described under Condition 6, (3) the date of any Substitution or Variation Event, (4) the Winding-Up of the Issuer and (5) the Winding-Up of the Guarantor.

#### **Optional Redemption**

The Issuer may redeem the Securities in whole but not in part on any date prior to March 3, 2026 (the “**First Call Date**”) at the principal amount of the Securities plus a premium, as set out under “*Terms and Conditions of the Securities—Redemption—Make-whole Redemption by the Issuer*”, together with any accrued and unpaid interest up to (but excluding) such date and any outstanding Arrears of Interest.

Thereafter, the Issuer may redeem the Securities in whole but not in part on any date from (and including) the First Call Date to (and including) the First Reset Date or on any Interest Payment Date thereafter, at their principal amount, together with any accrued and unpaid interest up to (but excluding) such date and any outstanding Arrears of Interest.

#### **Special Event Redemption**

If a Special Event has occurred and is continuing, then the Issuer may redeem at any time all, but not some only, of the Securities at:

- (i) in the case of a Capital Event, Tax Event, Tax Withholding Event or Accounting Event where the relevant date fixed for redemption falls prior to the First Call Date, 101 per cent. of their principal amount;
- (ii) in the case of a Capital Event, Tax Event, Tax Withholding Event or Accounting Event where the relevant date fixed for redemption falls on or after the First Call Date, their principal amount; or
- (iii) in the case of a Substantial Repurchase Event where any such redemption occurs at any time, their principal amount,

in each case together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

#### **Change of Control Triggering Event**

If a Change of Control Triggering Event has occurred and is continuing, the Issuer may elect to redeem all, but not some only, of the Securities at any time at 101 per cent. of the principal amount of the Securities (where such redemption occurs prior to the First Call Date) together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest.

If the Issuer does not elect to redeem the Securities following the occurrence of a Change of Control Triggering Event, the then prevailing Interest Rate, and each subsequent Interest Rate, on the Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Event occurred.

#### **Substitution or Variation**

If an Accounting Event, a Capital Event, a Tax Event or a Withholding Tax Event has occurred and is continuing, without the

consent of the Holders the Issuer may either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities, in each case in accordance with Condition 7.

#### **Enforcement Events**

If (i) a default is made by the Issuer or the Guarantor for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest (including Additional Amounts and Arrears of Interest), in each case in respect of the Securities and which is due, or (ii) there is any change in the Guarantor's equity ownership of the Issuer that would impair or render the Guarantee (wholly or partially) unenforceable or invalid under or contrary to applicable law or regulation, or (iii) the Guarantor or the Issuer does not comply with any of their respective obligations under Condition 2(e) (any such event, an "**Enforcement Event**"), then the Trustee at its sole discretion may, notwithstanding the provisions of Condition 11(b) but subject to Condition 11(c), institute insolvency proceedings (including any corporate insolvency resolution process) or proceedings for the Winding-Up of the Issuer and/or insolvency proceedings (including any corporate insolvency resolution process) or insolvency proceedings (including any corporate insolvency resolution process) or the Winding-Up of the Guarantor and/or prove in such proceedings, such claim being subordinated, and for the amount, as provided in Condition 3(a) and/or Condition 3(c), as applicable.

#### **Withholding Tax; Additional Amounts**

Payments in respect of the Securities will be made without withholding or deduction for any present or future taxes, assessments or other governmental charges, subject to certain exceptions. If any such withholding or deduction is made, Additional Amounts may be payable by the Issuer or the Guarantor, subject to certain exceptions.

#### **Listing and Trading**

Approval-in-principle has been received from the SGX-ST for the listing of and quotation for the Securities on the Official List of the SGX-ST. The Securities will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Securities are listed on the SGX-ST and the rules of the SGX-ST so require.

#### **Governing Law**

The Trust Deed, the Securities and the Guarantee are governed by, and shall be construed in accordance with, the laws of England, except that Condition 3(a) and Condition 3(b) and any corresponding provisions in the Trust Deed are governed by, and shall be construed in accordance with, the laws of Mauritius and Condition 3(c) and Condition 3(d) and any corresponding provisions in the Trust Deed are governed by, and shall be construed in accordance with, the laws of India.

|                                            |                                                                                                                                                                                                                                                                                                                                                                |                                                     |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| <b>Ratings</b>                             | The Securities are expected to be rated “BB” by Fitch and “BB” by S&P. A security rating is not a recommendation to buy, sell, or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.                                                                                                        |                                                     |
| <b>Security Codes:</b>                     | <b>CUSIP:</b>                                                                                                                                                                                                                                                                                                                                                  | Rule 144A: 64132NAC0; Regulation S: V6703DAC8       |
|                                            | <b>ISIN:</b>                                                                                                                                                                                                                                                                                                                                                   | Rule 144A: US64132NAC02; Regulation S: USV6703DAC84 |
|                                            | <b>Common Code:</b>                                                                                                                                                                                                                                                                                                                                            | Rule 144A: 230772193; Regulation S: 230772215       |
| <b>Use of Proceeds</b>                     | The gross proceeds from the offering of the Securities will be used by the Issuer as described under “ <i>Use of Proceeds</i> .” The proceeds from the issue of the Securities shall be used by the Issuer in accordance with the FEMA ODI Regulations and the FEMA Guarantee Regulations. See “ <i>Use of Proceeds</i> ” and “ <i>Plan of Distribution</i> .” |                                                     |
| <b>Risk Factors</b>                        | For a discussion of certain factors that should be considered in evaluating an investment in the Securities, see “ <i>Risk Factors</i> .”                                                                                                                                                                                                                      |                                                     |
| <b>Form, Denomination and Registration</b> | The Securities will be issued only in fully registered form, without coupons, in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof and will be initially represented by one or more global certificates registered in the name of a nominee of DTC.                                                                       |                                                     |
| <b>Delivery of the Securities</b>          | The Issuer expects to deliver the Securities against payment in same-day funds on or about March 3, 2021, which is expected to be the fifth business day following the pricing date of the Securities. See “ <i>Plan of Distribution</i> .”                                                                                                                    |                                                     |
| <b>Transfer Restrictions</b>               | The Securities and the Guarantee will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to restrictions on transfer and resale. See “ <i>Notice to Investors</i> ” and “ <i>Transfer Restrictions</i> .”                                                                                  |                                                     |

## SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Guarantor's audited consolidated financial statements as at and for the nine months ended December 31, 2020 and Fiscals 2020 and 2019 (including comparative information as at and for the nine months ended December 31, 2019 and Fiscals 2020 and 2018). The summary financial information presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements of the Guarantor included elsewhere in this Offering Memorandum.

### Bharti Airtel Limited

#### Summary Consolidated Balance Sheet

|                                             | As at March 31,     |                  |                  | As at December 31, |
|---------------------------------------------|---------------------|------------------|------------------|--------------------|
|                                             | 2018 <sup>(1)</sup> | 2019             | 2020             | 2020               |
|                                             | (Rs. in millions)   |                  |                  |                    |
| <b>Assets</b>                               |                     |                  |                  |                    |
| <b>Non-current assets</b>                   |                     |                  |                  |                    |
| Property, plant and equipment.....          | 706,079             | 815,228          | 877,573          | 832,549            |
| Capital work-in-progress .....              | 52,089              | 88,433           | 39,972           | 53,747             |
| Right-of-use assets .....                   | —                   | —                | 259,049          | 278,692            |
| Goodwill.....                               | 328,070             | 332,562          | 346,192          | 334,667            |
| Other intangible assets.....                | 837,855             | 860,525          | 809,741          | 768,525            |
| Intangible assets under development .....   | 45,423              | 7,909            | 2,851            | 1,268              |
| Investment in joint ventures and associates | 86,839              | 88,937           | 96,808           | 248,489            |
| <b>Financial assets</b>                     |                     |                  |                  |                    |
| - Investments .....                         | 5,769               | 21,941           | 20,278           | 360                |
| - Derivative instruments .....              | 2,031               | 3,105            | 41               | —                  |
| - Security deposits .....                   | 9,703               | 16,452           | 8,728            | 7,912              |
| - Others.....                               | 5,814               | 3,227            | 14,696           | 15,531             |
| Income tax assets (net) .....               | 25,505              | 17,694           | 21,088           | 21,699             |
| Deferred tax assets (net) .....             | 29,330              | 89,379           | 270,160          | 200,423            |
| Other non-current assets .....              | 36,319              | 77,526           | 74,181           | 71,685             |
| <b>Current assets</b>                       |                     |                  |                  |                    |
| Inventories.....                            | 693                 | 884              | 1,569            | 2,446              |
| <b>Financial assets</b>                     |                     |                  |                  |                    |
| - Investments .....                         | 68,978              | 46,232           | 137,679          | 6,139              |
| - Derivative instruments .....              | 8,941               | 426              | 2,792            | 731                |
| - Trade receivables .....                   | 58,830              | 43,006           | 46,058           | 45,826             |
| - Cash and cash equivalents.....            | 49,552              | 62,121           | 135,507          | 98,345             |
| - Other bank balances .....                 | 17,154              | 18,934           | 23,420           | 33,890             |
| - Others.....                               | 27,462              | 20,343           | 210,523          | 190,972            |
| Other current assets .....                  | 103,380             | 137,111          | 208,884          | 130,584            |
| <b>Total Assets</b> .....                   | <b>2,505,816</b>    | <b>2,751,975</b> | <b>3,607,790</b> | <b>3,344,480</b>   |

|                                                    | As at March 31,     |                  |                  | As at December 31, |
|----------------------------------------------------|---------------------|------------------|------------------|--------------------|
|                                                    | 2018 <sup>(1)</sup> | 2019             | 2020             | 2020               |
|                                                    | (Rs. in millions)   |                  |                  |                    |
| <b>Equity and liabilities</b>                      |                     |                  |                  |                    |
| <b>Equity</b>                                      |                     |                  |                  |                    |
| Share capital .....                                | 19,987              | 19,987           | 27,278           | 27,278             |
| Other equity .....                                 | 675,357             | 694,235          | 744,170          | 569,792            |
| <b>Equity attributable to owners of the Parent</b> | 695,344             | 714,222          | 771,448          | 597,070            |
| Non-controlling interests ('NCI') .....            | 88,139              | 135,258          | 249,847          | 181,341            |
| <b>Non-current liabilities</b>                     |                     |                  |                  |                    |
| <b>Financial liabilities</b>                       |                     |                  |                  |                    |
| - Borrowings .....                                 | 849,420             | 872,454          | 910,792          | 1,015,769          |
| - Lease liabilities .....                          | —                   | —                | 243,678          | 248,365            |
| - Derivative instruments .....                     | 5,409               | 826              | 292              | 263                |
| - Others .....                                     | 44,547              | 62,131           | 67,399           | 130,675            |
| Deferred revenue .....                             | 22,117              | 17,986           | 22,844           | 29,971             |
| Provisions .....                                   | 7,212               | 6,823            | 7,548            | 5,046              |
| Deferred tax liabilities (net) .....               | 10,606              | 11,297           | 16,877           | 16,425             |
| Other non-current liabilities .....                | 623                 | 429              | 2,189            | 1,818              |
| <b>Current liabilities</b>                         |                     |                  |                  |                    |
| <b>Financial liabilities</b>                       |                     |                  |                  |                    |
| - Borrowings .....                                 | 129,569             | 310,097          | 167,034          | 131,144            |
| - Current maturities of long-term borrowings ..... | 134,346             | 71,732           | 98,364           | 110,338            |
| - Lease liabilities .....                          | —                   | —                | 62,413           | 76,164             |
| - Derivative instruments .....                     | 283                 | 12,742           | 568              | 1,177              |
| - Trade payables .....                             | 268,536             | 280,031          | 250,232          | 301,101            |
| - Others .....                                     | 140,605             | 159,806          | 168,321          | 167,390            |
| Deferred revenue .....                             | 48,666              | 43,993           | 54,588           | 66,221             |
| Provisions .....                                   | 2,384               | 2,197            | 451,093          | 227,551            |
| Current tax liabilities (net) .....                | 11,058              | 8,228            | 13,519           | 12,680             |
| Other current liabilities .....                    | 46,952              | 41,723           | 48,744           | 23,971             |
| <b>Total Equity and Liabilities</b>                | <u>2,505,816</u>    | <u>2,751,975</u> | <u>3,607,790</u> | <u>3,344,480</u>   |

## Bharti Airtel Limited

### Summary Consolidated Statements of Profit and Loss

|                                                                                                       | Year ended March 31 |          |                     | Nine months ended<br>December 31 | Nine months ended<br>December 31 |
|-------------------------------------------------------------------------------------------------------|---------------------|----------|---------------------|----------------------------------|----------------------------------|
|                                                                                                       | 2018 <sup>(1)</sup> | 2019     | 2020 <sup>(2)</sup> | 2019 <sup>(2)</sup>              | 2020 <sup>(2)</sup>              |
|                                                                                                       | (Rs. in millions)   |          |                     |                                  |                                  |
| <b>Income</b>                                                                                         |                     |          |                     |                                  |                                  |
| Revenue from operations.....                                                                          | 826,388             | 807,802  | 846,765             | 616,578                          | 748,685                          |
| Other income .....                                                                                    | 2,488               | 2,912    | 15,357              | 7,159                            | 5,589                            |
|                                                                                                       | 828,876             | 810,714  | 862,122             | 623,737                          | 754,274                          |
| <b>Expenses</b>                                                                                       |                     |          |                     |                                  |                                  |
| Network operating expenses.....                                                                       | 197,520             | 223,900  | 196,305             | 144,795                          | 160,640                          |
| Access charges .....                                                                                  | 90,446              | 93,521   | 107,395             | 79,125                           | 87,872                           |
| License fee / spectrum charges (revenue share)...                                                     | 75,558              | 69,426   | 73,826              | 53,257                           | 66,072                           |
| Employee benefits .....                                                                               | 39,771              | 37,975   | 35,137              | 25,617                           | 31,157                           |
| Sales and marketing expenses .....                                                                    | 45,275              | 41,277   | 34,236              | 24,901                           | 26,525                           |
| Other expenses <sup>(3)</sup> .....                                                                   | 77,027              | 83,514   | 57,332              | 42,524                           | 46,021                           |
|                                                                                                       | 525,597             | 549,613  | 504,231             | 370,219                          | 418,287                          |
| <b>Profit from operating activities before depreciation, amortization and exceptional items .....</b> | 303,279             | 261,101  | 357,891             | 253,518                          | 335,987                          |
| Depreciation and amortization.....                                                                    | 192,431             | 213,475  | 270,944             | 202,329                          | 219,025                          |
| Finance costs .....                                                                                   | 93,255              | 110,134  | 140,732             | 99,261                           | 112,304                          |
| Finance income <sup>(3)</sup> .....                                                                   | (12,540)            | (14,240) | —                   | —                                | —                                |
| Non-operating expenses .....                                                                          | 141                 | 1,894    | —                   | —                                | —                                |
| Share of results of joint ventures and associates (net) .....                                         | (10,609)            | (3,556)  | 6,627               | 5,384                            | 6,202                            |
| <b>Profit / (Loss) before exceptional items and tax .....</b>                                         | 40,601              | (46,606) | (60,412)            | (53,456)                         | (1,544)                          |
| Exceptional items (net).....                                                                          | 7,931               | (29,288) | 400,892             | 332,304                          | 163,549                          |
| <b>Profit / (Loss) before tax from continuing operations.....</b>                                     | 32,670              | (17,318) | (461,304)           | (385,760)                        | (165,093)                        |
| <b>Tax expense / (credit)</b>                                                                         |                     |          |                     |                                  |                                  |
| Current tax.....                                                                                      | 18,230              | 19,391   | 17,932              | 14,911                           | 14,126                           |
| Deferred tax .....                                                                                    | (7,395)             | (53,584) | (143,056)           | (118,515)                        | 70,098                           |
| <b>Profit / (loss) for the period from continuing operations.....</b>                                 | 21,835              | 16,875   | (336,180)           | (282,156)                        | (249,317)                        |
| Profit from discontinued operations before tax....                                                    | —                   | —        | 32,839              | 27,400                           | 113,698                          |
| Tax expense of discontinued operations .....                                                          | —                   | —        | 3,301               | 2,116                            | 3,131                            |
| <b>Profit for the period from discontinued operations.....</b>                                        | —                   | —        | 29,538              | 25,284                           | 110,567                          |
| <b>Profit / (loss) for the period.....</b>                                                            | 21,835              | 16,875   | (306,642)           | (256,872)                        | (138,750)                        |

|                                                                         | Year ended March 31 |          |                     | Nine months ended December 31 | Nine months ended December 31 |
|-------------------------------------------------------------------------|---------------------|----------|---------------------|-------------------------------|-------------------------------|
|                                                                         | 2018 <sup>(1)</sup> | 2019     | 2020 <sup>(2)</sup> | 2019 <sup>(2)</sup>           | 2020 <sup>(2)</sup>           |
| <i>(Rs. in millions)</i>                                                |                     |          |                     |                               |                               |
| <b>Other comprehensive income ('OCI')</b>                               |                     |          |                     |                               |                               |
| Items to be reclassified to profit or loss: .....                       |                     |          |                     |                               |                               |
| Net (loss) / gain due to foreign currency translation differences ..... | (7,181)             | (15,739) | 4,814               | 2,813                         | (10,625)                      |
| Net (loss) / gain on net investment hedge .....                         | (8,024)             | (1,754)  | (10,856)            | (2,324)                       | 977                           |
| Net gain / (loss) on cash flow hedge .....                              | 809                 | (833)    | (109)               | 27                            | —                             |
| Net gain / (loss) on fair value through OCI                             |                     |          |                     |                               |                               |
| Investments .....                                                       | 129                 | (45)     | (108)               | (107)                         | (124)                         |
| Tax (charge) / credit .....                                             | (122)               | 5,428    | 2,883               | 559                           | (436)                         |
|                                                                         | (14,389)            | (12,943) | (3,376)             | 968                           | (10,208)                      |
| Items not to be reclassified to profit or loss: .....                   |                     |          |                     |                               |                               |
| Re-measurement gain / (loss) on defined benefit plans .....             | 205                 | 47       | (76)                | (110)                         | (119)                         |
| Share of joint ventures and associates .....                            | 18                  | (12)     | 15                  | 4                             | (117)                         |
| Tax (charge) / credit .....                                             | (29)                | (62)     | (41)                | 58                            | 56                            |
|                                                                         | 194                 | (27)     | (102)               | (48)                          | (180)                         |
| <b>Other comprehensive (loss) / gain for the year</b>                   | (14,195)            | (12,970) | (3,478)             | 920                           | (10,388)                      |
| <b>Total comprehensive income / (loss) for the year</b> .....           | 7,640               | 3,905    | (310,120)           | (255,952)                     | (149,138)                     |

Notes:

- (1) The audited financial information (including the nomenclature of financial statement captions) for Fiscal 2018 is derived from the comparative information in audited consolidated financial statements for Fiscal 2019.
- (2) Following the Indus Merger, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger Indus Towers entity as a discontinued operation rather than as a consolidated subsidiary. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations. Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.
- (3) Prior to April 1, 2020, "other income" comprised miscellaneous income and lease rentals, while "finance income" primarily comprised interest income on fixed and time deposits; gains on derivative financial instruments; interest and gain on securities held for trading; foreign exchange gains on reinstatements of foreign currency denominated assets and liabilities; and interest on loans. Starting from April 1, 2020, "finance income" has been reclassified under, and merged with, "other income" for better presentation of the Guarantor's financial information.

## Bharti Airtel Limited

### Summary Consolidated Statement of Cash Flow

|                                                                                | Year ended March 31      |                |                     | Nine months ended<br>December 31 |                |
|--------------------------------------------------------------------------------|--------------------------|----------------|---------------------|----------------------------------|----------------|
|                                                                                | 2018                     | 2019           | 2020 <sup>(1)</sup> | 2019                             | 2020           |
|                                                                                | <i>(Rs. in millions)</i> |                |                     |                                  |                |
| <b>Cash flows from operating activities</b>                                    |                          |                |                     |                                  |                |
| Profit / (Loss) before tax.....                                                | 32,670                   | (17,318)       | (428,465)           | (358,360)                        | (51,395)       |
| <b>Adjustments for :</b>                                                       |                          |                |                     |                                  |                |
| Depreciation and amortisation.....                                             | 192,431                  | 213,475        | 276,896             | 206,346                          | 222,070        |
| Finance costs.....                                                             | 93,255                   | 110,134        | 137,261             | 98,218                           | 110,214        |
| Finance income.....                                                            | (12,540)                 | (14,240)       | —                   | —                                | —              |
| Dividend income.....                                                           | —                        | —              | (57)                | (57)                             | —              |
| Net gain on FVTPL instruments.....                                             | —                        | —              | (7,208)             | (3,902)                          | (4,339)        |
| Gain on deemed disposal of subsidiary.....                                     | —                        | —              | —                   | —                                | (94,496)       |
| Interest income.....                                                           | —                        | —              | (3,981)             | (3,043)                          | (2,568)        |
| Net (gain) / loss on derivative financial<br>instruments.....                  | —                        | —              | (4,852)             | (870)                            | 2,858          |
| Share of results of joint ventures and associates,<br>(net).....               | (10,609)                 | (3,556)        | (6,524)             | (5,609)                          | (1,633)        |
| Exceptional Items (net).....                                                   | 325                      | (32,792)       | 401,619             | 331,319                          | 163,808        |
| Employee share-based payment expense.....                                      | 413                      | 345            | 357                 | 224                              | 548            |
| Loss / (Profit) on sale of property, plant and<br>equipment.....               | 293                      | (175)          | 10                  | 9                                | 97             |
| Other non-cash / non-operating items.....                                      | 10,117                   | 11,909         | 5,132               | 4,696                            | 4,874          |
| <b>Operating cash flow before changes in working<br/>capital.....</b>          | <b>306,355</b>           | <b>267,782</b> | <b>370,188</b>      | <b>268,971</b>                   | <b>350,038</b> |
| <b>Changes in working capital</b>                                              |                          |                |                     |                                  |                |
| Trade receivables.....                                                         | (24,474)                 | 8,427          | (8,925)             | (16,813)                         | (14,316)       |
| Trade payables.....                                                            | 15,122                   | 21,580         | (2,444)             | 13,152                           | 22,682         |
| Inventories.....                                                               | (202)                    | (191)          | (522)               | (435)                            | (940)          |
| Provisions.....                                                                | 154                      | (107)          | (128,107)           | 140,552                          | (71,082)       |
| Other financial and non-financial liabilities.....                             | 51,205                   | (20,955)       | 19,031              | 7,260                            | 6,170          |
| Other financial and non-financial assets.....                                  | (35,899)                 | (66,950)       | (44,997)            | (128,063)                        | 88,478         |
| <b>Net cash generated from operations before tax<br/>and dividend.....</b>     | <b>312,261</b>           | <b>209,586</b> | <b>204,224</b>      | <b>284,624</b>                   | <b>381,030</b> |
| Income tax paid.....                                                           | (13,723)                 | (11,706)       | (22,937)            | (18,788)                         | (18,948)       |
| <b>Net cash generated from operating activities (a)</b><br>.....               | <b>298,538</b>           | <b>197,880</b> | <b>181,287</b>      | <b>265,836</b>                   | <b>362,082</b> |
| <b>Cash flows from investing activities</b>                                    |                          |                |                     |                                  |                |
| Purchase of property, plant and equipment and<br>capital work in progress..... | (245,259)                | (260,971)      | (191,902)           | (146,662)                        | (178,561)      |



|                                                                                 | Year ended March 31      |                  |                     | Nine months ended<br>December 31 |                 |
|---------------------------------------------------------------------------------|--------------------------|------------------|---------------------|----------------------------------|-----------------|
|                                                                                 | 2018                     | 2019             | 2020 <sup>(1)</sup> | 2019                             | 2020            |
|                                                                                 | <i>(Rs. in millions)</i> |                  |                     |                                  |                 |
| Proceeds from sale of property, plant and equipment .....                       | 5,655                    | 1,225            | 1,317               | 1,155                            | 1,116           |
| Purchase of intangible assets .....                                             | (17,749)                 | (33,804)         | (15,266)            | (5,647)                          | (9,188)         |
| Payment towards spectrum - Deferred payment liability* .....                    | (9,909)                  | (11,720)         | (15,424)            | (9,866)                          | —               |
| Purchase / (sale) of current investments (net) .....                            | (50,259)                 | 18,158           | (85,236)            | (143,789)                        | 120,635         |
| Sale of non-current investments .....                                           | 36,495                   | 44,976           | 2,950               | 2,951                            | 3,678           |
| Purchase of non-current investments .....                                       | —                        | (57,067)         | —                   | —                                | (84)            |
| Consideration / advance for acquisitions, net of cash acquired .....            | (19,498)                 | (5,083)          | (1,345)             | —                                | (17)            |
| Sale of tower assets .....                                                      | 4,869                    | 3,051            | —                   | —                                | —               |
| Investment in Associates / Joint Ventures .....                                 | (60)                     | (60)             | (4,761)             | (4,736)                          | (32,551)        |
| Dividend received .....                                                         | 10,377                   | 11,493           | —                   | —                                | 4,200           |
| Interest received .....                                                         | 5,662                    | 4,793            | 4,748               | 3,540                            | 2,757           |
| <b>Net cash used in investing activities (b) .....</b>                          | <b>(279,676)</b>         | <b>(285,009)</b> | <b>(304,919)</b>    | <b>(303,054)</b>                 | <b>(88,015)</b> |
| <b>Cash flows from financing activities</b>                                     |                          |                  |                     |                                  |                 |
| Net proceeds from issue of shares (Rights issue) .....                          | —                        | —                | 248,759             | 249,136                          | —               |
| Net proceeds from issue of shares to QIB .....                                  | —                        | —                | 143,055             | —                                | —               |
| Net proceeds from issuance of FCBB .....                                        | —                        | —                | 70,456              | —                                | —               |
| Proceeds from borrowings .....                                                  | 197,664                  | 353,141          | 377,400             | 297,326                          | 210,349         |
| Repayment of borrowings .....                                                   | (130,717)                | (345,359)        | (439,813)           | (275,287)                        | (349,523)       |
| Repayment of finance lease liabilities .....                                    | (3,932)                  | (5,077)          | (47,740)            | (34,474)                         | (44,932)        |
| Net (repayment of) / proceeds from short-term borrowings .....                  | (26,874)                 | 98,101           | (117,140)           | (121,476)                        | (23,779)        |
| Proceeds from sale and finance leaseback of towers .....                        | 2,958                    | 1,688            | —                   | —                                | —               |
| Purchase of treasury shares .....                                               | (424)                    | (248)            | (497)               | (497)                            | (1,132)         |
| Interest and other finance charges paid .....                                   | (44,041)                 | (76,171)         | (109,993)           | (79,463)                         | (59,240)        |
| Proceeds from exercise of share options .....                                   | 13                       | 10               | 5                   | 4                                | 9               |
| Dividend paid (including tax) .....                                             | (32,652)                 | (46,617)         | (18,263)            | (17,934)                         | (26,906)        |
| Net proceeds from issuance of equity shares to Non-controlling interest .....   | 21                       | 104,341          | 57,144              | 54,956                           | —               |
| Net proceeds from issuance of perpetual bonds to non-controlling interest ..... | —                        | —                | 71,370              | 53,148                           | —               |
| Purchase of shares from Non-controlling interest .....                          | —                        | (5,409)          | —                   | —                                | (224)           |
| Net payment towards derivatives .....                                           | —                        | —                | (41,517)            | (41,517)                         | —               |
| Payment of bond issue / share issue expenses .....                              | —                        | —                | —                   | —                                | (17)            |
| Sale of interest in a subsidiary .....                                          | 57,189                   | 16,238           | —                   | —                                | —               |
| Payment on maturity of forwards .....                                           | —                        | —                | (1,782)             | —                                | (192)           |

|                                                                                               | Year ended March 31      |               |                     | Nine months ended<br>December 31 |                |
|-----------------------------------------------------------------------------------------------|--------------------------|---------------|---------------------|----------------------------------|----------------|
|                                                                                               | 2018                     | 2019          | 2020 <sup>(1)</sup> | 2019                             | 2020           |
|                                                                                               | <i>(Rs. in millions)</i> |               |                     |                                  |                |
| <b>Net cash generated from/ (used in) financing activities (c) .....</b>                      | 19,205                   | 94,638        | 191,444             | 83,922                           | (295,587)      |
| <b>Net increase / (decrease) in cash and cash equivalents during the period (a+b+c) .....</b> | 38,067                   | 7,509         | 67,812              | 46,704                           | (21,520)       |
| Effect of exchange rate on cash and cash equivalents.....                                     | 281                      | 1,338         | 8,934               | 3,447                            | (4,522)        |
| Cash and cash equivalents as at beginning of the period .....                                 | (9,880)                  | 28,468        | 53,793              | 53,793                           | 130,539        |
| <b>Cash and cash equivalents as at end of the period.....</b>                                 | <b>28,468</b>            | <b>37,315</b> | <b>130,539</b>      | <b>103,944</b>                   | <b>104,497</b> |

Notes:

(\*) Cash flows towards spectrum acquisitions are based on the timing of payouts to DoT. (viz. upfront/deferred)

(1) Financial information relating to the Guarantor's consolidated statement of cash flow for the fiscal year ended March 31, 2020 has been derived from the Guarantor's audited consolidated financial statements as at and for the fiscal year ended March 31, 2020, and does not reflect the effect of the Indus Merger and the resulting presentation of Indus Towers as a discontinued operation. For more information, see "*Presentation of Financial and Other Information—The Indus Merger—Discontinued Operations*".

## RISK FACTORS

*This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the risks and uncertainties described below and the information contained elsewhere in this Offering Memorandum before making an investment in the Securities. In making an investment decision, each investor must rely on its own examination of the Issuer and the Guarantor and the terms of the offering of the Securities. The risks described below are not the only ones faced by the Issuer, the Guarantor or arising in connection with investments in India in general. The Issuer's and the Guarantor's business, prospects, financial condition, cash flows and results of operations could be materially and adversely affected by any of these risks. There are a number of factors, including those described below, that may adversely affect the Issuer's ability to make payment on the Securities and the Guarantor's ability to make payment on the Guarantee. The risks described below are not the only ones that may affect the Securities. Additional risks not presently known to the Issuer or the Guarantor or that the Issuer and the Guarantor currently deem immaterial may also impair their respective business, prospects, financial condition, cash flows and results of operations.*

### **Risks Relating to the Guarantor's Business**

**The Guarantor's business and operations, and that of its customers and suppliers, have been and may continue to be adversely affected by the COVID-19 pandemic or other similar outbreaks, particularly if the economies of the countries in which it operates are affected for a significant amount of time.**

On March 11, 2020, the World Health Organization ("WHO") declared COVID-19 as a global pandemic. In response, national, regional and local governmental authorities, including in India and other South Asian and African countries where the Guarantor operates, have taken extraordinary and wide-ranging actions to contain and combat the outbreak and spread of COVID-19. These measures have included border controls and significant restrictions on movement and economic activity, wide-ranging restrictions on travel and public gatherings, including the closing of offices, businesses, schools, retail stores and other public venues, and by the institution of curfews or quarantines. These restrictions, as well as the dangers posed by the novel coronavirus, produced a significant reduction in mobility during the first half of 2020 and have caused disruption in global economic activity across a number of geographies and markets, including global supply chain disruptions and shortages. This has also contributed to diminishing the level of economic activity in the markets in which the Guarantor operates, which could negatively impact the Guarantor's retail sales, including revenue from roaming services that have decreased as a consequence of travel restrictions, as well as consumer confidence, investment by business and the national economies more broadly, which could in turn adversely affect the Guarantor's revenues.

While the impacts of the COVID-19 pandemic on the Guarantor's operations have thus far been isolated and limited, certain of these measures have, and are expected to continue to have, an indirect effect on the Guarantor's business. Negative impacts primarily resulted from a decline in handsets sales due to store closures, a decrease in prepaid plans, a decrease in roaming revenue and a decline in advertising revenue. Although the telecommunications industry in India was deemed an essential service and allowed to remain in operation through the lockdown periods, many of the Guarantor's stores and distribution channels were forced to close temporarily and a majority of the Guarantor's markets experienced very sharp reductions in mobility during the first half of 2020. In addition, flight cancellations and travel restrictions reduced the mobility of the Guarantor's international and regional workforce, resulting in operational disruptions to its planned workforce rotations and delays in the Guarantor's ability to mobilize on sites of newly awarded contracts. Addressing the disruptions caused by COVID-19 has also required the Guarantor's senior management team and staff to devote time and resources to address the impact of the pandemic on the Guarantor's businesses.

The Guarantor cannot predict if and when customer spending and domestic travel will return to pre-COVID-19 levels, and any of these factors may adversely affect the Guarantor's ability to conduct its business on the same terms as it did prior to the COVID-19 pandemic.

Despite significant mobility restrictions imposed by governments, the virus has continued to spread rapidly in most of the Guarantor's markets. A sustained lockdown and other restrictions in the markets where the Guarantor operates could potentially create widespread business continuity issues of unknown magnitude and duration. Accordingly, the impact of the COVID-19 pandemic on the markets in which the Guarantor operates, including higher unemployment rates and decreased consumer spending, may impact the Guarantor's liquidity and access to capital and could result in the Guarantor's failure to achieve its historical growth rates or profitability levels, among other things.

The full impact of the pandemic on the Guarantor's business remains uncertain and will ultimately depend on a number of factors that cannot be accurately predicted at this time, including, but not limited to, the duration (including the extent of any resurgence in the future) and severity of the COVID-19 pandemic, the timing of and manner in which containment efforts are reduced or lifted, the timing and ability of vaccination and other treatments to combat COVID-19, the duration and magnitude of its impact on unemployment rates and consumer discretionary spending, the length of time it takes for demand and pricing to return to pre-COVID-19 levels and for normal economic and operating conditions to resume, which are all beyond the Guarantor's knowledge and control. In addition, there are no comparable recent events that can serve as guidance as to the potential impacts of the COVID-19 pandemic.

For these reasons, the Guarantor cannot reasonably estimate the ultimate impact of COVID-19 on its business with any certainty nor can it provide any assurance that COVID-19 will not have a material adverse effect on its business, financial condition, results of operations and prospects. Moreover, to the extent that COVID-19 adversely affects the Guarantor's business, financial condition and results of operations, it may also have the effect of heightening other risks described in this "Risk Factors" section, including those relating to the Guarantor's indebtedness, its ability to generate sufficient cash flows to fund its debt obligations, and its ability to comply with the covenants contained in the agreements that govern its indebtedness.

For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Guarantor's Results of Operations and Financial Condition—COVID-19" and "The Guarantor's Business—Recent Developments—COVID-19".

**The telecommunications market is highly regulated and changes in laws, regulations or governmental policy could potentially adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.**

Telecommunications businesses in each of the Guarantor's markets are subject to governmental regulation regarding licensing, competition, frequency allocation, costs and arrangements pertaining to interconnection and leased lines. Changes in laws, regulations or governmental policy affecting the Guarantor's business activities could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.

In various jurisdictions in which the Guarantor operates, the regulatory landscape is in a continual state of change, and local regulators have significant latitude in the administration and interpretation of telecommunications licenses. In addition, actions taken by these regulators in the administration and interpretation of the licenses may be influenced by local political and economic pressures. Decisions by regulators, including the amendment or revocation of any existing licenses, could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.

For example, in November 2019, the TRAI released a consultation paper on ‘Review of Interconnection Usage Charges’ whereby the TRAI, among other things, sought comments from the relevant stakeholders on the need for change in the regulatory regime for International Termination Charge (“ITC”) i.e. change the existing regulatory regime from fixing uniform rate of ITC to an alternate approach. Thereafter, on December 17, 2019, the TRAI promulgated the Telecommunication Interconnection Usage Charges (Fifteenth Amendment) Regulations, 2019 whereby the implementation of Bill and Keep regime was postponed to January 1, 2021. With effect from January 1, 2021, the mobile termination charge of 6p/ min for mobile to mobile calls have become zero. This could result in loss of revenue for the Guarantor. For more information, see “Regulation”.

The Guarantor has no control over changes in the laws and regulations of the jurisdictions where it operates, and it is not able to accurately predict all future developments in this space. Future developments and changes to laws and regulations relating to the Guarantor’s operations could adversely affect its business.

Compliance with these laws and regulations can be costly and can increase the Guarantor’s exposure to litigation or governmental investigations or proceedings. Failure to comply with the laws and regulations may result in the imposition of penalties or other sanctions, which can have an adverse impact on the Guarantor’s business and operations.

**The Guarantor and Bharti Hexacom, the Guarantor’s Subsidiary, are involved in material legal proceedings pertaining to adjusted gross revenue, which may adversely affect the Guarantor’s operations or its financial position.**

Telecom services companies pay revenue share in the form of license fees at 8% of adjusted gross revenue and also spectrum usage charges at rates ranging from 3% to 5% of adjusted gross revenue from the wireless access subscribers. Adjusted gross revenue, as defined by the DoT, includes telecom service revenue as well as other non-core revenue. However, the Cellular Operators Association of India (“COAI”) had challenged this definition in 2003. It argued that adjusted gross revenue was to include only revenue from core licensed telecom services. The Guarantor and its subsidiary, Bharti Hexacom, had also challenged the Government’s introduction of a new package with effect from August 1, 1999, being the ‘Migration Package’ pursuant to the ‘New Telecom Policy 1999’ regime which required the licensees to migrate from fixed license fee to revenue sharing fee, under which the licensee would be required to pay one-time entry fee and license fee as a percentage share of gross revenue under the license. The dispute has arisen around the constituent of revenue – namely, gross revenue and adjusted gross revenue.

The Supreme Court, by its judgment dated October 24, 2019, among other things, allowed the appeal filed by the DoT and dismissed the appeal filed by the TSPs. The Supreme Court further directed that payments of amounts due be made within three months’ time. In accordance with the DoT’s direction to the telecom service providers to pay the dues on the basis of self-assessment, the Guarantor and Bharti Hexacom have paid a total amount of Rs. 180,040 million (comprising of Rs. 130,040 million basis self-assessment and an additional amount of Rs. 50,000 million as an ad-hoc payment to cover the differences, if any, after reconciliation/re-verification) and have filed an affidavit of compliance before the Supreme Court recording the details of the payments made. Thereafter, pursuant to the order dated July 20, 2020, the Supreme Court upheld the demands raised by the DoT in its modification application. In addition, on September 1, 2020, the Supreme Court, among other things, directed telecom operators to pay 10% of the total dues as demanded by the DoT by March 31, 2021, and pay the remainder of the dues in yearly instalments commencing from April 1, 2021 to March 31, 2031. The Guarantor has filed a modification application before the Supreme Court in December 2020, among other things, highlighting arithmetical, clerical and computational errors in the DoT demand. The application is pending adjudication. For more information, see “Legal Proceedings.”

In the face of a final, non-appealable Supreme Court judgment, the Guarantor has thus far made provisions of Rs. 368,322 million for the periods up to March 31, 2020 on the basis of demands received and the period for

which demands have not been received having regard to assessments carried out in earlier years and the guidelines / clarifications in respect of license fees and spectrum usage charges. During the three months ended June 30, 2020 the Guarantor further recorded an incremental provision of Rs. 107,444 million (including net interest on total provisions) in relation to this matter, and since then has continued to make additional provisions for its adjusted gross revenue-related obligations.

The Guarantor cannot assure you that it will have the necessary financial resources to make payments in connection with the Supreme Court's adjusted gross revenue ruling as and when required to do so. There can be no assurance that the Guarantor's provisioned amounts will be sufficient to cover all such liabilities or that the Guarantor will have sufficient liquidity to cover such payment obligations when they come due. Moreover, the requirement to constitute further provisions in the future that may adversely affect the Guarantor's financial position and results of operations. In addition, further developments in relation to the Supreme Court's adjusted gross revenue ruling and related proceedings may also require the attention of the Guarantor's management and demand additional costs to defend the Guarantor.

**The Guarantor faces intense competition that may reduce its market share and lower its profits.**

Competition in the Indian telecommunications industry is intense. The Guarantor faces significant competition from other companies, including from those with pan-India footprints such as Reliance Jio Infocomm Limited and Vodafone Idea Limited. Competition in the Indian telecommunications industry has increased notably due to liberalization of the foreign direct investment ("FDI") policy of India. Liberalization led to the privatization of the telecommunication industry, allowed, and encouraged FDI and the provision of services by several mobile operators in various cellular zones established in India by the DoT. With further liberalization, new foreign and domestic competitors may enter the market, which will further increase competition.

The competitive landscape in India has also notably changed post the launch of services by a new operator three years ago. Intense pricing pressures, coupled with a general downward trend in prices of telecom services, and the need for future network expansion have led to a spree of consolidation and exits from the sector. Such increasing pricing pressure has affected and may continue to affect the Guarantor's profitability and ARPU as well as an increase in customer churn and selling and promotional expenses. Intense competition may impact the Guarantor's ability to retain long-term contracts with enterprise clients and may result in loss of business.

In addition, mobile number portability, which enables customers to switch their providers of mobile telecommunications services without changing their phone numbers, was introduced in India in the first quarter of the 2011 calendar year. This has resulted in a greater movement of customers among providers of mobile telecommunications services, has increased the marketing, distribution and administrative costs of the Guarantor, slowed growth in subscribers and reduced revenues. As a substantial number of the Guarantor's subscribers are prepaid, the Guarantor does not have long-term contracts with those subscribers and is therefore, more susceptible to subscriber churn.

On February 20, 2014, the DoT issued guidelines for transfer/merger of various categories of telecommunication service licenses/authorization under unified license on compromises, arrangements and amalgamation of the companies ("**Transfer-Merger Guidelines**") in order to regulate the transfer and merger of various categories of licenses under the unified licensing regime. The Transfer-Merger Guidelines permit merger, acquisition or amalgamation of companies up to 50% of the market share in any service area. Any such merger, acquisition, amalgamation, compromise or arrangement under the unified licensing regime may result in enhanced competition through consolidation of the Guarantor's competitors with other operators, which could have an adverse impact on the Guarantor's business, prospects and results of operations.

The Guarantor may also be subject to competition from providers of new telecommunication services as a result of technological developments and the convergence of various telecommunication services. For example, internet-based services, such as Google Voice, WhatsApp, Skype, Zoom, Microsoft Teams and Bluejeans allow

users to make calls, send text messages and offer other advanced features such as the ability to route calls to multiple handsets and access to internet services without the same amount of regulatory costs and scrutiny as subjected to telecom operators. It may reduce customers' reliance on more traditional telecom services such as voice calls and short message service ("SMS"), resulting in a decrease in the Guarantor's revenues.

The Guarantor's competitors may introduce new telecommunications services with specialized or more expensive and exclusive content from time to time. Access to such specialized, expensive and exclusive content may be available to the Guarantor's competitors that allow them to deliver their services at lower prices, at higher quality or with other add-on services that might make the Guarantor's competitors' services more competitive than the Guarantor's services. With resources at the Guarantor's disposal that may be more limited than its competitors, the Guarantor may not be able to capture the opportunities in the market and may lose customers to its competitors.

The Guarantor believes that as a result of the prevailing competitive conditions in the telecom industry in India, its results of operations have been adversely affected in recent periods, and as a result, the Guarantor suffered a loss of Rs. 336,180 million (U.S.\$4,602 million) in fiscal year 2020 compared with a profit for the period of Rs. 16,875 million in fiscal year 2019.

The Guarantor also faces substantial competition in its operations outside India. Across Africa, the Guarantor faces various levels of competition, including intense competition in a number of larger markets, such as Nigeria, resulting in decreasing ARPU in these markets. In Sri Lanka, the Guarantor competes with several larger service providers that have been operating in Sri Lanka for significantly longer periods than it, and the Guarantor expects to face intense competition from these providers in the Guarantor's attempt to expand further. If the Guarantor is not able to successfully compete in its markets, this could have a material adverse effect on the Guarantor's reputation, business, prospects, financial condition, cash flows and results of operations. The availability of spectrum in Sri Lanka is limited and if the Guarantor is unable to obtain more spectrum to launch additional services and to boost existing services, this could have a material adverse effect on the Guarantor's reputation, business, prospects, financial condition, cash flows and results of operations. The Airtel Africa Group operates in an increasingly competitive environment, particularly with respect to pricing and market share, across its markets and segments, which may adversely affect the Guarantor's revenue and margins. The existing and future competitors of the Airtel Africa Group may enjoy certain competitive advantages that the Guarantor does not have, such as having easier access to financing, greater personnel resources or fewer regulatory burdens which may in turn negatively impact the competitive position of the Airtel Africa Group. Further, any failure of the Airtel Africa Group to compete effectively, including in terms of pricing of services, acquisition of new customers, retention of existing customers, developing and deploying of new or improved products and services and enhancing networks could have a material adverse effect on the Guarantor's reputation, business, prospects, financial condition, cash flows and results of operations of the Airtel Africa Group.

In Africa, social networking sites and messaging applications pose a threat to traditional telecommunications revenue streams such as pre-paid mobile, voice services, which have historically comprised a significant part of the revenue of the Airtel Africa Group. Any reduction in demand for traditional paid voice services across the telecom industry may lower the revenue that the Airtel Africa Group is able to generate from interconnect services. The ability of the Airtel Africa Group to retain and attract subscribers or provide an attractive alternative to traditional subscriber models could materially and adversely affect the profitability, business, results of operations and financial condition of the Airtel Africa Group.

**From time to time, the Guarantor also faces uncertainties in many countries where licenses have come up for renewal.**

The Guarantor, through Airtel Africa Plc and its consolidated subsidiaries and subsidiary undertakings (“**Airtel Africa Group**”), operates in a number of emerging markets, in which the interpretation and application of laws and regulations affecting telecom services may be subject to increased uncertainties due to developing or incomplete regulatory regimes and monitoring and ensuring compliance may be more difficult compared to more developed markets. In many of the countries in which the Airtel Africa Group operates, local regulators have significant latitude in the administration and interpretation of telecom licenses and laws, rules and regulations. In addition, the actions taken by these regulators in the administration and interpretation of these licenses and laws, rules and regulations may be influenced by local political and economic pressures.

The enforcement of regulations in the emerging markets in which the Airtel Africa Group operates may also be subject to increased uncertainties as a result of limited regulatory history or historic inconsistencies in the application of regulations and the penalties rendered, which may be sizeable. Consequently, the Guarantor cannot provide any assurance that the Airtel Africa Group will not be subject to future regulatory enforcement actions, which may include fines that could be substantial, which could have a material adverse effect on its reputation and its business, results of operations, financial condition and prospects.

In several of the Guarantor’s subsidiaries, the Guarantor has minority shareholders and joint venture partners having minority interests. While the relationship with such shareholders is well documented and forms part of the formal agreements, the Guarantor cannot provide assurance that the relationship with such minority shareholders shall continue to be amicable at all times or that there will not be disputes with such minority shareholders leading to adverse business impact for such entities and businesses.

**As a result of the merger between Bharti Infratel and Indus Towers, the Guarantor’s historical financial statements may not be comparable across periods or indicative of future financial results.**

The Indus Merger, which combined the Guarantor’s former subsidiary Bharti Infratel with Indus Towers, was completed effective on November 19, 2020. The merged entity, which fully owns the combined businesses of Bharti Infratel and Indus Towers, has changed its name to Indus Towers and will continue to be listed on the NSE and BSE stock exchanges. Following the Indus Merger, the Guarantor’s 53.5% shareholding in Bharti Infratel was reduced to 36.7% in the merged Indus Towers entity. On December 2, 2020 and December 28, 2020, the Guarantor acquired an additional stake of 4.935180% and 0.064816%, respectively, in the merged Indus Towers entity, increasing its equity stake from 36.7% to 41.7%, as it currently stands on the date of this Offering Memorandum.

Starting from the effective date of the Indus Merger, November 19, 2020, the Guarantor no longer held a controlling stake in Bharti Infratel. Accordingly, Bharti Infratel has been deconsolidated from the Guarantor’s financial statements and will no longer be consolidated on a line-by-line basis in the Guarantor’s financial statements. For periods after November 19, 2020, the Guarantor began accounting for its equity interests in the post-merger, combined Indus Towers under the equity method of accounting, as reflected in the Guarantor’s interim financial statements for the nine months ended December 31, 2020. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. Moreover, the Guarantor’s “Tower Infrastructure Services” business segment has henceforth been eliminated and presented separately as a “Discontinued Operations: Tower Infrastructure Services” category in the Guarantor’s business segments presentation.

This change in accounting method has caused an impact on the presentation of the Guarantor’s financial statements and results of operations. Bharti Infratel was not previously classified as discontinued operation or asset held for sale in the Guarantor’s historical financial statements. As required by Ind AS, the Guarantor’s interim financial statements for the nine months ended December 31, 2019, its statement of financial position



as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations.

Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.

For these reasons, the Guarantor's financial statements included elsewhere in this Offering Memorandum must be analyzed with caution, and may not be adequate for evaluating the Guarantor's past performance and the Guarantor's current financial condition, and may not be indicative of its future results and performance.

**The Guarantor may have to pay additional spectrum charges for excess spectrum held or surrender excess spectrum held by the Guarantor to the GoI.**

According to the Performance Audit Report of the Comptroller and Auditor General of India on the "Issue of Licenses and Allocation of 2G Spectrum" dated November 8, 2010, for fiscal year 2010 (the "**Report**"), the Guarantor held an aggregate of 32.4 MHz of additional spectrum in 13 circles beyond the upper limit laid down in the UAS license agreement without having paid any upfront charges in respect of such additional spectrum. In the Report, eight other operators were also stated to be holding excess spectrum.

Subsequently, based on TRAI's recommendations, on December 28, 2012, the DoT issued an order for the levy of one-time charge for spectrum on incumbent telecom operators holding spectrum held in excess of 6.2 MHz between July 1, 2008 and December 31, 2012 and in excess of 4.4 MHz, effective from January 1, 2013, payable on an annual basis for remainder of the term of license. On January 8, 2013, DoT issued a demand notice to the Guarantor and Bharti Hexacom Limited levying one-time spectrum charges amounting to Rs. 52,012 million. The Guarantor and Bharti Hexacom Limited challenged this demand for one-time charge in the Bombay High Court, which has, among other things, stayed the enforcement of the demand. However, the DoT through its letter dated June 27, 2018, revised the demand of one-time spectrum charge to Rs. 84,140 million. The Bombay High Court through order dated October 4, 2019 has: (i) taken on record a copy of DoT letter dated September 30, 2019 stating that the revised demand is subject to the decision of the Bombay High Court; and (ii) accepted the statement of the Union of India that no coercive steps are contemplated pursuant to the revised demand. As of the date of this Offering Memorandum, the matter is pending. For further details, see "*Legal Proceedings*".

The Guarantor cannot assure you that the outcome of these proceedings will be favorable to the Guarantor. The costs and resources required to defend the Guarantor from these proceedings may be substantial, and adverse decisions can result in material amounts, which may adversely affect the Guarantor and may also damage its reputation.

**If the Guarantor does not continue to provide telecommunications or related services that are technologically up to date, the Guarantor may not remain competitive, and the Guarantor's business, prospects and results of operations may be adversely affected.**

The Guarantor believes the telecommunications industry is characterized by technological changes, including an increasing pace of change in existing mobile systems, industry standards, customer demand, preferences, behavior, and ongoing improvements in the capacity and quality of network. As new technologies develop, the Guarantor's equipment may need to be replaced or upgraded, or the Guarantor's networks may need to be rebuilt in part or in whole in order to sustain the Guarantor's competitive position in the Indian telecommunications industry. Furthermore, technology cycles are increasingly becoming shorter, thereby speeding up the time until which new technology becomes obsolete. As a result, the Guarantor may require substantial capital expenditures and access to related technologies in order to integrate new technologies with the Guarantor's existing technology and phase out outdated and unprofitable technologies. If the Guarantor is unable to modify the Guarantor's networks and equipment on a timely and cost effective basis, the Guarantor may lose subscribers.

High-speed data services have emerged as a key competitive factor in India. Deployment of new telecom technologies, including fifth generation mobile telecom or 5G, in the future may involve significant additional resources including time, funds, and thereby could impact on the Guarantor's results of operations, financial condition and cash flows. Technologies such as mobile money payment services, innovative mobile applications, and other over the top ("OTT") and value-added service products are also of growing importance to the Guarantor's customers. The Guarantor may not be able to provide such technologies or expand the Guarantor's offerings in a manner that enables the Guarantor to compete effectively in the Indian telecom sector. If the costs associated with new technologies are higher than anticipated, the Guarantor's business, financial condition and results of operation may be adversely affected. In addition, the Guarantor faces the risk of unforeseen complications in the deployment of new services and technologies, and the Guarantor cannot assure you that these new technologies will be commercially successful, once deployed. The Guarantor's results of operations would also suffer if the Guarantor's new services and products are not well received by the Guarantor's subscribers, are not appropriately timed with market opportunities or are not effectively brought to market or where the Guarantor's investments in such ventures do not generate commensurate returns.

Additionally, the Guarantor may be unable to successfully respond to technological advances and evolving industry standards due to the following:

- Upgrading the Guarantor's services in response to market demand may require the adoption of new technologies including 5G that could render many of the technologies that the Guarantor is currently implementing less competitive or obsolete. The Guarantor may also need to gain access to related or enabling technologies in order to integrate the new technology with the Guarantor's existing technology, including updating the Guarantor's technology and services to ensure compatibility with the Guarantor's customers' hardware and software. Consistent with the experience of other industry players, the Guarantor's new services may contain flaws or other defects when first introduced to the market and will take some time to stabilize and get adopted.
- New telecommunications services are introduced by the Guarantor's competitors from time to time, including competitors who may bundle such telecom services with other offerings such as content, music, applications, e-commerce and other allied services. The Guarantor's competitors may gain access to new advanced technology that allows them to deliver their services at lower prices, at higher quality or with other add-on services that might make the Guarantor's competitors' services more competitive or attractive than the Guarantor's services. If the Guarantor does not anticipate these changes and promptly adopt new and innovative services in response, the Guarantor may not be able to capture the opportunities in the market and may lose its customers.

- To compete successfully, the Guarantor may need to increase the diversity and sophistication of the services it offers and upgrade its telecommunications technology, including technology the Guarantor uses for its broadband internet and DTH services. The Guarantor may be required to make substantial capital expenditures and may not be successful in modifying its network infrastructure and/or upgrading to use other technology in a timely and cost-effective manner in response to these changes. For example, if DTH content providers migrate their channels from standard definition to high definition, 4K or 8K definition, the Guarantor will have to ensure that its technology platform is able to support the migration of a substantial number or all of the Guarantor's customers from standard to high and ultra-high definition channels, which may require the Guarantor to incur additional costs and deploy additional resources. Additionally, new technology or trends in the telecommunications industry could have an adverse effect on the services the Guarantor currently offers and may cause significant write-downs of the Guarantor's fixed assets. Increased adoption of these or other competing technology may lead to a decline in the Guarantor's turnover and profitability. For example, while consumers are accustomed to viewing DTH content delivered over their television, consumers' preference may shift towards viewing content on OTT platforms through other devices, which use broadband internet or wireless mobile internet to receive such content. This may adversely affect the Guarantor's DTH service business.
- Advancements in technology or new technology developed in related or adjacent segments of the telecommunications industry, such as 5G wireless mobile internet services, may offer consumers attractive services, which are akin to or close alternatives to wired broadband internet services, and may reduce the relevance of or demand for the Guarantor's wired broadband internet services. This may result in a loss of customers, a decrease in ARPU and hence a substantial decline in the Guarantor's broadband internet business.
- Developing new services can be complex. The Guarantor may not be able to implement the new services effectively, promptly and economically to meet customer demand. In developing new services, the Guarantor may need to make significant investments in its network infrastructure and/or otherwise in order to support these services. If the Guarantor exceeds its budgeted capital expenditure and cannot meet the additional capital requirements through operating cash flows and planned financings, the Guarantor may have to delay its projects, which could make the Guarantor less competitive and lead to customer loss.
- The Guarantor's new services may not be commercially successful. The failure of any of the Guarantor's services to achieve commercial acceptance could result in lower than expected turnover.

To respond to technological changes, including consumer demand for internet services at higher speeds, the Guarantor may need to invest to further upgrade its existing technologies to prevent them from becoming obsolete. These changes may require the Guarantor to replace and/or upgrade its network infrastructure and as a result, incur additional capital expenditure (which may be significant) in order to maintain the latest technological standards and remain competitive against newer products and services and may impair the value of the Guarantor's existing assets. If the Guarantor cannot respond to new technology successfully and offer the new services to meet the demands of the Guarantor's customers in a timely manner and at competitive prices, the Guarantor's business, financial condition, results of operations and prospects could be adversely affected.

For the Guarantor's Africa operations, commercial success depends on providing attractive products and services such as voice, data, mobile money, connectivity and other value-added services to its customers on a timely basis and at a competitive cost. If the Airtel Africa Group is unable to anticipate customer preferences, respond to technological changes or industry changes or if they are unable to modify its service offerings or otherwise react to changing customer demands on a timely and cost-effective basis, they may lose customers

and quality of services and it may have an adverse impact on business, results of operations financial condition and prospects of the Airtel Africa Group.

It is possible that the development of technologies, products and services may intensify competition due to the entrance of new competitors or the expansion of services offered by existing competitors or from players of adjacent industries such as internet companies and OTT players. The Guarantor cannot predict which of the many possible future technologies, products, or services will be important to maintain the Guarantor's competitive position. To the extent the Guarantor does not keep pace with technological advances or fails to respond in a timely manner to changes in the competitive environment affecting the industry, the Guarantor could lose market share or experience a decline in its business, prospects and results of operations.

**The Guarantor is exposed to a high risk of customer churn, which increases the Guarantor's subscriber acquisition costs, resulting in the loss of future subscriber revenues.**

The Indian mobile telecommunication industry has historically experienced a high rate of churn in the subscriber base. The high churn rate is a consequence of, among other things, mobile number portability and intense competition, which have led telecom operators to introduce promotional tariffs in order to add customers. Subscribers do not sign service contracts, which make the Guarantor's customer base susceptible to switching to other wireless service providers. It can be difficult to determine actual churn rates as customers may frequently keep switching networks, and definition to account for customers may not be uniform across all operators. In addition, many of the Guarantor's subscribers are first time users of wireless telecommunications services. First time users have a tendency to migrate between service providers more frequently, in light of availability of incentives or lower tariffs, than established users. Increased availability of incentives from the Guarantor's competitors increases the risk of churn in the Guarantor's subscribers. The Guarantor launched "Minimum ARPU plans" across India in the third quarter of fiscal year 2019 and witnessed a sharp reduction in subscriber base in the same quarter. Though the Guarantor believes that bulk of the impact is already factored in, there may be some impact of these plans on customer churn going forward as well. Churn is also a function of overall network quality and overall customer satisfaction. The Guarantor's inability to retain existing prepaid customers and manage churn levels could have a material adverse effect on its business, prospects, financial condition, cash flows and results of operations.

The telecommunication market has undergone a vast change over the past 3 years with the launch of a new player providing free services, which coincided with the change in several regulations resulting a need to change the way tariffs were offered and services were provided. The Indian telecommunication markets have seen a reduction in the number of operators from 8 to 4, due to the consolidation of operators. This also resulted in the overall revenues of the industry falling.

The following table sets forth the rate of churn in the subscriber base in mobile services and digital TV services segments for the years ended March 31, 2018, 2019 and 2020 and the nine months ended December 31, 2020:

|                          | For the year ended March 31,     |      |      | For the nine months ended December 31, |
|--------------------------|----------------------------------|------|------|----------------------------------------|
|                          | 2018                             | 2019 | 2020 | 2020                                   |
|                          | <i>(Per cent. monthly churn)</i> |      |      |                                        |
| Mobile services.....     | 3.5                              | 3.8  | 2.5  | 1.9                                    |
| Digital TV services..... | 1.2                              | 1.1  | 1.4  | 1.4                                    |

A high churn rate increases the average cost of signing up a new customer (the “**Subscriber Acquisition Costs**”). However, the Guarantor may be unable to recover such increased Subscriber Acquisition Costs from existing and future customers and further, find it difficult to recover outstanding liabilities from post-paid subscribers who have been deactivated from the system or where such customers have to migrate to other telecom service providers. Higher churn in post-paid subscribers increases the incidence of bad debts. A high rate of churn or an increase in bad debts could have a material adverse effect on the Guarantor’s business, prospects, financial condition, cash flows and results of operations.

**The Guarantor has incurred significant indebtedness, and the Guarantor must service this debt and comply with its covenants to avoid defaulting on its borrowings and refinancing risk. Further, the Guarantor is subject to risks arising from interest rate fluctuations, currency fluctuation and regulatory changes, which could adversely affect its business, results of operations, cash flows and financial condition.**

The Guarantor borrows funds in the domestic and international markets from various banks and financial institutions to meet the short-term and long-term funding requirements for its operations and funding its growth initiatives. Such indebtedness may be substantial in relation to the Guarantor’s shareholders’ equity, increasing its risk of default. As at December 31, 2020, the Guarantor has consolidated long term borrowings (including current maturities of long-term borrowings) of Rs. 1,126,107 million (U.S.\$15,416 million), out of which the Guarantor’s consolidated outstanding secured long-term borrowings aggregated to Rs. 3,665 million (U.S.\$50 million). In addition, the Guarantor may also incur additional indebtedness in the future, including indebtedness incurred to fund capital contributions to the Guarantor’s Subsidiaries, subject to limitations imposed by the Guarantor’s financing arrangements and applicable law. The Guarantor may not be able to generate sufficient cash flow from operations in the future and future working capital borrowings may not be available in an amount sufficient to enable the Guarantor to do so. Further, financing may not be available for refinancing the Guarantor’s existing and future debt obligations. Working capital facilities are typically uncommitted and may be callable. There is no guarantee that these facilities will continue to be available to the Guarantor. The Guarantor has routine commercial paper programs, factors impacting the Guarantor or the Indian economy or changes in guidelines, regulations with respect to commercial papers may cause this source of funds to dry up. The Guarantor also has significant bank guarantees issued to cover, including but not limited to, its disputes as well as spectrum liabilities, license fees and other regulatory obligations which may materialize and the Guarantor may not be able to honor such obligations. The Guarantor may not be able to obtain bank guarantees to meet any future bank guarantee requirements or to renew its existing bank guarantees. Any performance lag/default on those debt obligations by Subsidiaries may cause guarantees to be accelerated and the Guarantor may not be able to honor such obligations. In addition, some of the Guarantor’s loan agreements may also extend charges on specific assets held in India and/or overseas. See “—*The Guarantor has substantial capital requirements and may not be able to raise the additional funds required to meet these requirements, which may have an adverse effect on the Guarantor’s business, results of operations and prospects.*” An increase in debt levels beyond the levels acceptable to rating agencies or any adverse impact in operations, may also put downward pressure on the Guarantor’s ratings, which can increase the financing costs and reduce/restrict availability of further debt for the Guarantor. For more information regarding changes in the Guarantor’s credit ratings, see “—*Adverse change in credit ratings assigned to the Guarantor may affect the Guarantor’s ability to raise funds for future capital requirements, which may have an adverse effect on the Guarantor’s business, results of operations and prospects.*”

The Guarantor’s financing agreements contain certain restrictive covenants that limit its ability to undertake certain types of actions, without the prior consent of the respective lender or require prior intimation to lenders of any such events or covenants that give rights to the lenders, in a limited manner, to ask for mandatory prepayment of the loans granted. Amongst others, the Guarantor is required to obtain prior approval or cause prior intimation of the following events:

- (i) Creation or allowing to exist any security interest on the Guarantor's movable and immovable assets without the prior approval of relevant lender except in specific circumstances as set forth in various relevant loan documents.
- (ii) Passing any resolution or otherwise taking any steps towards voluntary winding up or liquidation or dissolution by the Guarantor.
- (iii) Undertaking any amalgamation, demerger, merger or corporate reconstruction except in specific circumstances as set forth in the relevant loan documents.
- (iv) Making any substantial change in the general nature of the Guarantor's business.
- (v) Conveying, selling, leasing or otherwise disposing of all or substantially all of the Guarantor's assets or receivables except for those assets, which are required to be disposed of in the ordinary course of business.
- (vi) Prepayment of loans in case of insolvency applications under the Insolvency and Bankruptcy Code.

Further, for certain facilities, the Guarantor may be required to mandatorily prepay the outstanding amount of the loan obligations if any Bharti entities (those entities of Bharti Group which hold shares in the Guarantor) together cease to directly or indirectly control the Guarantor. The Guarantor cannot assure that the lenders will grant the required approvals in a timely manner, or at all. The Guarantor is also required to maintain certain financial ratios under certain of its financing arrangements. These financial ratios and the restrictive provisions could limit the Guarantor's flexibility to engage in certain business transactions or activities, which could put the Guarantor at a competitive disadvantage and could have an adverse effect on the Guarantor's business, results of operations and financial condition. Further, any change in control or occurrence of event of default may require the Guarantor to make the prepayment of entire outstanding amount of the loan obligations. The Guarantor may not be able to procure sufficient funds to make the repayments thereof and it may adversely affect its ability to conduct its business and operations.

Further, the Guarantor borrows funds in the domestic and international markets from various banks and financial institutions to meet the long-term and short-term funding requirements for its operations and funding its growth initiatives. Increases in interest rates will increase the cost of debt that the Guarantor incurs. In addition, the interest rate that the Guarantor will be able to secure in any future debt financing will depend on market conditions at the time and may differ from the rates on its existing debt. If the interest rates are high when the Guarantor needs to access the markets for additional debt financing, or if interest rates increase on the Guarantor's floating rate debt, the Guarantor's business, results of operations and financial condition may be adversely affected. The Guarantor has debt denominated in various currencies at floating rates of interest. The Guarantor may not be able to successfully manage currency or interest rate risk and accordingly, the Guarantor's liability to repay on debt obligation may inflate. For instance, Indian Rupee depreciated from Rs. 69.17 to Rs. 75.39 per USD during fiscal year 2020. In addition, various aspects including tenor, purpose/end use, costs of raising debt are guided by regulatory change such as changes in regulations relating to external commercial borrowing or changes with respect to the Large Exposure Framework of the Reserve Bank of India that can cause the Guarantor's interest rates to fluctuate or impose additional hedging requirements or otherwise cause adverse impact on availability of capital. Further, any such hedging activity is likely to increase cost and has no assurance of fully mitigating the impact of variations caused by mentioned factors.

The Airtel Africa Group also has substantial debt in aggregate of interest-bearing loans and borrowings outstanding under its borrowing arrangement. As of December 31, 2020, net debt of the Airtel Africa Group was Rs. 256,992 million which represented 17.4% of the Guarantor's total consolidated net debt. As a result, the Airtel Africa Group must dedicate a substantial portion of its cash flow from operating activities to the payment of principal of, and interest on, its borrowings, thereby reducing the availability of such cash flow to

fund working capital, acquisitions or other general corporate purposes. The amount of the indebtedness of the Airtel Africa Group could reduce its flexibility to respond to general adverse economic and industry conditions and could place it at a disadvantage compared to competitors with lower levels of indebtedness.

Moreover, under the terms of some of its existing debt, Airtel Africa Plc and its subsidiaries are subject to certain restrictions and financial covenants which could limit the ability of Airtel Africa Plc or its subsidiaries to pay dividends, may limit the ability of the Airtel Africa Group to finance future operations and capital needs and may limit its ability to pursue business opportunities and activities.

**The Guarantor has substantial capital requirements and may not be able to raise the additional funds required to meet these requirements, which may have an adverse effect on the Guarantor's business, results of operations and prospects.**

The Guarantor operates in a capital-intensive industry with long gestation periods. The Guarantor's funding requirements are primarily for award of licenses, purchase of spectrum, network expansion and upgrades, the roll-out of new networks following award of new licenses, spectrum and technological advancements, refinancing of existing debt and general corporate purposes. The actual amount and timing of the Guarantor's future capital requirements may differ from the Guarantor's estimates as a result of, among other things, unforeseen delays or cost overruns, future cash flows being less than anticipated, price increases, unanticipated expenses, imposition of taxes or regulatory dues, regulatory and technological changes, and limitations on spectrum availability, market developments and new opportunities in the industry.

The financing required for such investments may not be available on terms acceptable to the Guarantor or at all and the Guarantor may be restricted by its existing or future financing arrangements. If the Guarantor decides to raise additional funds through the incurrence of debt, its interest obligations will increase, which could have significant adverse effect on the Guarantor's profitability and other financial measures. The Guarantor has, in the past and in the future, may continue to rely on financial support from the its Promoter, Promoter Group, Shareholders and related parties and the Guarantor cannot assure you that such funding will be available in the future. The Guarantor's ability to finance its capital expenditure plans is also subject to a number of risks, contingencies and other factors, some of which are beyond the Guarantor's control, including borrowing or lending restrictions under applicable laws, any restrictions on the amount of dividend payable and general economic and markets conditions.

Prudential norms including but not limited to single and group borrower concentration limits prescribed by the RBI or other regulatory bodies to bank lenders in India (as well as corresponding limits under the Guarantor's financing arrangements with such bank lenders) may restrict the Guarantor's ability to seek additional credit facilities from the Guarantor's current bank lenders to fund the Guarantor's business requirements in the future. Therefore, the Guarantor may be required to maintain multiple banking relationships on an ongoing basis, or enter into new banking relationships in the future. The Guarantor cannot assure you that new bank credit facilities will be available to it in a timely manner, on commercially viable terms, or at all.

Further, RBI or other regulators continue to amend the regulations regarding the granting or access of credit from time to time. Such amendments may impact the availability, longevity, terms or other nuances of capital available to the Guarantor. For example, the Guarantor is currently classified as a Specified Borrower/Large Borrower, and therefore the Guarantor needs to arrange capital in a certain manner, including from the capital markets in India in accordance with such regulation. The Guarantor can provide no assurance that the Guarantor will be able to do so.

Any inability to obtain sufficient financing could result in the delay or abandonment of the Guarantor's development and expansion plans, the failure to meet roll-out obligations pursuant to the Guarantor's licenses or the Guarantor's inability to continue to provide appropriate levels of service in all or a portion of the telecom circles the Guarantor operates in (which may lead to penalties or loss of license). As a result, if adequate amount

of capital is not available, there could be an adverse effect on the Guarantor's business, results of operations and prospects.

Similarly, the operations of the Airtel Africa Group require substantial amounts of capital and other long-term expenditures, including those relating to the development and acquisition of new networks and the expansion or improvement of existing networks. The Guarantor's capital expenditure has been stable in the last two years for the Airtel Africa Group at Rs. 45,417 million in fiscal year 2020 and Rs. 50,846 million in the fiscal year 2019. As of December 31, 2020, the Airtel Africa Group had spent Rs. 29,972 million in capital expenditure during the beginning of the fiscal year 2020. Any failure to arrange sufficient external financing from banks or other lenders on a timely basis or on satisfactory terms could have a material adverse effect on the business, prospects, results of operations and financial condition of the Airtel Africa Group.

**The Guarantor's telecommunications licenses, permits and frequency allocations are subject to finite terms and any failure or delay in renewal of licenses could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.**

The terms of the Guarantor's licenses, permits and frequency allocations are subject to finite terms, ongoing review and the renewal of license is required for the licensee to continue its services as well as purchase of spectrum in auctions. While the Guarantor does not expect it or any of its Subsidiaries, Joint Ventures or Associate Companies to be required to cease operations at the end of the terms of their respective licenses in relation to usage of spectrum, there can be no assurance that these business arrangements or licenses will be extended on equivalent satisfactory terms, or at all. For example, the DoT has announced that it intends to conduct a spectrum auction in March 2021. Although the Guarantor intends to participate in the March 2021 spectrum auction, it cannot assure you that it will be the successful bidder for any of the spectrums for which it submits a bid. Failure to acquire new spectrum licenses, or failure to renew the Guarantor's existing spectrum licenses at auction, could adversely affect the Guarantor's business, competitive position, revenue-generating ability and cause long lived tangible and intangible assets of the Guarantor to be impaired and require a charge against earnings. For more information, see *"—The Guarantor's ability to grow its business and the number of the Guarantor's subscribers is dependent on the quality and quantity of spectrum owned by the Guarantor."*

Upon termination, the licenses and spectrum held by these companies may revert to the local governments or local regulators in the respective jurisdiction, in some cases without any or adequate compensation being paid. The Guarantor's licenses and allocations are subject to varying interpretations and the licensor reserves the unilateral right to amend the terms and conditions of its telecommunication licenses. In the event the licensor exercises such right, the Guarantor's business, prospects, results of operations and financial condition may be adversely affected. Supply of spectrum is limited by the restrictions on the participation in auctions, and the Guarantor may not be able to effectively win spectrum back in these auctions. The Guarantor is also required to comply with certain conditions such as maintaining the minimum net worth, minimum paid up equity capital and capitalization requirements specified under the terms of its telecom licenses.

The Guarantor has migrated its existing unified access service ("UAS") licenses of Delhi and Kolkata, which were due for renewal in November 2014 to unified license ("UL") (access authorization). Subsequently, the licenses, which came for renewal in 2015 and 2016, were also migrated to the UL regime.

The Guarantor has also purchased spectrum for a period of 20 years in the spectrum auctions of February 2014, March 2015 and October 2016 to ensure continuity of services in the license service areas where the Guarantor's licenses were due to expire between 2014 and 2016. Typically, the UL is valid for 20 years and the Guarantor will be required to renew its ULs upon expiry of such period.

In 14 service areas, namely Tamil Nadu (including Chennai), Gujarat, Haryana, Kerala, Madhya Pradesh, Maharashtra (excluding Mumbai), Mumbai, Uttar Pradesh West, Uttar Pradesh East, Bihar, Jammu & Kashmir, Odisha, West Bengal and Assam, the Guarantor operates under UAS license with administratively allocated



spectrum, which are due to expire between 2021 and 2024. However, the Guarantor has also acquired liberalized spectrum in these 14 service areas through auctions, mergers and spectrum trading for the continuity of its services. The Guarantor has submitted an application to DoT for the renewal of its licenses under the UL regime which are due to expire in Fiscal Year 2022.

While the Guarantor believes that it has presently safeguarded itself against the risk arising from the expiry of its administratively allocated spectrum which is due to expire in the next couple of years by acquiring spectrum in auctions/trading as well as acquiring additional spectrum from other TSPs through its acquisitions such as that of TTML, TTSL and Telenor, there can be no assurance that the Guarantor will be able to implement the same strategy in the future when its current auction acquired spectrum reaches its expiry or that there would be adequate acquisition opportunities, at commercially acceptable terms, available at such time. Further, while the Guarantor has acquired such spectrum usage for blocks of 20 years through the auction process, or otherwise, at a significant cost to the Guarantor, if the technology and associated ecosystems and platforms change sooner than that, it may not be able to put this spectrum to commercial use for its full life.

The Guarantor anticipates that it may have to pay increasingly significant license fees and spectrum charges in certain markets, as well as meet specified network build-out requirements. The Guarantor cannot assure you that the Guarantor will be successful in obtaining or funding these licenses, or, if licenses are awarded, that they can be obtained on terms commercially acceptable to it. Furthermore, if the Guarantor renews existing licenses or obtains additional licenses, the Guarantor may need to seek future funding through additional borrowings or equity offerings, and the Guarantor cannot assure that such funding will be obtained on satisfactory terms or at all, which could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.

**The Guarantor and its subsidiaries are involved in certain material legal proceedings which may adversely affect the Guarantor's operations and financial position.**

The Guarantor and its subsidiaries are involved in certain material litigation proceedings where, if an adverse outcome is reached, there may be an adverse impact on the Guarantor's operations or financial position.

The Guarantor is a party to certain matters pertaining to the revision of spectrum charges applicable to telecom service providers by the DoT.

The Guarantor and its Subsidiary, Bharti Hexacom, are involved in a proceeding wherein the DoT prescribed Spectrum Usage Charges to be calculated at a rate based on weighted average for the spectrum held by telecom service providers across all access spectrum bands excluding the spectrum in 2300 MHz/2500 MHz band acquired/allocated prior to 2015-16 for calculating the floor amount of SUC which was challenged by the Guarantor.

The Guarantor and Bharti Hexacom filed a writ petition challenging the Telecommunication Interconnection Usage Charges (Eleventh Amendment) Regulations, 2015 dated February 23, 2015 ("**IUC-2015 Regulations**") before the Delhi High Court.

Further, the Guarantor and Bharti Hexacom filed a writ petition challenging the Telecommunication Interconnection Usage Charges (Thirteenth Amendment) Regulations, 2017 dated September 19, 2017 ("**IUC-2017 Regulations**") before the Bombay High Court.

The Guarantor and Bharti Hexacom, have also filed another writ petition challenging the Telecommunication Interconnection Usage Charges (Fourteenth Amendment) Regulations, 2018 dated January 12, 2018 ("**ITC-2018 Regulations**") which, among other things, reduced the International Termination Charge ("**ITC**") from Rs. 0.53 per minute to Rs. 0.30 per minute, before the Bombay High Court.

The Guarantor and Bharti Hexacom are also involved in certain legal proceedings pertaining to mergers and acquisition. For further details, see “*Legal Proceedings*”.

Additionally, (i) the Guarantor and certain third party telecommunications providers are involved in certain legal proceedings pertaining to SMS termination charges; and (ii) Bharti Hexacom Limited and the Guarantor, are impleaded in a number of material legal and regulatory environment proceedings, that comprises demands or penalties raised by DoT alleging violation of electromagnetic fields (“**EMF**”) norms and subscriber verification audit penalties.

The Guarantor is, and may in the future be, party to other litigation and legal, tax and regulatory proceedings, the outcome of which may affect the Guarantor’s business, results of operations, financial condition and prospects. There can be no assurance that the Guarantor and its subsidiaries will be successful in any of these legal proceedings.

For further details on these matters and other material legal proceedings involving the Guarantor and its subsidiaries, see “*Legal Proceedings*”. See also “—*The Guarantor is dependent on third party telecommunications providers over which the Guarantor has no direct control for the provision of interconnection and roaming services*” and “—*Actual or perceived health risks or other problems relating to mobile handsets or transmission and/or network infrastructure could lead to litigation or decreased mobile communications usage.*”

**Adverse change in credit ratings assigned to the Guarantor may affect the Guarantor’s ability to raise funds for future capital requirements, which may have an adverse effect on the Guarantor’s business, results of operations and prospects**

The Guarantor is currently rated Ba1 by Moody’s Investors Service (“**Moody’s**”) with a stable outlook; BBB- by Standard & Poor’s (“**S&P**”) with a negative outlook; and BBB- with a negative outlook by Fitch Ratings Limited (“**Fitch**”). Adverse change in credit ratings assigned to the Guarantor may affect the Guarantor’s ability to raise funds for future capital requirements.

Given the significant competition in the Indian telecom industry the Guarantor faces and the consequent impact on the Guarantor’s rating metrics, some of the ratings or outlook on ratings of the Guarantor has been revised by rating agencies. Any downgrade in the Guarantor’s credit ratings may impact on its ability to raise additional funds and/or the interest cost at which the Guarantor borrows the additional funds and could have an adverse effect on its business and results of operations. Certain additional restrictive covenants may also become applicable on a part of the Guarantor’s indebtedness in case of downward revision of certain ratings. Further, the Guarantor cannot assure that it will not tie any of its future indebtedness that have linkages to rating levels changes in which may result in increase in pricing, restrictions on debt and other actions.

**The Guarantor’s ability to grow its business and the number of the Guarantor’s subscribers is dependent on the quality and quantity of spectrum owned by the Guarantor.**

The operation of the Guarantor’s mobile telecommunications network is limited by the quality and quantity of spectrum owned by the Guarantor. In India, telecom operators obtain access spectrum through competitive bidding in GoI held auctions or by entering into spectrum sharing or trading arrangements with other telecom operators. Acquisition of spectrum is subject to certain conditions, risks and uncertainties, including:

- high reserve prices being set by the GoI for the auction of spectrum;
- the Guarantor’s competitors outbidding it at the spectrum auctions and entering into spectrum sharing and trading arrangements with each other to the Guarantor’s exclusion;

- regulatory uncertainties including delayed access to spectrum already acquired through competitive bidding; and the unavailability of spectrum in certain bands in certain telecom circles and inability to acquire contiguous spectrum.

The operation of the Guarantor's mobile telecommunications networks is limited by the amount of spectrum procured to the Guarantor in the jurisdictions where the Guarantor operates. Liberalized spectrum acquired through auction in all the bands (800 MHz, 900 MHz, 1800 MHz, 2100 MHz and 2300 MHz) can be used to provide wireless broadband services by the TSPs. In India, the DTH services are offered in Ku band and within the band, ISRO allocates specified spots (transponders) as per the requirements of the operator. Procurement of spectrum in India is determined by the DoT and by various local/jurisdictional regulators across the Guarantor's African operations and is also subject to caps on the amount of spectrum any telecommunications operator may obtain and hold. In determining spectrum distribution, governmental authorities generally seek to ensure choice of services, efficient use of spectrum and continuity of customer service while maintaining technology neutrality and providing a stable investment environment. The current spectrum procurement may not be sufficient for expected subscriber growth going forward, and the Guarantor's future profitability and cash flows may be materially and adversely affected if its procured spectrum proves inadequate in the future for the expansion of the Guarantor's telecommunications business or if the Guarantor is unable to procure additional spectrum in the future for the expansion of the Guarantor's telecommunications business. Additional spectrum may also be required to maintain quality of service. As the number of subscribers simultaneously using the same spectrum increases, the quality of the service may suffer, which may lead to a loss of subscribers and revenues. This could have an adverse effect on the Guarantor's business and results of operations. Further, with the introduction of stringent norms for telecom operators related to quality of service and call drops issues the Guarantor may not be able to maintain, control or improve the quality of its service and may be subject to monetary penalty or any adverse action by regulators.

In August 2018, the TRAI has given its recommendation on auction of spectrum to DoT. TRAI has suggested that entire available spectrum available in 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz, 3300-3400 MHz and 3400-3600 MHz bands in the forthcoming auction should be auctioned, as a single band and time division duplex ("TDD") based frequency arrangement should be adopted for this band. Reserve price for 700 MHz and 3300-3600 MHz has been recommended as Rs. 65,680 million/MHz and Rs. 4,920 million/MHz for pan India, respectively. While the DoT proposed a reduction in the abovementioned reserve price in its letter dated July 1, 2019 in relation to the proposed rollout of 5G services, TRAI reiterated its pricing recommendations issued in August, 2018 through a response issued on July 8, 2019. Further, TRAI has also suggested that all of the administratively allocated spectrum in 800 MHz, 900 MHz and 1800 MHz bands whose validity is due to expire by December 31, 2021 should also be kept in the forthcoming auction. On January 6, 2021, DoT issued a Notice Inviting Application to conduct a spectrum auction, which is expected to take place in March 2021. A total of 2308.8 MHz spectrum is being offered across seven bands (700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz) and spectrum in 3300-3600 MHz is not part of the March 2021 spectrum auction.

The Guarantor intends to participate in the March 2021 spectrum auction. If the Guarantor decides to bid for any additional spectrum that is put to auction, it may incur high capital expenditure for the acquisition of such spectrum and the Guarantor may have to undertake additional indebtedness for the same, including through exposure to required performance bonds backing up the Guarantor's auction bid, or increase its mobile phone tariffs as a result. An increase in mobile phone tariffs may lead to reduced consumption of the Guarantor's services by its subscribers or a shift of such subscribers to one of its competitors. Similarly, any additional indebtedness may impact the Guarantor's profitability and could have a material adverse impact on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Currently, the price of the bid in relation to auction of spectrum is the most important selection criteria. Increased competition may drive bidding prices for spectrum higher and the Guarantor may not be able to acquire additional spectrum or may be required to pay a higher amount for acquiring additional spectrum. The Guarantor cannot assure that there will be further auctions for spectrum in the future, or that the Guarantor will be successful in acquiring additional spectrum that it bid for, within a reasonable time, or at all. Further, the Guarantor may not realize the expected benefits from its investment in additional spectrum that it anticipated when it submitted its bid for such additional spectrum.

Spectrum usage rights offered in auctions are typically awarded for a period of 20 years in case of mobile telecommunication and the Guarantor may not be a successful bidder when bidding for the same spectrum after expiry of such validity period. Moreover, spectrum acquired through competitive bidding may suffer from interference, which may limit its utility, temporarily or for a sustained period. The Guarantor's business, financial condition, results of operation and prospects may also be adversely affected if the GoI amends spectrum-holding caps in the future, which limit the amount of spectrum that can be held by one telecom operator. If the Guarantor cannot acquire spectrum of the necessary quality and quantity to deploy its services on a timely basis and at adequate cost, its ability to attract and retain customers and its ability to successfully compete would be adversely affected.

**The Guarantor has rapidly expanded internationally, which could affect future growth.**

In the recent past, the Guarantor has significantly expanded its international operations (in terms of geography and scope) through its Subsidiaries and associate entities. These include the acquisition of new licenses and building of its own network infrastructure and purchasing interests in existing businesses. For example, the Guarantor commenced telecommunications operations in Sri Lanka in 2009, Bangladesh in 2010 with the acquisition of Warid Telecom, and Africa in 2010 with the acquisition of Zain Telecom's operations in 15 African countries. The Guarantor has, *inter alia*, divested control over its operations in Bangladesh (now with a minority stake in Robi Axiata which is a leading telecom service provider in Bangladesh), Sierra Leone and Burkina Faso. The Guarantor has expanded its operations in Rwanda by acquiring Millicom's operations in Rwanda. The Guarantor has also undertaken, and may undertake in the future, certain inorganic activities including additional mergers, acquisitions, demergers and slump sales.

The Guarantor's ability to manage its increased scope of operations both through organic and inorganic growth and to achieve future growth and profitability depends upon a number of factors, including its ability:

- to effectively increase penetration of the Guarantor's service and the scope of the Guarantor's management, operational and financial systems and controls to handle the increased complexity, expanded breadth and geographic area of the Guarantor's operations, particularly in Africa;
- to recruit, train and retain qualified staff to manage and operate the Guarantor's growing business across locations;
- to accurately evaluate the contractual, financial, regulatory, environmental and other obligations and liabilities associated with the Guarantor's international acquisitions and investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with the Guarantor's accounting policies;
- to accurately judge market dynamics, demographics, growth potential and competitive environment;
- to effectively determine, evaluate, manage and respond to the risks and uncertainties in entering new markets, including political, economic and regulatory risks and uncertainties, and acquiring new businesses through the Guarantor's due diligence and other processes, particularly given the heightened risks in emerging markets;

- to effectively and efficiently respond to the competitive environment and manage varied customer demands and preferences in international markets; and
- to obtain and maintain necessary permits, licenses, spectrum allocation and approvals from governmental and regulatory authorities and agencies.

Additionally, the Guarantor has in place an Internal Assurance Group (“**IAG**”) headed by Chief Internal Auditor, supported by internal assurance partners (global audit firms) to conduct the internal audit on the basis of a detailed internal audit plan reviewed each year in consultation with the IAG and the Audit Committee.

Any difficulties in addressing these issues or integrating one or more of the Guarantor’s existing or future international operations could have a material adverse effect on the Guarantor’s business, prospects, financial condition, cash flows and results of operations. In addition, the value of the Guarantor’s investments in associates (operating companies in which it has less than a controlling interest) could decline, requiring the Guarantor to record impairments to those assets in its financial statements.

In Africa, business has historically and in recent years grown inorganically through mergers and acquisitions alongside organic growth, and the Airtel Africa Group has undertaken strategic divestments to streamline the Guarantor’s footprint and focus on its core subscriber-facing operations. The inorganic component of the growth strategy of the Airtel Africa Group is based, in part, on strategic streamlining of the Guarantor’s operational footprint, which included the Guarantor’s exit from Burkina Faso and Sierra Leone in July 2016 and August 2016 respectively, as well as the expected continuation of the Guarantor’s ongoing divestitures of tower assets. The growth strategy of the Airtel Africa Group depends in part on its ability to develop and integrate new services into its existing services offering, including in connection with the expansion of their networks, as well as to expand its footprint into new markets, including through acquisitive growth. The Airtel Africa Group may be unable to identify or accurately evaluate suitable partners for acquisition or merger, or to complete or integrate past or prospective acquisitions or mergers successfully or in a timely or cost-effective manner, which could adversely affect the Guarantor’s overall strategy. In addition, the Airtel Africa Group may also face risks with respect to any of its divestments. For example, the Guarantor is in advanced stages of discussions for conclusion of the arrangements for the transfer of AirtelTigo on a going concern basis to the government of Ghana; accordingly, the Guarantor has voluntarily taken an additional charge of Rs. 4,713 million in the nine months ended December 31, 2020. Any failures, material delays or unexpected costs related to the implementation of the growth strategy of the Airtel Africa Group could have a material adverse effect on its business, results of operations, financial condition and prospects.

**The Guarantor is exposed to certain risks in respect of the development, expansion and maintenance of the Guarantor’s mobile telecommunications networks.**

The Guarantor’s ability to increase its subscriber base depends upon the success of the expansion and management of its networks and upon the Guarantor’s ability to obtain sufficient financing to facilitate these plans. The build-out of the Guarantor’s networks are subject to risks and uncertainties, which could delay the introduction of services in some areas and increase the cost of network construction, including obtaining sufficient financing. The Guarantor is engaged in a number of network expansion and infrastructure projects, including in India, Sri Lanka and in the African countries in which the Guarantor operates. The speed at which the Guarantor is able to expand its network and upgrade technology is critical to the Guarantor’s ability to increase its subscriber base. Thus, if any of these risks transpire, the Guarantor’s business, financial condition, cash flows and results of operations may be adversely affected.

The Guarantor purchases or relies on the purchase of commodities, such as diesel, steel and zinc, to support the development and maintenance of its tower network. Volatility in global commodity prices, in particular metal and fuel prices will make it more difficult for the Guarantor to accurately forecast and plan the cost of equipment

required for network maintenance and expansion, besides increasing the Guarantor's operating costs and capital expenditure.

Additionally, increases in such global commodity prices will increase the amount of capital expenditure required to finance the Guarantor's expansion plans, which will exert downward pressure on the Guarantor's profit margins if it is unable to pass these cost increases through to its customers. The Guarantor's operating costs, including that of the Airtel Africa Group, are subject to fluctuations, including changes in energy consumption costs, costs of obtaining and maintaining licenses, spectrum and other regulatory requirements. Any volatility in these and other variable operating costs or any inability to pass on increased costs to the customers could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

In connection with the Guarantor's network strategy, the Guarantor, from time to time, considers establishing partnerships with other carriers in its markets which may involve the sale of assets and may require funding from the Guarantor. Network expansion and infrastructure projects, including those in the Guarantor's development pipeline, typically require substantial capital expenditure throughout the planning and construction phases and it may take significant amount of time before the Guarantor can obtain the necessary permits and approvals for such projects to be completed and accrue benefits from such expansion, during which time the Guarantor is subject to a number of construction, financing, operating, regulatory and other risks beyond its control, including, but not limited to:

- an inability to secure any necessary financing arrangements on favorable terms, if at all;
- changes in demand for the Guarantor's services;
- the Guarantor's technology becoming obsolete or outdated resulting in reduced commercial success of the Guarantor's services;
- shortage of material, equipment and labor, coupled with labor disputes and disputes with sub-contractors;
- inability to hire, train and retain qualified technical personnel;
- inadequate infrastructure, including as a result of failure by third parties to fulfill their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;
- failure to complete projects according to specifications;
- adverse weather conditions and natural disasters;
- accidents;
- changes in local governmental priorities; and
- inability to obtain and maintain project development permission or requisite governmental licenses, permits or approvals.

The occurrence of one or more of these events may have a material adverse effect on the Guarantor's ability to complete its current or future network expansion projects on schedule or within budget, if at all, and may prevent the Guarantor from achieving its targeted increases in subscriber base, revenues, internal rates of return or capacity associated with such projects. There can be no assurance that the Guarantor will be able to generate revenues from the Guarantor's expansion projects that meet the Guarantor's planned targets and objectives, or that they will be sufficient to cover the associated construction and development costs, which could have a

material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

**The Guarantor's Subsidiary (Bharti Telemedia Limited) operates in an industry which is highly regulated and it requires certain approvals, licenses, registrations and permissions to conduct the Guarantor's digital TV business.**

Bharti Telemedia Limited's business activity involves the provision of DTH services. The provision of such service in India is regulated and governed by the Ministry of Information and Broadcasting ("MIB") and the TRAI, in terms of the applicable statutory regulations. In terms of such regulations, Bharti Telemedia Limited is required to obtain a license from the MIB, for the provision of DTH services, and is required to comply with the conditions prescribed under such regulation and license. Additionally, TRAI may from time to time also prescribe new conditions and/or regulatory requirements for providing such services. If the Guarantor fails or is unable to satisfy such conditions, comply with the terms of the Guarantor's license or conduct its business activities in a manner contrary to or in violation of the prevailing statutory regulations, the Guarantor's license could be revoked. As of today, there are regulations which affect the Guarantor's industry like obligations placed on the Guarantor to ensure that no objectionable, obscene, unauthorized or illegal content, messages or communications are carried out on the Guarantor's network.

Set forth below are certain specific risks arising out of regulatory requirements applicable to the Guarantor's DTH operations.

*DTH operations:* TRAI has already mandated implementation of a revised regulatory framework for broadcasting and cable services, requiring DTH service providers to allow customers to purchase access to channels individually or alternatively as a combination of a-la-carte/ bouquet. This framework has been implemented and the migration of the entire customer base was completed on March 31, 2019.

The existing license of the Guarantor is valid until March 31, 2021, and has since not been renewed. The Guarantor has filed an application for renewal of the DTH license. On December 30, 2020, the GoI issued the Guidelines for obtaining a license for providing DTH Broadcasting services in India. These Guidelines shall come into effect immediately. The consolidated operational guidelines along with the amendments will be issued in due course by the GoI. As per the revised guidelines, the existing licensees are required to reapply for the license to provide DTH services. There can be no assurance that the Guarantor will continue to be in compliance with the conditions stipulated under such new licensing conditions or that the Guarantor will be successful in obtaining a license thereunder. If the Guarantor fails to obtain such license and/or comply with any of the regulations applicable to us, the Guarantor may not be able to continue to offer DTH services, which would affect the Guarantor's business, results of operations, financial condition and prospects.

Apart from Linear Channels, the Guarantor also offers the Platform Services or the Value Added Services for which the regulatory framework is still under deliberation with TRAI and MIB, and therefore the formal framework is still pending. Such a framework is essential as it will help to validate such services. In terms of DTH License, the STB used for providing services should be inter-operable but the complete DTH industry including the Guarantor do not meet this requirement for technical reasons as well as commercial considerations. Once the regulatory framework has been finalized, it may result in significant compliance costs or obstacles for the Guarantor, which could affect the Guarantor's business, results of operations, financial condition and prospects.

**The Guarantor is dependent on third party telecommunications providers over which the Guarantor has no direct control for the provision of interconnection and roaming services.**

The Guarantor's ability to provide high quality and commercially viable mobile telecommunications services depends, in some cases, on its ability to interconnect with the telecommunications networks and services of

other local, domestic and international mobile and fixed-line operators including the Guarantor's optical fiber cable transmission network. The Guarantor also relies on other global telecommunication operators for the provision of international roaming services for its subscribers. While the Guarantor has interconnection and international roaming agreements in place with such Indian and global telecommunication operators, the Guarantor has no direct control over the quality of their networks and the interconnections and international roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to the Guarantor on a consistent basis, could result in fall in number of subscribers or a decrease in traffic, which could adversely affect the Guarantor's business, prospects, financial condition, reputation, cash flows and results of operations. Further, there have been disputes between the Guarantor and third-party telecommunications providers like BSNL, Aircel Limited, Reliance Communications Limited, Tata Teleservices (Maharashtra) Limited, and Tata Teleservices Limited, pertaining to SMS termination charges, which if determined against the Guarantor, could have a material adverse effect on the Guarantor's business, results of operations, cash flows and financial condition. For details, see *"Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor."*

The Airtel Africa Group is also dependent on third parties for the supply of certain of its services. Any significant disruption or other adverse event affecting the relationship with any of the major suppliers of the Airtel Africa Group, the inability or unwillingness of key equipment and service providers to provide the operations of the Airtel Africa Group with adequate equipment and services on a timely basis and to manage its infrastructure in accordance with best practices, including at attractive prices, could materially adversely impact the ability of these operations to retain and attract subscribers or provide attractive product offerings, either of which could materially adversely affect the business, results of operations, financial condition and prospects of the Airtel Africa Group. Additionally, in the past, some of the Guarantor's Subsidiaries, namely, Bharti Airtel Nigeria Holdings II B.V., Bharti Airtel Africa B.V., Bharti Airtel International (Netherlands) B.V, Bharti Airtel Nigeria B.V. and Airtel Networks Limited, were involved in a number of legal proceedings with Econet Wireless Limited, in Nigeria and The Netherlands. These litigation proceedings were subsequently settled by way of an agreement dated October 29, 2016.

**The Guarantor is dependent on suppliers and vendors for supply of equipment and services to build, develop, maintain and rollout its networks and operate its businesses over which the Guarantor has no direct control.**

The Guarantor depends upon suppliers and vendors to provide it with equipment and services that the Guarantor needs to build, develop, maintain and roll out its networks and operate its businesses. The Guarantor avails the services of vendors like Nokia, Ericsson and Huawei, and from various local vendors for ensuring operations and maintenance. The Guarantor is dependent on these vendors for supplying components for future expansions besides also maintaining the networks and ensuring their upkeep. The Guarantor cannot be certain that it will be able to obtain satisfactory equipment and service on commercially acceptable terms or that its vendors will perform as expected. If the Guarantor's contractual arrangements with such vendors expire or terminate, or if the Guarantor fails to receive the quality of equipment and maintenance services that it requires, to negotiate appropriate financial terms for equipment and services, obtain adequate supplies of equipment in a timely manner, or if the Guarantor's key suppliers discontinue the supply or maintenance of such equipment and services due to withdrawal from the Indian mobile telecommunications market or otherwise, the Guarantor may find it difficult to replace a vendor on a timely basis without significant capital expenditure which could significantly disrupt its services. The occurrence of any such events could have an adverse effect on the Guarantor's business and results of operations.

The Guarantor is dependent upon certain external suppliers of important services both to the Guarantor and to its subscribers. The Guarantor also imports the services from vendors, and any adverse effect to import policies



including increase in import duties and tariffs, or any embargo on imports from countries from which the Guarantor's vendors supply may have negative impact on the Guarantor's business operations. In particular, trade tensions between the United States and major trading partners, including particularly with China, continue to escalate following the introduction of a series of tariff measures by the United States and/or its trading partners. Any further change in the United States' global trade policy against its trading partners, including tightening regulatory restrictions, industry specific quotas, tariffs, non-tariff barriers and taxes may have an adverse effect on the Guarantor ability to procure the requisite components or services from suppliers located in the United States and/or its trading partners. For example, Huawei, one of the Guarantor's suppliers, is currently experiencing significant disruptions to its operations. Among other things, Huawei and its designated affiliates have been placed on the Entity List, an export control-related list, and Huawei has been designated as a "Communist Chinese military company" by the government of the United States, and the government of the United States has banned almost all American companies from utilizing information and communications technology supplied by Huawei. Other suppliers and business associates of the Guarantor are impacted by similar issues. The approach of the Guarantor will eventually have to be in-line with the approach of the GoI. Any additional export restrictions imposed by United States against Huawei and its designated affiliates, as well as any future sanctions the United States may impose against Huawei entities, as well as any damage to Huawei's image or reputation could potentially have an adverse effect on the Guarantor's business, prospects, results of operations and cash flows.

As a result, the Guarantor is exposed to the supply and service capabilities of each of these vendors, which may be impacted by their ability to retain and attract appropriate personnel, their financial position and many other factors which are outside of the Guarantor's control. If such a vendor fails to perform adequately or if the Guarantor terminates the vendor, the Guarantor may not be able to provide such services itself or find an alternative supplier without disruption to the Guarantor's services or incurring additional costs.

**The Guarantor is increasingly dependent on revenue generated from data services and a failure to successfully compete in providing data services could have an adverse effect on the Guarantor's business, financial condition, results of operations and prospects.**

The Guarantor's business is increasingly dependent on revenue generated from data services. Various factors such as rising income levels, decline in prices of smartphones, increasing availability of mobile-based content, higher data demanding media including videos, games and other applications on smartphones and the rollout of long term evolution ("LTE") networks have led to a rapid growth of data usage in the telecom sector in India. Equally, the Guarantor's dependence on voice revenues, which has traditionally been the mainstay of telecom companies is reducing. The Guarantor cannot assure you that these trends will continue in the future and that it will continue to benefit from growth in data usage. The Guarantor may also need to upgrade and expand its network infrastructure in order to remain competitive in the provision of data services, including 4G and potentially even 5G data services in the future, to its customers, which will require the Guarantor to incur additional capital expenditure. If the Guarantor is unable to expand or upgrade its networks and equipment for the provision of data services on a timely and cost-effective basis or at all, the Guarantor may lose existing customers or fail to attract new customers.

Growth in the Guarantor's data revenues are dependent on the prices the Guarantor is able to charge for various data offerings and the level of data usage by its customers. The Guarantor cannot assure you that data usage growth will be adequate to compensate for any future reduction in data prices. Further, if the Guarantor's competitors are able to offer data services that are, or that are perceived to be, more affordable or of a higher quality than those offered by the Guarantor, the Guarantor may be required to reduce the price of its data offerings or risk losing market share. In recent times, the Guarantor has reduced prices while increasing the amount of data which is offered to its customers within each of its price brackets, due to various factors, including competitive pressure in relation to data offerings. If the Guarantor is unable to remain competitive in

providing data services in the future, the Guarantor's business, prospects, results of operations and financial condition may be adversely affected. See also "*—The Guarantor faces intense competition that may reduce its market share and lower its profits.*"

**The Guarantor is exposed to risks associated with the passive infrastructure services business through its Indus Merger joint venture, including regulatory and market risks, which could materially and adversely affect the Guarantor's results of operations.**

Immediately following the Indus Merger, the Guarantor's 53.5% shareholding in Bharti Infratel was reduced to 36.7% in the merged Indus Towers entity, a leading provider passive infrastructure and offer services, which include setting up, operating and maintaining wireless communication towers. On December 2, 2020 and December 28, 2020, the Guarantor acquired an additional stake of 4.935180% and 0.064816%, respectively, in the merged Indus Towers entity, increasing its equity stake from 36.7% to 41.7%, as it currently stands on the date of this Offering Memorandum. Indus Towers' other significant shareholders are the Vodafone Group, Vodafone-Idea and Providence. Therefore, with effect from the effective date of the Indus Merger, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger, combined Indus Towers under the equity method of accounting rather than as a consolidated subsidiary.

The post-merger, combined Indus Towers entity accounted for profits of Rs. 29,538 million for the fiscal year ended March 31, 2020 as compared to losses of Rs. 306,642 million for the Guarantor on a consolidated basis, and profits of Rs. 110,567 million for the nine months ended December 31, 2020 as compared to losses of Rs. 138,750 million for the Guarantor on a consolidated basis. Therefore, the Guarantor is exposed to the risks associated with passive infrastructure services.

These risks include the potential for a decrease in demand for tower space in India, which could materially and adversely affect the Guarantor's operations and business. Factors affecting this demand include:

- the effects of mergers or consolidations among mobile telecommunications operators and shutting down the business by some telecom operators;
- a general deterioration in the financial condition of mobile telecommunications service providers due to declining tariffs, media convergence or other factors;
- a decrease in the ability and willingness of mobile telecommunications service providers to maintain or increase capital expenditures;
- a decrease in the growth rate of mobile telecommunications or of a particular segment of the wireless communications sector;
- adverse developments with respect to auctioning of spectrum by the GoI and changes in telecommunications regulations;
- increased use of network sharing, roaming or resale arrangements by mobile telecommunications service providers amongst themselves;
- deteriorating financial condition and access to capital by mobile telecommunications service providers;
- changing strategy of mobile telecommunications service providers with respect to owning or sharing tower infrastructure services;
- adverse developments with regard to zoning, environmental, health and other government regulations;
- technological changes; and

- general economic conditions.

The passive infrastructure services business is based on the premise that the subscriber base for wireless telecommunications services in India will grow at a rapid pace and that Indian wireless service providers have, to a certain degree, adopted the tower infrastructure services sharing model. If the Indian wireless telecommunications services market does not grow or grows at a slower rate than the Guarantor expects, or the behaviors of market players do not meet the Guarantor's current expectations, the demand for tower infrastructure and the Guarantor's growth prospects will be adversely affected, which would have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

In particular, on January 28, 2021, Indus Towers reported that one of its largest customers which contributed a substantial portion of its net sales and accounted for a significant part of its trade receivables as of December 31, 2020 had expressed doubts about its ability to continue as going concern. Although Indus Towers is in negotiations with this customer to protect its interests in this matter, the inability of this customer or any other significant customer to meet their obligations to Indus Towers could have an adverse effect on the Guarantor's business, results of operations and financial condition.

The passive infrastructure services business is also required to obtain certain licenses and permits which are diverse and may be difficult to obtain, and once obtained, may be amended or revoked or may not be renewed. The Guarantor cannot assure you that the relevant authorities will not take any action or impose any conditions in relation to such licenses that could materially and adversely affect the Guarantor's operations and business.

**The Guarantor may be unable to effectively manage its growth and derive the anticipated synergies or efficiencies from mergers and acquisition arrangements.**

The Guarantor's growth, including by way of mergers with Airtel Broadband Services Private Limited, Telenor, Bharti Digital Networks Private Limited, TTSL and TTML, is expected to place significant demands on the Guarantor's management and operational resources. In order to manage growth effectively, the Guarantor must implement and improve operational systems, procedures and internal controls on a timely basis. If the Guarantor fails to do so, or if there are any weaknesses in the Guarantor's internal controls and monitoring systems that would result in inconsistent internal standard operating procedures, the Guarantor may not be able to service its clients' needs, hire, train and retain employees, pursue new business opportunities or operate its existing and future business effectively. Failure to effectively manage new site construction for towers or properly budget or accurately estimate operational and other costs, which could result in delays in executing client contracts, trigger service level penalties, or cause the Guarantor's profit margins to not meet expectations or historical profit margins. The Guarantor's inability to execute its growth strategy or to manage its planned business expansion effectively could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor may not be able to realize the expected strategic and/or operational benefits from its mergers, including, but not limited to, the Indus Merger. The Guarantor also could experience difficulty in combining operations and cultures and may not realize the anticipated synergies or efficiencies from such transactions.

**The Guarantor's reputation and business may be harmed, and the Guarantor may be subject to legal claims if there is loss, disclosure or misappropriation of or access to the Guarantor's subscribers' or its own information or other breaches of its information security.**

The Guarantor makes extensive use of online services and centralized data processing services, including through third-party service providers. The secure maintenance and transmission of subscriber information is an important element of the Guarantor's operations. The Guarantor's information technology and other systems, or those of service providers, that maintain and transmit subscriber information may be compromised by a malicious third-party penetration of the Guarantor's network security, or that of a third-party service provider,

or impacted by advertent or inadvertent actions or inactions by the Guarantor's employees, or those of a third-party service provider.

In addition, the Guarantor and its third-party service providers process and maintain proprietary business information and personal data related to subscribers or suppliers. The Guarantor's information technology and other systems that maintain and transmit this information, or those of third party service providers, may be compromised by a malicious third-party penetration of the Guarantor's network security or that of a third-party service provider, or impacted by intentional or inadvertent actions or inactions by the Guarantor's employees or those of a third-party service provider. As a result of any of these risks, the Guarantor's business information, or subscriber or supplier data may be lost, disclosed, accessed or taken without consent.

Any major compromise of the Guarantor's data or network security, failure to prevent or mitigate the loss of its services or any subscriber information and delays in detecting any such compromise or loss could disrupt the Guarantor's operations, damage its reputation and subscribers' willingness to purchase its service and subject it to additional costs and liabilities, including litigation. For instance, the Guarantor is, from time to time, involved in legal disputes initiated by customers alleging fraudulent access of their data by third parties without their consent and there can be no assurance that the Guarantor will be successful in contesting any or all of these disputes. Should the Guarantor be held liable in a large number of these disputes, the Guarantor's reputation, business and operations may be adversely affected.

The Airtel Africa Group could experience breaches in privacy laws and other information security requirements, which may materially adversely affect its reputation, lead to subscriber lawsuit or, loss of subscribers or hinder its ability to gain new subscribers. Further, if severe customer data security breaches are detected, the relevant regulatory authority could sanction one or more of the Guarantor's subsidiaries forming part of the Airtel Africa Group, and such sanctions could include a temporary suspension of operations. These factors, individually or in the aggregate, could have a material adverse effect on the business, results of operations, financial condition and prospects of the Airtel Africa Group.

**Any inability on the Guarantor's part to protect its rights to the land on which its tower sites are located could adversely affect the Guarantor's business, results of operations, cash flows and financial condition.**

To install the Guarantor's active network infrastructure, which is necessary for the Guarantor to carry on its business, the Guarantor obtains a substantial amount of space for physical infrastructural towers from Infrastructure Providers ("IPs") pursuant to commercial agreements. IPs take the right to use the land and property on which the towers are located under commercial contract with the landlord. In general, these lease arrangements are for periods ranging between 10 and 20 years.

A loss of any IP interests or right to use over the land / property, including an IP's actual non-compliance with the terms of these contracts, termination thereof, or the IP's inability to secure renewal thereof on commercially reasonable terms when they expire, could interfere with the Guarantor's ability to operate its active network infrastructure and generate revenues.

Moreover, IPs may not own the land underlying their infrastructure towers, and any dispute between IPs and the owners of land on which infrastructure towers are located may force IPs to relocate certain towers. Any such change or disruption in the infrastructure portfolio may have an adverse effect on the Guarantor's ability to maintain its network and generate revenues. The cost to IPs of relocating the Guarantor's active network infrastructure is significant. IPs may not be able to pass these costs on to their customers and any such relocation could cause significant disruption to the Guarantor's customers. For various reasons, IPs may not always have the ability to access, analyze and verify all information regarding titles and other issues prior to entering into contracts in respect of the Guarantor's sites, which may lead to litigation for eviction against certain IPs, and consequently the Guarantor, from such lands and properties.

Indus Towers (including one of its predecessors, Bharti Infratel) has, from time to time, been named as a party to several litigation proceedings relating to the rentals of private land by it for its towers. Most of these proceedings pertain to disputes regarding the ownership of the lessors of these parcels of lands or the ability to use such land for installing towers, as well as suits for permanent and mandatory injunctions and determination of leases. Indus Towers' inability to protect its rights with respect to such lands and properties on which its active network infrastructure is located could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

In Africa, disagreements with local communities with respect to existing or proposed tower sites in which the Airtel Africa Group operates could adversely impact the business and reputation of the Airtel Africa Group.

**Actual or perceived health risks or other problems relating to mobile handsets or transmission and/or network infrastructure could lead to litigation or decreased mobile communications usage.**

The effects of any damage caused by exposure to an electromagnetic field have been and continue to be the subject of careful evaluations by the international scientific community, but to date there is no conclusive scientific evidence of harmful effects on health. However, the Guarantor cannot rule out that exposure to electromagnetic fields or other emissions originating from wireless handsets or transmission infrastructure is not, or will not be found to be, a health risk.

The Guarantor's costs could increase, and revenue could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated. Public perception of potential health risks associated with cellular and other wireless communications media could slow the growth of wireless companies such as the Guarantor. In particular, negative public perception of, and regulations regarding, these perceived health risks could slow the market acceptance of wireless communications services, which could materially restrict the Guarantor's ability to expand its business. Such perception could also increase opposition to the development and expansion of tower infrastructure sites, which could compel the Guarantor, to relocate existing sites, which could adversely impact the Guarantor's business, results of operations, cash flows and financial condition.

The potential connection between radio frequency emissions and certain negative health effects has been the subject of substantial study by the scientific community in recent years, and numerous health related lawsuits have been filed against wireless carriers and wireless device manufacturers in various jurisdictions. In the past in India, petitions have also been filed against the installation of towers near residential areas, schools, hospitals and playgrounds owing to concerns relating to the adverse effects of electromagnetic radiation. Beginning September 1, 2012 (and now superseded by regulations notified in June 2018), the DoT has implemented standards in relation to electromagnetic radiation emitted by towers as well as mobile handsets. The DoT has also issued new guidelines to all states in India with regard to clearance for installation of mobile towers. Further, the Rajasthan High Court had, pursuant to orders dated August 22, 2012 and November 27, 2012, directed the removal of mobile towers from school, college, and hospital premises and also ordered to remove mobile towers falling within 500 meters of jails, as they were suspected to be containing potentially hazardous radiation. The Guarantor and other telecommunication operators have challenged these orders before the Supreme Court of India. Similar orders could be passed against the Guarantor in other such matters pending before other fora. Further, the DoT issued various demand notices to the Guarantor and Bharti Hexacom for alleged violation of EMF radiation norms. For details, see "*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor.*" If a scientific study resulted in a finding that radio frequency emissions posed health risks to consumers, it could negatively impact the market for wireless communications services, which would adversely affect the Guarantor's business, prospects, results of operations, cash flows and financial condition.

Actual or perceived health risks or other problems relating to the use of mobile handsets or network transmissions or infrastructure could lead to litigation or decreased mobile communications usage. This could negatively impact the market for wireless services, as well as the wireless carrier customers of the Airtel Africa Group, which could materially and adversely affect the business, results of operations, financial condition and prospects of the Airtel Africa Group.

**The Guarantor's operations are subject to risks relating to fraud, bribery, theft and corruption.**

While the Guarantor maintains and regularly updates its IT and control systems, anti-corruption training program, codes of conduct, KYC procedures and other safeguards, it may not be possible for the Guarantor to detect or prevent every instance of fraud, bribery, theft and corruption in every jurisdiction in which the Guarantor's employees, agents, sub-contractors or commercial partners are located. If adverse investigations or findings are made against the Guarantor or its directors, officers, employees, commercial partners or third-party contractors are found to be involved in bribery or corruption or other illegal activity, this could result in criminal or civil penalties, including substantial monetary fines, against the Guarantor or its subsidiaries which could damage the Guarantor's reputation and business.

**The Guarantor is exposed to the risk of violations of sanctions laws or other similar regulations.**

The Guarantor operates in jurisdictions that may expose it to heightened risks with respect to anti-bribery and sanctions laws and regulations. Violations of sanctions laws and regulations could expose the Guarantor to potential civil or criminal penalties under the relevant applicable sanctions laws, which may have material adverse consequences on its business, financial condition, results of operations and prospects. There can be no assurance that other persons and entities with whom the Guarantor now, or in the future may, engage in transactions and employ will not be subject to sanctions laws and regulations. For example, Huawei, one of the Guarantor's suppliers, has been placed on the Entity List, an export control-related list, and designated as a "Communist Chinese military company" by the government of the United States, and the United States has banned almost all American companies from utilizing information and communications technology supplied by Huawei. Other suppliers and business associates of the Guarantor are impacted by similar issues. Further, the Guarantor derives a negligible portion of its revenues from roaming agreements with other telecom operators located in countries subject to sanctions. As a result, investors in the Securities may incur reputational or other risk as a result of the Guarantor's dealings with sanctioned persons or countries.

**Current and future antitrust and competition laws in the countries in which the Guarantor operates may limit the Guarantor's growth and subject the Guarantor to antitrust and other investigations or legal proceedings.**

The antitrust and competition laws and related regulatory policies in many of the countries in which the Guarantor operates generally favor increased competition in the telecommunications industry and may prohibit the Guarantor from making further acquisitions or continuing to engage in particular practices to the extent that the Guarantor holds a significant market share in such countries.

Antitrust and competition laws are subject to change and existing or future laws may be implemented or enforced in a manner that is materially detrimental to the Guarantor. Regulators are particularly focused on establishing rules and a regulatory framework for interconnection between mobile networks and between fixed and mobile networks, including mobile termination (*i.e.*, the ability of a telecommunications provider to terminate a call on another operator's network or place a call between networks) and the related pricing mechanisms (*i.e.*, mobile termination rates). Decisions by any of the Guarantor's relevant regulators requiring a user to provide mobile termination and interconnection services well below current rates, including the change in India's mobile termination rates from fourteen (14) paise to six (6) paise that was made effective from October 1, 2017, and further to zero with effect from January 1, 2020. The Regulator has further amended this provision such that the mobile termination rates of six (6) paise would be effective only up to December 31,

2020, and would then be eliminated starting from January 1, 2021, the same is now implemented. The elimination of termination charges could prevent the Guarantor from realizing a significant amount of revenue and can have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

In addition, violations of such laws and policies could expose the Guarantor to administrative proceedings, civil lawsuits or criminal prosecution, including fines and imprisonment, and to the payment of punitive damages.

The Guarantor cannot predict the effect that current or any future lawsuits, appeals or investigations by regulatory bodies or by any third party in any of the countries in which the Guarantor operates will have on its business, prospects, financial condition and results of operations. For instance, Reliance Jio had approached the Competition Commission of India ("CCI") alleging cartelization by COAI and certain telecom operators, *i.e.*, being, the Guarantor, Idea Cellular and Vodafone India. While the CCI directed investigation in the matter, the Bombay High Court and subsequently, the Supreme Court have quashed the order, reversed the findings of the CCI ordering an investigation on the grounds that the CCI could exercise jurisdiction only after proceedings under the TRAI Act had concluded/ attained finality. However, the Supreme Court has upheld the powers of the CCI on adjudicating upon matters pertaining to the telecom industry, and held that in respect of contracts / licenses under the TRAI Act, the CCI would have the jurisdiction to decide questions of anti-competitive practice only after the determination of the respective rights and obligations under such licenses/contracts by the authorities under the TRAI Act.

There can be no assurance that the Guarantor will not be involved in antitrust or competition related lawsuits in the future, which may cause the Guarantor material losses and require the Guarantor to incur significant expenses and significantly divert the time and attention of the Guarantor's management from its operations. In addition, fines, or other penalties imposed on us, if any, by an antitrust or competition authority as a result of any such investigation, or any prohibition on the Guarantor engaging in certain types of business in one or more markets in which the Guarantor operates, could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

**Compliance with subscriber verification norms, KYC regulations and data privacy norms may require the Guarantor to incur significant expenditure, which may adversely impact the Guarantor's financial condition and cash flows.**

Regulators are introducing stringent subscriber verification and KYC guidelines, including verification and quality of KYC documents. The Guarantor is required to comply with KYC requirements and processes in relation to its customers as per applicable Indian law.

In recent years, the Guarantor has observed greater regulatory focus on Know Your Customer ("KYC") and anti-money laundering compliance due to initiatives to enhance national security. Strong emphasis on KYC may slow down customer uptake and may also increase the cost of customer acquisition. Non-compliance would result in significant penalties, and loss of revenues as a result of deactivation of customers who are not properly registered.

Additionally, a significant portion of the Guarantor's new subscribers are acquired through a KYC application. If the KYC application experiences technical disruptions for a substantial amount of time, it could result in loss of potential revenues, which could have a material and adverse effect on the Guarantor's business, results of operations and cash flows.

If the Guarantor is unable to develop, maintain and update customer information in accordance with applicable KYC norms and the directions of the regulator/licensor or are unable to prevent the misuse of the Guarantor's services, the Guarantor may be held liable for non-compliance with governmental regulations. In a judgment, the Supreme Court upheld the constitutional validity of 'Aadhaar' and has simultaneously restricted its use by

private entities for verification of the identity of the mobile phone users and limited the use of Aadhaar for social welfare schemes of GoI. Telecom service operators like the Guarantor had built their electronic KYC authentication systems around the biometric database of Aadhaar. Restrictions on usage of Aadhaar by the Supreme Court has led to the Guarantor requiring to revamp and rework the process and infrastructure for verification of customers for ensuring KYC compliance, from online verification system based on Aadhaar to the alternate modes of verification, which has had substantial cost implications on the Guarantor's business and operations. Thereafter the Guarantor built a new digital acquisition process (alternate) basis the directions of the Licensor for the completion of the KYC and the acquisition of new customers. It is likely that the said digital process may undergo a change or may be scrapped and replaced with some new process in the future. In addition, the licensor conducts the audit of the Customer Application Form ("CAF") on a periodic basis (0.1% for all circles except the services areas of Jammu & Kashmir/Assam/North East and 0.2% quarterly for the service areas of Jammu & Kashmir/Assam/North East) and the activation process is based on digital platform (app). Hence, there is integration with multiple systems and applications and the KYC norms may not be fulfilled with 100% accuracy. PoS is point of sale who acts as the Company Representative and initiates the process of activation. CAF non-compliances are liable for slab-based penalties (there are five slabs of compliance > 95% compliance attracts penalty of Rs. 1,000 per CAF, 90% to 95% compliance attracts penalty of Rs. 5,000 per CAF and so on) ranging from 1,000 to 50,000 per case.

The Licensor (i.e. DoT) has approved new process for use of Aadhaar / Virtual ID (it is a 16 digit random number mapped to the AADHAAR number and is issued by UIDAI) based electronic KYC process, which is voluntary, however UIDAI has levied charges for user authentication @ Rs. 20 / Full KYC and Rs. 0.50 / Y or N verification. These are authentication mechanisms prescribed by UIDAI and approved by DoT for the purpose of activation. Current proposed cost per activation is Rs. 41 apart from other cost factors such as License Fees and BG, infrastructure cost. The Guarantor (and all operators) have currently opposed the process owing to cost considerations and not implemented the newly approved EKYC process. If this process is mandated by the Licensor, the cost of acquisition could significantly go up.

Additionally, it is possible that once electronic KYC process is rolled out as an alternate process, the Licensor may rollback the Digital KYC process, which is also an alternate process.

The Guarantor is subject to data privacy laws, rules and regulations that regulate the use of customer data. Compliance with these laws, rules and regulations may restrict the Guarantor's business activities, require the Guarantor to incur increased expense and devote considerable time to compliance efforts. The existing and emerging data privacy regulations limit the extent to which the Guarantor can use personal identifiable information and limit the Guarantor's ability to use third-party firms in connection with customer data. Certain of these laws, rules and regulations are relatively new and their interpretation and application remain uncertain. Data privacy laws, rules and regulations are also subject to change and may become more restrictive in the future. For instance, the Personal Data Protection Bill, 2018 ("PDP Bill") which was cleared by the Union Cabinet on December 4, 2019 and introduced in Lok Sabha on December 11, 2019, applies to processing of personal data, which has been collected, disclosed, shared or processed within India. It imposes restrictions and obligations on data fiduciaries, resulting from dealing with personal data and further, provides for levy of penalties for breach of obligations prescribed under the PDP Bill. In January, 2020, a Joint Parliamentary Committee was constituted to study the PDP Bill, which remains under analysis as of the date of this Offering Memorandum. Changes or further restrictions in data privacy laws, rules and regulations could have a material adverse effect on the Guarantor's business, financial condition and results of operations. The cost and operational consequences of implementing further data protection measures could be significant and this may have a material adverse effect on the Guarantor's business, financial condition and results of operations.



**If the broadcasters who provide signal input to the Guarantor's DTH business for the provision of their programming encounter any technical failures, the Guarantor's business, financial condition and results of operations may be adversely affected.**

In order to successfully operate the Guarantor's business, the Guarantor depends on third-party broadcasters for the input of signals to provide it with their programming. If such broadcasters encounter technical failures in the provision of such input, the Guarantor may be unable to provide uninterrupted programming offerings to its subscribers or the audio-visual quality of such programming may be reduced. If the Guarantor is unable to provide its programming as a result of such technical failures, the Guarantor's business, financial condition and results of operations may be adversely affected.

**The Guarantor significantly relies on IT infrastructure and on outsourced personnel to develop and maintain its internal IT infrastructure, which if not properly managed, could result in disruption of critical internal services and as a result, adversely affect the Guarantor's operations.**

The Guarantor is dependent on effective IT/ engineering systems and platforms. These systems support key business functions such as recharges, digital care, customer care facilitation, business and customer insights, personalized information, research and development and billing capabilities, and are an important means of communication, internal and with customers and suppliers. Any significant disruption or failure of these IT/ Engineering systems could materially and adversely affect the Guarantor's operations. The Guarantor also has certain outsourcing arrangements in respect of critical processes, services and the support of IT infrastructure and the Guarantor's increasing dependency on these outsourcing providers could negatively impact its ability to deliver on business targets and to maintain its compliance status and reputation. In particular, the Guarantor outsources the Airtel Cloud and data center management to IBM, BSS/ OSS platforms to Amdocs and network management to Ericsson, Nokia Solutions and Huawei (for India, Sri Lanka and Africa). Any failure of the Guarantor's outsourcing providers to deliver services in accordance with the Guarantor's requirements or if the Guarantor is unable to effectively manage its outsourcing arrangements or outsourcing providers, could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

**Any significant disruption in or unauthorized access to the Guarantor's computer systems or those of third parties that the Guarantor utilizes in its operations, including those relating to cybersecurity or arising from cyber-attacks, could result in a loss or degradation of service, unauthorized disclosure of data, which could adversely impact the Guarantor's business.**

The Guarantor's reputation and ability to attract, retain and serve its consumers is dependent upon the reliable performance and security of its computer systems and those of third parties that the Guarantor utilizes in its operations. These systems may be subject to damage or interruption from earthquakes, adverse weather conditions, other natural disasters, terrorist attacks, power loss, telecommunications failures, and cybersecurity risks. Interruptions or malfunctions (including those due to equipment damage, power outages, computer viruses and a range of other hardware, software and network problems) in these systems, or with the internet in general, could make the Guarantor's service unavailable or degraded or otherwise hinder the Guarantor's ability to deliver streaming content. Service interruptions, errors in the Guarantor's software or the unavailability of systems used in the Guarantor's operations could diminish the overall attractiveness of the Guarantor's service to existing and potential subscribers. The Guarantor's systems and those of third parties it uses in its operations can be vulnerable to cybersecurity risks, including cyber-attacks, both from state-sponsored and individual activity, such as denial of service attacks, physical or electronic break-ins and similar disruptions. These systems periodically experience directed attacks intended to lead to interruptions and delays in the Guarantor's service and operations as well as loss, misuse or theft of data or intellectual property. Any attempt by hackers to obtain the Guarantor's data, disrupt its service, or otherwise access its systems, or those of third parties the Guarantor

uses, if successful, could harm the Guarantor's business, be expensive to remedy and damage the Guarantor's reputation.

The Guarantor has devoted and will continue to devote significant resources to the security of its systems and platforms using state-of-the-art technology; however, the Guarantor cannot guarantee that it will not experience such malfunctions, attacks or interruptions in the future. Any malfunction or attack or interruption to the Guarantor's systems could adversely affect its operations.

**Poor quality of network and information technology including redundancies and disaster recoveries can adversely affect the Guarantor's business, prospects and results of operations.**

The Guarantor's operations and assets are spread across wide geographies. The telecom networks are subject to risks of technical failures, partner failures, human errors, or willful acts or natural disasters. Equipment delays and failures, spare shortages, energy or fuel shortages, software errors, fiber cuts, lack of redundancy paths, weak disaster recovery fallback, and partner staff absenteeism, among others are few examples of how network failures happen. The Guarantor's IT/ Engineering systems are critical to running the customer facing and market-facing operations, besides running internal systems. In many geographies or telecom circles, the quality of IT connectivity or access through internet can occasionally be erratic or unreliable, which affects the delivery of services, such as, recharges, customer query, distributor servicing, customer activation, and billing. Natural calamities such as tropical cyclones "*Titli*" in Odisha and Andhra Pradesh, heavy floods in Kerala and north eastern states in 2018, and in Maharashtra and Karnataka in 2019, have, in the past, disrupted telecommunications network and have resulted in network downtime. Further, such calamities have also led to increased costs and expenses being incurred on the repair and rework of the IT systems.

The systems landscape is ever changing due to newer versions, upgrades and 'patches' for innovations, price changes, among others. The Guarantor makes considerable efforts to ensure it mitigates any such risks by continuously upgrading its technology and using AI led operations to maximize auto-resolution of issues in a very timely manner where possible. The Guarantor runs only AI-led human-less Engineering NOC to monitor and manage its systems and data centers.

The Guarantor has a technologically advanced Network Operations Centre for both India as well as Africa to monitor real time network activity and to take proactive and immediate action to ensure maximum uptime of network. Network planning is increasingly being done in-house, to ensure that intellectual control on architecture is retained with the Guarantor. However, if the Guarantor is not able to cope with the network failures effectively, it may materially adversely impact the Guarantor's business, prospects, financial condition, cash flows and results of operations.

**The Guarantor may be subject to additional regulations regarding net neutrality, which could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.**

In September 2018, DoT amended the terms of Unified License (UL), UL (VNO) agreement, "Cellular Mobile Telephone Service" license agreement and UAS license agreement to include the regulatory framework on 'Net Neutrality'. Pursuant to these amendments, the telecom licensees are not permitted to engage in discriminatory treatment of content, including any discrimination based on the sender or receiver or the user equipment. The licensees have been expressly prohibited from entering into any arrangement or agreement with any person that has the effect of discriminatory treatment of content. However, these provisions do not apply on specialized services provided by a licensee and required that specialized services are not usable or offered as a replacement for internet access services and provision of specialized services is not detrimental to availability and overall quality of internet access service. Restrictions contemplated under regime of net neutrality may be adverse to the telecommunication operators' interests, and it may impair the Guarantor's ability to offer innovative services and products and could adversely affect the Guarantor's business and operations.

**The Guarantor’s subsidiary, Airtel Payments Bank Limited (“APBL”), requires certain approvals, licenses and registrations and is required to comply with certain statutory regulations and guidelines issued by RBI to conduct the business of Payments Bank.**

APBL obtained a payment banking license from RBI on April 11, 2016 and commenced its operation on November 23, 2016. APBL currently provides savings accounts, semi-closed prepaid payment instruments and remittance services to its customers. As per applicable RBI guidelines, APBL cannot directly undertake lending activities but can offer savings and current accounts, issue prepaid wallets, offer remittance products and distribute non-risk sharing financial products such as insurance and mutual funds. If APBL fails to meet such conditions, or to comply with the terms of the license or conducts its business activities in a manner contrary to or in violation of the prevailing statutory regulations and guidelines by RBI, its license could be revoked along with the imposition of financial penalties, which would materially and adversely affect the Guarantor’s business, results of operations, financial condition and prospects. The Guarantor has in the past been subject to restrictions and penalties imposed by the UIDAI and RBI alleging that the Guarantor had opened bank accounts for customers without their specific consent. The RBI issued a show-cause notice in January 2018 alleging certain non-compliances by APBL, including opening of bank accounts without specific consent of customers and inadequate KYC documentation in respect of various accounts opened by it. The RBI, by an order dated March 7, 2018, imposed an aggregate monetary penalty of Rs. 50 million on APBL, holding that APBL had contravened the Operating Guidelines for Payment Banks dated October 6, 2016 and directions contained in the Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016, and subsequently updated on July 8, 2016 and December 8, 2016, issued by RBI, and had prohibited APBL from opening accounts. Further, in December 2017, the UIDAI passed an interim order deactivating the e-KYC license key issued to APBL and the Guarantor, alleging certain violations of applicable law and the Authentication User Agencies Agreement (“AUA Agreement”), including using the Aadhaar information submitted by multiple customers for obtaining mobile connection to open an Airtel Payments Bank account without specific consent of the customers. Further, the UIDAI, while observing that the AUA Agreement imposes a penalty of Rs. 0.10 million per day for such violation, directed each of APBL and the Guarantor to deposit Rs. 12.70 million towards such penalty. While the prohibition on account opening was lifted by the RBI and the e-KYC license key was restored by the UIDAI with effect from July 9, 2018, APBL and the Guarantor are under a duty to ensure continuous compliance with the applicable provisions of law and the AUA Agreement, failing which, the Guarantor faces the risk of suspension of its e-KYC license key or its banking license and/or imposition of further penalties, all of which could have a material adverse effect on the Guarantor’s payments bank business. If the license of APBL is revoked or if APBL fails to comply with any of the regulations and guidelines applicable, it may not be able to continue to offer payments bank services, which would adversely affect the Guarantor’s business, results of operations, financial condition and prospects.

**The Guarantor may not be able to adequately protect its intellectual property, which could harm the value of its brand and services and adversely affect the Guarantor’s business, financial condition, results of operations, cash flows and prospects.**

The Guarantor’s business is dependent upon successfully protecting its intellectual property – including but not limited to its trademarks, copyright and patents. As part of the Guarantor’s efforts towards ensuring their protection, the Guarantor has successfully applied for and registered several trademarks including the word mark AIRTEL and its variations and formatives including its various logo marks such as . The Guarantor has over 200 registered trademarks including word marks, logos and device marks in various classes in India in addition to several trademark applications pending registration. The Guarantor does not have any control over the registration of a trademark and a pending mark may not be granted registration for various reasons including being descriptive, non-distinctive or similar to a prior trademark. Furthermore, a trademark may also be opposed by third parties that claim to have similar marks. Such actions are not within the Guarantor’s control

and can severely impact business and may result in requirement to undertake rebranding exercises, all of which result in additional costs for the Guarantor and could also impact its reputation. A party could also proceed against a registered trademark and request for its cancellation on various grounds which include bad faith use and non-use for a period of five years from grant of registration.

Generating and maintaining recognition for the Guarantor's brand is critical to the Guarantor's business. The success of the Guarantor's business depends on the Guarantor's ability to use its trademarks in order to compete effectively in its existing markets and increase penetration and awareness for its brand and further promote the Guarantor's business in newer markets. If the Guarantor is unable to maintain or enhance subscriber awareness of its brand and generate demand in a cost-effective manner, it would adversely affect the Guarantor's ability to compete in the telecommunications industry and would have an adverse effect on the Guarantor's business and results of operations.

The Guarantor routinely monitors third party trademarks, including domain names, by watching trademarks journals for advertised marks and keeps a check on the use of the Guarantor's trademarks on the internet (including on application stores). However, it is possible that the Guarantor is not aware of misuse of its trademarks as a domain or application name due to the sheer volume of domain names and applications. This could potentially cause loss of the Guarantor's reputation, which could impact the Guarantor's business and may even affect its goodwill.

While the Guarantor has sought to register most of the trademarks that it uses or have used in the past, even if these trademarks are not registered, those that have garnered a reputation over the years and are associated with the Guarantor are protected under common law allowing the Guarantor to prevent a third party from using a deceptively similar trademark. This, however, is subject to the Guarantor taking action against such a third party trademark and proving that the Guarantor's trademark while unregistered is associated exclusively with the Guarantor. The use of a deceptively similar third-party mark will result in a loss/injury to the Guarantor. Such an action can also become a lengthy and costly exercise for the Guarantor and may not always be in favor of the Guarantor. While for registered trademarks, the Guarantor has greater protection because of the statutory protection afforded against similar marks being used /registered for similar goods and services, the Guarantor may not be able to adequately protect unregistered marks that are not as well recognized.

The Guarantor's logos are protected under copyright laws as artistic works from the date of publication of the logos. A similar right is also granted to the Guarantor's literary works, including software programs, under copyright laws from the date of their publication. However, copyright may not provide adequate protection to artistic or literary works and the Guarantor may not be able to protect its copyright works or prevent their infringement solely on the basis of copyright. Additionally, the Guarantor may be required to litigate to protect these works, which may increase the Guarantor's costs and operational expenditure. These events could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor has also filed several patent applications, however, none of these patents have been granted registration yet and their registration is beyond the Guarantor's control. There is a possibility that registration of such patents might not be granted which could have a material adverse effect on the Guarantor's business, prospect and results of operations. In the event that a prior patent exists the Guarantor may also be subject to patent infringement claims which could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations. The Guarantor could also potentially face similar claims for design infringement in the event that it is using an industrial design that has already been registered by a third party.

While the Guarantor has taken and will continue to take protective actions with respect to its intellectual property, these actions may not be sufficient to prevent, and the Guarantor may not be aware of all incidents of,

unauthorized usage or imitation by others. Moreover, other parties may challenge the validity, scope and protection of the Guarantor's intellectual property. Any such unauthorized usage or imitation of the Guarantor's intellectual property, including the costs related to enforcing the Guarantor's rights, could adversely affect the Guarantor's business and results of operations. The Guarantor's intellectual property rights are fundamental to its brand and the Guarantor believes that the strength of its brand gives it a competitive advantage. The Guarantor uses its intellectual property rights to protect the goodwill of its brand, promote its brand name, enhance its competitiveness and otherwise support its business goals and objectives. The Guarantor cannot assure you that the steps it takes to obtain, maintain and protect its intellectual property rights will be adequate, which could in turn materially and adversely affect the Guarantor's business and prospects.

Additionally, the Guarantor may not be aware of all intellectual property rights that its services or the products may potentially infringe or pass off under common law. Certain services, products, technology and other intellectual property is provided to the Guarantor by its third-party suppliers which may also utilize intellectual property belonging to other third-parties. The Guarantor cannot assure you that its suppliers will not infringe the intellectual property of third-parties by supplying it with their services, products, technology etc., or that the Guarantor's use of such intellectual property including services, products or technology from these suppliers will not cause the Guarantor to infringe the intellectual property rights of third-parties or otherwise give rise to any unforeseen liabilities or new claims towards these third parties or the suppliers. Therefore, there can be no assurance that the Guarantor's services or the products will not infringe a third party's intellectual property or otherwise give rise to any liability or claim vis-à-vis the supplier or any other third party. While the Guarantor may contest any claims brought forth against it, there can be no assurance that a court will conclude the matter in the Guarantor's favor. Further, there can be no assurance that the Guarantor or its suppliers would be able to amicably settle the matter, obtain licenses from third-party owners of such intellectual property rights on commercially favorable terms or at all, and if the Guarantor was unable to obtain such licenses, that its suppliers or the Guarantor would be able to redesign its services or the products used to transmit or receive its services to avoid infringement. Any imposed penalties relating to third-party intellectual property rights could have a material and adverse effect on the Guarantor's business, financial condition, results of operations and prospects.

**The Bharti Group and the STI Group will continue to have certain privileges, including the right to approve certain corporate actions.**

By virtue of the Guarantor's Articles of Association, certain rights and privileges have been granted to Bharti Group (which includes those entities of Bharti Group which hold shares in the Guarantor) and STI Group (which comprises Singapore Telecom International Pte. Ltd., Pastel Limited ("**Pastel**"), Singapore Telecommunications Limited ("**SingTel**") and any and all of SingTel's direct or indirect Subsidiaries), including the right to be considered a preferred partner in India, right of BTL and Pastel to appoint the nominee directors on the Guarantor's Board, presence of nominee of Pastel to constitute quorum for the Guarantor's Board meetings in which certain reserved matters are proposed to be approved, and the approval of Pastel for such reserved matters, which includes, among other things, any changes to the Guarantor's Articles of Association or Memorandum of Association, approval of any merger or amalgamation of the Guarantor or Subsidiaries, the creation, allotment, variation, reorganization or issue of the Guarantor's share capital other than by way of public issue or rights issue, and/or grant of loan to the Guarantor or the Guarantor's Subsidiaries above a specific threshold, among others. There could be a possibility of a time lag in obtaining the requisite consents for such reserved matters thereby, at times, adversely impacting the Guarantor's ability to monetize a business opportunity in the event the requisite approvals are obtained with a delay or are not obtained. Also, the STI Group has a right of first refusal with respect to an opportunity, business or venture in which such entities of Bharti Group, which hold any equity interest in the Guarantor, proposes to procure or seek an investment from a telecom operator. Also, members of the Bharti Group and the STI Group have certain non-compete restrictions in connection with the Guarantor's domestic long-distance telecommunications operations, corporate data network service business, and mobile business.

While the Guarantor has enjoyed a very productive partnership with the STI Group since their acquisition of certain equity interest in the year 2000, events in future cannot be predicted with any degree of certainty. In the event of a conflict of interest, in future, between Bharti Group and STI Group, there could be an adverse effect on the Guarantor's ability to execute its business strategy or operate its business and may have a material adverse effect on the Guarantor's operations.

**The Guarantor's contingent liabilities could adversely affect the Guarantor's financial condition if they materialize.**

The Guarantor has disclosed certain contingent liabilities as per Ind AS 37 in its Financial Statements. The total amount of contingent liabilities as of December 31, 2020 is Rs. 153,496 million (U.S.\$2,101 million). There can be no assurance that the Guarantor will not incur similar or increased levels of contingent liabilities in the current fiscal or in the future and that the Guarantor's existing contingent liabilities will not have material adverse effect on the Guarantor's business, financial condition and results of operations. For further details in relation to the Guarantor's contingent liabilities, please see Note 22 to the Guarantor's Financial Statements for the fiscal year ended March 31, 2020 included elsewhere in this Offering Memorandum.

**Environmental and health regulation imposes additional costs and may affect the results of the Guarantor's operations.**

The Guarantor's tower infrastructure and telecom business are subject to various national, state-level and municipal environmental laws and regulations in India concerning issues such as damage caused by air emissions, noise emissions and electromagnetic radiation. These laws can impose liability for non-compliance with applicable regulations and are becoming more stringent with enforcing service quality standards and levying related penalties and may in the future create substantial environmental compliance or remediation liabilities and costs. While the Guarantor intends to comply with applicable environmental legislation and regulatory requirements and believes that it is materially in compliance with these as of today, it is possible that such compliance may become costly. In addition to potential clean-up liability, the Guarantor may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may also result in closure or temporary suspension or adverse restrictions on the Guarantor's operations. The Guarantor may also, in the future, become involved in proceedings with various regulatory authorities that may require the Guarantor to pay fines, comply with standards that are more rigorous or other requirements or incur capital and operating expenses for environmental compliance. In addition, third-parties may sue the Guarantor for damages and costs resulting from environmental contamination emanating from the Guarantor's properties.

The discharge of materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless cause the Guarantor to be liable to the national governments or the state governments where the Guarantor's towers are located, including India, Sri Lanka and throughout the Guarantor's operations in Africa.

The Guarantor, including the Airtel Africa Group, is subject to health, safety and environmental laws and regulations and industry standards related to the operations in each of the Guarantor's operating countries. The requirements of these laws and regulations are complex, change frequently and could become more stringent in the future, including new laws and regulations that may increase the cost of operating the real estate sites underlying the Airtel Africa Group towers above currently expected levels and require substantial future capital and other expenditures. The effect of any future laws and regulations or industry standards or any changes to existing laws and regulations or industry standards, or their current interpretation, could have a material adverse effect on the business, results of operation, financial condition and prospects of the Airtel Africa Group.

**The Guarantor has entered into, and may continue to enter into, certain related-party transactions.**

The Guarantor has entered into certain related party transactions, which have been disclosed in its Financial Statements, included in this Offering Memorandum in accordance with Ind-AS 24 (related party transactions). See “*Related Party Transactions*.” While the Guarantor believes that all such transactions have been conducted on an arm’s length basis, there can be no assurance that it could not have achieved more favorable terms had such transactions been entered into with unrelated parties.

**The Guarantor’s ability to operate its business effectively could be impaired if the Guarantor fails to attract and retain key personnel.**

The Guarantor’s ability to operate its business and implement its strategy depends, in part, on the continued contributions of its executive officers and other key employees. The loss of any of the Guarantor’s key senior executives could have an adverse effect on its business unless and until a replacement is found. A limited number of persons exist with the requisite experience and skills to serve in the Guarantor’s senior management positions. The Guarantor may not be able to locate or employ qualified executives on acceptable terms. In addition, the Guarantor believes that its future success will depend on its continued ability to attract and retain highly skilled personnel with experience in the key business areas in which it operates. Competition for such persons is intense and the Guarantor may not be able to successfully recruit, train or retain qualified managerial personnel.

There can be no assurance that the Guarantor will attract and retain skilled and experienced employees and, should the Guarantor fail to do so, or lose any of its key personnel, the Guarantor’s business and growth prospects may be harmed and the Guarantor’s cash flows, results of operations and financial condition could be adversely affected.

Similarly, the success of the Airtel Africa Group relies on its central and local management team and other highly skilled personnel. The ability of the Airtel Africa Group to maintain its competitive position and to implement its business strategy relies on the continued services of its executive officers and other members of senior management, both at the Airtel Africa Plc level and at its key operating subsidiaries. The inability of the Airtel Africa Group to successfully integrate, recruit, train, retain and motivate key skilled employees could have a material adverse effect on the Guarantor’s business, results of operations, financial condition and prospects. The Airtel Africa Group depends on good relations with its employees, and any significant labor. the Guarantor’s and/or its Subsidiaries’ disputes or work stoppages may materially adversely affect the Guarantor’s business, results of operations, financial condition and prospects.

**The Guarantor’s business relies on sophisticated billing, credit control systems, and any problems with these systems could interrupt the Guarantor’s operations.**

Sophisticated billing and credit control systems are critical to the Guarantor’s ability to increase revenue streams, avoid revenue losses, monitor costs, potential credit problems, and bill customers properly and in a timely manner. New technologies and applications are expected to create increasing demands on billing and credit control systems. Any damage or interruptions in operation or failure of servers, which are used for the Guarantor’s billing and credit control systems, could result in an interruption in the Guarantor’s operations, and this in turn could materially and adversely affect the Guarantor’s business, prospects, financial condition, cash flows and results of operations.

The Guarantor is dependent on several complex software packages that record minutes used, calculate the appropriate charge and then deduct the amount due from the account of the pre-paid subscriber or record the amount payable by the relevant post-paid subscriber. Any failure to properly capture the services provided or to charge the appropriate amount could have an adverse effect on the Guarantor’s revenue. While no system or process can ensure total capture and some loss of income is common, if such leakages with respect to revenue determination increase, or are higher than those of the Guarantor’s competitors, then its business and results of operations could be adversely affected.

Similarly, the Guarantor is also dependent on several sophisticated processes for its customer verification and activation services. The Guarantor's customer verification and activation function ensures that all necessary documents are procured from pre-paid customers at the time of subscription in compliance with regulatory requirements in relation to verification of the identity of its customers. The DoT issues guidelines for the verification of customers, customer activation processes, disconnection and other related matters. There are outstanding proceedings initiated against the Guarantor for undertaking inadequate KYC, which may be adjudicated against the Guarantor, resulting in the Guarantor incurring penalties.

In the event regulatory agencies direct the Guarantor to release certain customer data and records in accordance with applicable law and upon analyzing such information, it is alleged that the Guarantor did not maintain acceptable internal processes for customer verification and activation, the Guarantor may be subject to penalties and fines by DoT or TRAI. Further, weak internal processes could adversely affect the Guarantor's market position, especially if competitors have faster and better-coordinated systems for mobility subscriber activation.

**A failure of the Guarantor's internal controls over financial reporting may have an adverse effect on the Guarantor's business, results of operations, cash flows and financial condition.**

The Guarantor's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes, including with respect to record keeping and transaction authorization. In recent years, the Guarantor has focused on improving the internal controls of the businesses. Because of the Guarantor's inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Guarantor's financial statements would be prevented or detected. Any failure to maintain an effective system of internal control over financial reporting could limit the Guarantor's ability to report its financial results accurately and in a timely manner, or to detect and prevent fraud, which could have a material adverse effect on the Guarantor's business, results of operations, cash flows and financial condition.

**The Guarantor's business depends on the delivery of an adequate and uninterrupted supply of electrical power and fuel at a reasonable cost.**

The Guarantor's tower sites require an adequate and cost-effective supply of electrical power to function effectively. The Guarantor principally depends on power supplied by regional and local electricity transmission grids operated by the various state electricity providers in which the Guarantor's sites are located. In order to ensure that the power supply to the Guarantor's sites is constant and uninterrupted, the Guarantor also relies on batteries and diesel generators, the latter of which requires diesel fuel.

The Guarantor's operating costs will increase if the price at which it purchases electrical power from the state electricity providers or fuel increases. While the Guarantor believes that its current supply of electricity from third parties is sufficient to meet its existing requirements, there is no assurance that the Guarantor will have an adequate or cost effective supply of electrical power at its sites or fuel for the generation of captive power, lack of which could disrupt the Guarantor's and the Guarantor's customers' businesses, adversely affecting the Guarantor's business, cash flows and results of operations. Further, any increase in the cost of electrical power, to the extent that the Guarantor are not able to pass this through to its customers, would also adversely affect the Guarantor's profitability and cash flows.

**The Guarantor's ability to exercise control over its subsidiaries, associates and joint ventures is, in some cases, dependent upon the consent and cooperation of other participants who are not under the Guarantor's control.**

The Guarantor currently operates mobile telecommunications services in countries, including India, through subsidiaries, associates and joint ventures. The Guarantor's level of ownership of each of its subsidiaries,



associates and joint ventures varies from market to market, and the Guarantor does not always have a majority interest. Although the terms of the Guarantor's investments vary, the Guarantor's business, prospects, financial condition, cash flows and results of operations may be materially and adversely affected if disagreements develop with its partners.

**Since Airtel Africa Plc is now a publicly listed company, the Guarantor may be limited in its access to information derived from the Airtel Africa Group, especially information that is otherwise not publicly disclosed.**

Airtel Africa Plc was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange and the Nigerian Stock Exchange on the Official Trading List of the Nigerian Stock Exchange in July 2019 and accordingly is now a publicly listed company. Though still a Subsidiary of the Guarantor, Airtel Africa Plc now operates independently, with its own board of directors and management who are accountable to all of the shareholders of Airtel Africa Plc and not just the Guarantor. As a publicly listed company, Airtel Africa Plc has an obligation to ensure equal access to information to all of its shareholders, and is prohibited from selectively disclosing information to certain shareholders. Accordingly, commercially valuable information that the Guarantor was previously privy to may no longer be available to the Guarantor, which could have a negative impact on the Guarantor's ability to operate effectively and make strategic decisions for the Airtel Africa Group as a whole, especially in the regions in which the Airtel Africa Group operates, which could have a material and adverse effect on the Guarantor's business, prospects, financial condition, results of operations and cash flows.

**The Guarantor is dependent on its subsidiaries, associates and joint ventures to distribute cash upstream, in the form of dividends, and in some cases, the ability of the its subsidiaries to distribute cash upstream may be subject to various conditions and limitations.**

To receive investment income, the Guarantor is dependent on the distribution of funds from its subsidiaries, associates and joint ventures. This distribution is typically in the form of a dividend payment, the declaration of which is beyond the Guarantor's control or influence, such as claims or other actions by a third party, including creditors, or by the law of the subsidiaries', associates' or joint ventures' jurisdiction of incorporation which regulate the payment of dividends. For example, as a public limited company incorporated under English law, Airtel Africa Plc can pay dividends only to the extent that it has sufficient distributable reserves available or, in certain cases, the creation of distributable reserves by other means. Accordingly, if Airtel Africa Plc neither has, nor has the ability to create, distributable reserves, then it will be restricted from paying dividends to the Guarantor. Consequently, the lack of distribution of funds from subsidiaries, associates and joint ventures could have a material and adverse effect on the Guarantor's business, prospects, financial condition and cash flows.

**The Guarantor depends on various tower companies for its passive infrastructure needs and change in contracts may impact business.**

The Guarantor has entered into long term contracts for use of towers with various tower companies. The Guarantor cannot assure that the agreements will always be entered on most favorable terms with such tower companies as compared to rates offered by other tower companies. Further, the Guarantor cannot assure that all of its Subsidiaries will be able to renew such agreements, at the terms beneficial to them. Further, ability to provide high quality and commercially viable mobile telecommunications services depends on robust network and infrastructure. Third party tower companies are responsible for running and maintenance of the network. The Guarantor and its Subsidiaries have no direct control over the quality of the networks and the interconnections provided by such third-party tower companies. Any difficulties or delays in providing the reliable infrastructure services by such tower companies, or the failure of any operator to provide reliable services to the Guarantor's Subsidiaries on a consistent basis, could result in loss of subscribers or a decrease in traffic, which could adversely affect the Guarantor's business, prospects, financial condition, reputation, cash

flows and results of operations. Third-party vendors may in future increase charges or renegotiate prices or the Guarantor may not be able to renew contracts at terms commercially acceptable to it or at all. This could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

**The Guarantor's loss of control over certain subsidiaries which provide it with services deemed essential for its business, or any failure by the Guarantor to manage its relationship with associates and joint venture partners which provide such services, could materially affect the Guarantor.**

Certain of the Guarantor's subsidiaries, associates and joint ventures provide services that are material to the Guarantor's business, such as broadband and passive infrastructure services. If the Guarantor fails to effectively manage its relationships with its associates and joint ventures either now or in the future or if the Guarantor was to sell all or a majority of its stake in such a the subsidiary, they may unilaterally terminate its service supply to the Guarantor, or change the terms of the services in an unfavorable manner resulting in a higher cost or lower quality service provided to the Guarantor, and ultimately, the Guarantor's customers.

For example, prior to the Indus Merger, the Guarantor had master service agreements with each of Bharti Infratel and Indus Towers for the provision of passive infrastructure services. However, following the Indus Merger, the Guarantor's 53.5% shareholding in Bharti Infratel was reduced to 36.7% in the merged Indus Towers entity. On December 2, 2020 and December 28, 2020, the Guarantor acquired an additional stake of 4.935180% and 0.064816%, respectively, in the merged Indus Towers entity, increasing its equity stake from 36.7% to 41.7%, as it currently stands on the date of this Offering Memorandum. Accordingly, the Guarantor currently no longer holds a controlling stake in Bharti Infratel and similarly does not control the post-merger, combined Indus Towers entity. If the Guarantor fails to effectively manage its relationship with Indus Towers going forward, its master service agreement could be terminated, breached or reneged, and all service orders / agreements made under it could also be pre-terminated. In such a scenario, the Guarantor cannot assure you that it would be able to find a suitable alternative supplier for these services in a timely manner on commercially acceptable terms, or at all.

If the loss of such essential services were to occur, the Guarantor may be exposed to contractual penalties, lost revenue and additional costs which could adversely affect its business, financial condition and results of operation. In such event, the Guarantor may not be able to recover these penalties, lost revenues or additional costs from its suppliers. In the event that the Guarantor is unable to procure alternative vendors to provide such services to support its operations, its cost of revenues may increase, and its business, financial condition and results of operations may be materially and adversely affected.

The Guarantor does not have any control over its associates or joint ventures. Any loss of control over its key subsidiaries, or adverse changes in its relationship with associates or joint ventures, could have an adverse impact on its business, results of operations and financial condition.

**The Guarantor has not independently verified the information pertaining to joint ventures and associate companies.**

The Guarantor had 15 joint ventures and associate companies as of December 31, 2020. Such entities operate independently, and the Guarantor is not involved in the day-to-day management of operations of its joint ventures and associate companies. The information pertaining to joint ventures and associate companies, which is included in this Offering Memorandum has not independently verified by the Guarantor and is based on certificates, confirmations, and representations received from such entities or from certificates received from an independent chartered accountant.

**The Guarantor's performance metrics may not be comparable to the performance metrics of other mobile telecommunication companies.**

The methodology for calculating key performance and operating metrics, such as adjusted gross revenue, revenue and the number of customers, is not standardized across the mobile telecommunications industry and thus varies substantially between industry players, particularly in Africa. Additionally, there is a lack of published statistical data on the performance of telecommunication companies in the countries where the Guarantor operates. As a result, operating metrics reported by the Guarantor may not be comparable to similar operating metrics disclosed by other companies, and consequently, an investor is limited in his or her ability to adequately compare companies when making an investment decision. This may result in a negative impact on investment decisions in circumstances where operating metrics are calculated in a more favorable manner for competitor companies, which could have a material and adverse effect on the Guarantor's business, prospects, financial condition and cash flows.

**Industry and market data used in this Offering Memorandum has been obtained or derived from publicly available information. There can be no assurance that such data is either complete or accurate.**

The Guarantor has obtained and derived certain industry and market data used in this Offering Memorandum, from certain publicly available sources. These sources and reports are subject to various limitations and based upon certain assumptions that are subjective in nature. Although the Guarantor believes that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While the Guarantor has taken reasonable care in the reproduction of the industry information, the industry information has not been prepared or independently verified by the Guarantor or the Managers or any of the Guarantor's or their respective affiliates or advisors and, therefore, the Guarantor makes no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Offering Memorandum.

**Risks Relating to India**

**A significant part of the Guarantor's business is located in India and as a result, the political and economic conditions in India could adversely affect the Guarantor's business.**

As at March 31, 2019 and 2020, 77.4% and 76.5%, respectively, of the Guarantor's property, plant and equipment and intangible assets were located in India and 72.8% and 70.9%, respectively, of the Guarantor's total revenue was derived from its operations in India. As at December 31, 2019 and 2020, 77.6% and 75.5%, respectively, of the Guarantor's property, plant and equipment and intangible assets were located in India and 70.7% and 71.2%, respectively, of the Guarantor's total revenue was derived from its operations in India. Consequently, the Guarantor's performance is significantly influenced by the political and economic situation and governmental policies in India.

**A significant change in the GoI's economic liberalization and deregulation policies could adversely affect general business and economic conditions in India and the Guarantor's business.**

Since 1991, the GoI has pursued policies of economic liberalization, including significant relaxations of restrictions on the private sector. Nevertheless, the GoI continues to exercise a dominant influence on

telecommunications companies, including the Guarantor, and on market conditions and prices of Indian securities.

India has a mixed economy with a large public sector and an extensively regulated private sector. The role of the GoI and the state governments in the Indian economy and the effect on producers, consumers, service providers and regulators have remained significant over the years. The GoI has in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of their employees, and determined the allocation to businesses of raw materials and foreign exchange.

While the GoI has announced several economic reforms initiatives during its term in office, there is no guarantee that the GoI will be able to enact an optimal set of reforms or that any such reforms would continue or succeed if there were a change in the current majority leadership in the GoI in the future. There is also no guarantee that the GoI will announce an optimal set of reforms or policies in the future. The rate of economic liberalization is subject to change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in the Guarantor's securities are continuously evolving as well. Other major reforms that have been implemented include the goods and services tax and the general anti-avoidance rules. Any significant change in the GoI's economic liberalization and deregulation policies could adversely affect business and economic conditions in India and could also adversely affect the Guarantor's business, its future financial performance and the trading price of the Securities.

**A prolonged slowdown in economic growth in India or in other countries could cause the Guarantor's business to suffer.**

The growth rate of India's GVA at basic prices according to the RBI, was 6.60%, 6.00% and 3.90% in the years ended March 31, 2018, 2019 and 2020, respectively. Notwithstanding the RBI's policy initiatives, the course of market interest rates continues to be uncertain due to factors such as inflation, fiscal deficit and the GoI borrowing program. Any increase in inflation in the future, because of increases in prices of commodities such as crude oil or otherwise, may result in a tightening of monetary policy. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could materially and adversely impact the Guarantor's business.

In addition, the Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly those of emerging market countries in Asia. Investors' reactions to developments in one country may have adverse effects on the economies of other countries, including the Indian economy. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability could influence the Indian economy and could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

**Financial instability in other countries may cause increased volatility in Indian financial markets.**

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, the U.S., Russia and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm the Guarantor's business, its future financial performance and the trading price of the Securities.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. In particular, sub-prime mortgage loans in the United States have experienced increased rates of delinquency, foreclosure and loss. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major U.S. financial institutions.

Developments in the Eurozone have exacerbated the ongoing global economic crisis. Large budget deficits and rising public debts in Europe have triggered sovereign debt finance crises that resulted in the bailouts of European economies and elevated the risk of government debt defaults, forcing governments to undertake aggressive budget cuts and austerity measures, in turn underscoring the risk of global economic and financial market volatility. Financial markets and the supply of credit could continue to be negatively impacted by ongoing concerns surrounding the sovereign debts and/or fiscal deficits of several countries in Europe, the possibility of further downgrades of, or defaults on, sovereign debt, concerns about a slowdown in growth in certain economies and uncertainties regarding the stability and overall standing of the European Monetary Union. On June 23, 2016, the United Kingdom held a referendum in which a majority of the eligible members of the electorate voted for the United Kingdom to leave the European Union (“**Brexit**”). The United Kingdom and the European Union have agreed to a withdrawal agreement (the “**Withdrawal Agreement**”), which was approved by the United Kingdom Parliament on January 24, 2020. Under the Withdrawal Agreement, the United Kingdom is subject to a transition period until December 31, 2020 (the “**Transition Period**”), during which European Union rules will continue to apply. Negotiations between the United Kingdom and the European Union are expected to continue in relation to the customs and trading relationship between the United Kingdom and the European Union following the expiration of the Transition Period.

The uncertainty concerning the United Kingdom’s legal, political and economic relationship with the European Union after the Transition Period may be a source of instability in the international markets, create significant currency fluctuations, and/or otherwise adversely affect trading agreements or similar cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). These developments, or the perception that any of them could occur, have had, and may continue to have, a significant negative impact on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and limit the ability of key market participants to operate in certain financial markets. It could also lead to a period of considerable uncertainty in relation to the regulatory process in Europe.

Trade tensions between the U.S. and major trading partners, most notably China, continue to escalate following the introduction of a series of tariff measures in both countries. Although China is the primary target of U.S. trade measures, value chain linkages mean that other emerging markets, primarily in Asia, may also be impacted. China’s policy response to these trade measures also presents a degree of uncertainty. There is some evidence of China’s monetary policy easing and the potential for greater fiscal spending, which could worsen existing imbalances in its economy. This could undermine efforts to address already high debt levels and increase medium-term risks.

These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and the global credit and financial markets. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. This and any prolonged financial crisis may have an adverse impact on the Indian economy, and in turn on the Guarantor’s business, financial condition and results of operations.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial

instability could influence the Indian economy. In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. In addition, any increase in interest rates by the United States Federal Reserve will lead to an increase in the borrowing costs in the United States which may in turn impact global borrowing as well. Furthermore, in several parts of the world, there are signs of increasing retreat from globalization of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect Indian exports. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on the Guarantor's business, future financial performance and the trading price of the Securities.

**Terrorist attacks, civil disturbances and regional conflicts in India and South Asia may have a material adverse effect on the Guarantor's business.**

India has, from time to time, experienced social and civil unrest within the country and hostilities with neighboring countries. There have been continuing tensions between India and Pakistan over the states of Jammu and Kashmir. From May to July 1999, there were armed conflicts over parts of Kashmir involving the Indian army, resulting in a heightened state of hostilities, with significant loss of life and troop conflicts. Isolated troop conflicts and terrorist attacks continue to take place in such regions. The potential for hostilities between India and Pakistan could be particularly threatening because both India and Pakistan are nuclear power states. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Guarantor's business and future financial performance. There can be no assurance that such situations will not recur or be more intense than in the past.

Terrorist attacks and other acts of violence or war may adversely affect global markets and economic growth. These acts may also result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of the Securities. India has witnessed localized terrorist attacks recently, including the terrorist attacks in Mumbai in 2008 and 2011, in New Delhi in 2011, in Pathankot and Uri in 2016 and Pulwama in 2019. Such incidents could also create an increased perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the Guarantor's business.

**Natural calamities, climate change and health epidemics could adversely affect the Indian economy.**

India has experienced natural calamities, such as earthquakes, floods and drought in recent years, including the tsunami that struck the coasts of India and other Asian countries in December 2004, the severe flooding in Mumbai in July 2005 and the earthquake that struck India in April 2006. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect the Guarantor's business, and may damage or destroy its facilities or other assets. Similarly, global or regional climate change or natural calamities in other countries where the Guarantor operates could affect the economies of those countries.

Since April 2009, there have been outbreaks of swine flu, caused by H1N1 virus, in certain regions of the world, including India and several other countries in which the Guarantor operates. The recent outbreak of novel coronavirus has resulted in numerous human deaths. The World Health Organization has recently issued warnings and advisories on the novel coronavirus. A worsening of the current outbreak of coronavirus, or any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect the Guarantor's business.

**Investors in the Securities may not be able to enforce a judgment of a foreign court against the Guarantor or the Guarantor's management, except by way of a suit in India on such judgment.**

The Guarantor is a limited liability company incorporated under the laws of India and majority of its directors and all executive officers are residents of India. It may be difficult for the investors to affect service of process upon the Guarantor or such persons outside India or to enforce judgments obtained in courts outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore, Hong Kong and the United Arab Emirates. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908 (the “**Civil Code**”). Judgments or decrees from jurisdictions, which do not have reciprocal recognition with India, cannot be executed in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against the Guarantor or its officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment in the same manner as any other suit filed to enforce a civil liability in India. If, and to the extent that, an Indian court were of the opinion that fairness and good faith so required, it would, under current practice, give binding effect to the final judgment that had been rendered in the non-reciprocating territory, unless such a judgment contravenes principles of public policy in India. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to repatriate any amount recovered pursuant to the execution of such a judgment. See “*Enforcement of Civil Liabilities—India*” for further details.

**There may be less company information available in the Indian securities market than in securities markets in other more developed countries.**

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants, and that of markets and market participants in the United States and other more developed economies. The Securities and Exchange Board of India (“**SEBI**”) is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be, however, less publicly available information about Indian companies than is regularly made available by public companies in more developed economies.

As a result, investors may have access to less information about the business, prospects, financial condition, cash flows and results of operations of the Guarantor and its competitors that are listed on stock exchanges in India than companies subject to reporting requirements of other more developed countries.

**Any downgrading of India's credit rating by an international rating agency could have a negative impact on the Guarantor's business and the trading price of the Securities.**

As of the date of this Offering Memorandum, India was rated Baa3 (Negative) by Moody's, BBB- (Negative) by Fitch and BBB- (Stable) by S&P. These ratings reflect India's improved political setting which has offered an environment which is conducive to reforms and in turn, could boost growth prospects and improve fiscal management. Going forward, the sovereign ratings outlook will remain dependent on whether the GoI is able to transition the economy out of a low-growth and high inflation environment, as well as exercise adequate

fiscal restraint. In the event of a major economic slowdown, the ratings agencies may downgrade India's credit ratings.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Guarantor's ratings, the rating of the Securities and the terms on which the Guarantor is able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on the Guarantor's capital expenditure plans, business, cash flows and financial performance, and the trading price of the Securities.

**The Insolvency and Bankruptcy Code in India may adversely affect the Guarantor's ability to pay back creditors.**

The Insolvency and Bankruptcy Code, 2016 (the "**Bankruptcy Code**") provides for reorganization and insolvency resolution of corporate persons. The Bankruptcy Code offers a uniform, comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial service providers). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates an institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms that facilitate a formal and time-bound insolvency resolution and liquidation process. The Bankruptcy Code enables a creditor to initiate a corporate insolvency resolution process ("**CIRP**") against the debtor, including on default in payment of debt by the debtor. Further, in the event the petition for the CIRP is admitted by the National Company Law Tribunal against the debtor, the moratorium provisions under the Bankruptcy Code prohibits, among other things, the creation of encumbrances, disposing of assets of the debtor, any action to enforce the security interest of the debtor and the institution or continuation of legal proceedings against the debtor. If the Bankruptcy Code provisions are invoked against the Guarantor, it may adversely affect the Guarantor's ability to pay back creditors and enforcement of creditor rights will be subject to the Bankruptcy Code.

**The proposed new taxation system could adversely affect the Guarantor's business.**

The Guarantor's operations, profitability and cash flows could be adversely affected by any unfavorable changes in central and state-level statutory and/or regulatory requirements in connection with direct and indirect taxes and duties, including income tax, goods and service tax and/or by any unfavorable interpretation taken by the relevant taxation authorities and/or courts and tribunals.

The GST has increased administrative compliance for Indian companies, which is a consequence of increased registration and form filing requirements.

Currently, the goods and services tax ("**GST**") on telecom services is levied at the rate of 18%. If the GST rate were to increase, though the Guarantor may be able to pass on the costs to its customers through higher pricing, there is no assurance that this will not have a negative effect on the public's demand for telecommunication services and potential lost revenue, which could have a material and adverse effect on the Guarantor's business, prospects, financial condition, results of operations and cash flows.

The general anti-avoidance rules ("**GAAR**") have been introduced to catch arrangements declared as "impermissible avoidance arrangements", which is defined in the Income-tax Act, 1961 as any arrangement, the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. Once it is established that the main purpose of any part or step of the arrangement is to obtain tax benefit, the onus will be on the taxpayer to establish that obtaining a tax benefit was not the main purpose of the entire arrangement.



If GAAR provisions are invoked, then the Indian tax authorities have wide powers, including the ability to deny a tax benefit or deny a benefit under a tax treaty.

Further, the Government has amended the Income Tax Act, to provide a lower corporate tax rate of 25% for domestic companies whose annual turnover or gross receipts did not exceed Rs.4 billion in the fiscal year 2018 to fiscal year 2019. Additionally, the Income Tax Act has also been amended to reduce the minimum alternate tax to 15%.

The IT Act also provides an option to the domestic companies to pay a reduced statutory corporate income tax of 22%, provided such companies do not claim certain specified deduction or exemptions. In case a company has opted to pay the reduced corporate tax rate of 22%, in such circumstances, the minimum alternate tax provisions would not be applicable. Distribution of dividends by a domestic company was subject to Dividend Distribution Tax (“DDT”), in hands of the company at an effective rate of 20.56%. Such dividends were generally exempt from tax in the hands of the shareholders. However, the DDT regime has been abolished and dividends are now taxed in their classical manner. Accordingly, any dividend distributed by a domestic company is subject to tax in the hands of the investor at the applicable rate while the company distributing dividends is required to withhold tax at the applicable rates on such dividends being distributed.

**Significant differences exist between IND-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with IND-AS contained in this Offering Memorandum.**

The Financial Statements for the fiscal years ended March 31, 2018, 2019 and 2020 and for the nine months ended December 31, 2019 and 2020 presented in this Offering Memorandum are prepared and presented in accordance with IND-AS. The MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019, notifying the leasing standard IND-AS 116 “Leases”, which replaces the prior standard (IND-AS 17). IND-AS 116 is applicable to companies in India from the fiscal year beginning on or after April 1, 2019. The Guarantor has adopted IND-AS 116 from April 1, 2019, which has an impact on the Guarantor’s reported consolidated assets, liabilities, income statement and cash flow statement. In implementing IND-AS 116, the Guarantor’s financial statements for the fiscal year ended March 31, 2020 has been prepared under the modified retrospective approach pursuant to which comparative results are not restated. Accordingly, the Guarantor’s financial statements for the fiscal year ended March 31, 2020 and the summary financial information in the tables below include, where applicable, a reconciliation of the Guarantor’s results of operations for the fiscal year ended March 31, 2020 (which were prepared in accordance with IND-AS 116) to the Guarantor’s results of operations for the fiscal year ended March 31, 2019 (for which IND-AS 116 was not applicable) in order to facilitate a comparison of the Guarantor’s results of operations for the periods presented. The Guarantor refers to its results of operations as at and for the fiscal year ended March 31, 2020, as adjusted to exclude the impact of IND-AS 116, as the “Frozen GAAP Financial Information” or as information “presented on a Frozen GAAP basis” and have included such financial information in certain financial tables in this Offering Memorandum under the columns titled “Frozen GAAP.” The Guarantor refers to its results of operations as at and for the fiscal year ended March 31, 2020, as calculated in accordance with IND-AS 116, as the “IND-AS Financial Information” and has included such financial information in certain financial tables in this Offering Memorandum under the columns titled “IND-AS”. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of the Guarantor’s Financial Statements—Changes to Accounting Standards—IND-AS 116.*”

IND-AS differ from accounting principles with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between IND-AS, U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with IND-AS contained in this Offering Memorandum. Accordingly, the degree to which the financial information included in this Offering Memorandum will provide meaningful information is dependent on the Investor’s familiarity with

IND-AS and the Companies Act. Any reliance by persons not familiar with IND-AS on the financial disclosures presented in this Offering Memorandum should accordingly be limited.

### **Risks relating to Mauritius**

#### **The Issuer may become subject to unanticipated tax liabilities that may have a material adverse effect on the Issuer's results of operations.**

The Issuer is a Mauritius Category 1 Global Business Company (“GBC1”) and is tax resident in Mauritius. As of January 1, 2019, the GBL1 has been renamed as Global Business License and existing companies holding the GBL1, where the licenses were issued on or before October 16, 2017, will be grandfathered until June 30, 2021 and licenses issued after October 16, 2017 were grandfathered until December 31, 2018.

Under the current provisions of the Income Tax Act 1995 (“ITA 1995”), the Issuer, as a Mauritius company, is taxed on its chargeable income at the rate of 15% in Mauritius. However, as a holder of a GBL1, it is entitled to a foreign tax credit on foreign source income at a rate which is the higher of (a) a deemed foreign tax credit representing 80% of the Mauritius tax chargeable on such income or (b) the actual tax suffered abroad in respect of foreign sourced income (including if the Mauritius company holds more than 5% of the issued capital of a company effecting a dividend distribution, the proportionate share of the foreign tax paid by such company), thus reducing its maximum effective tax rate to 3%.

Section 2 of the ITA 1995 defines the term “foreign source income” as income which is not derived from Mauritius. This includes, in the case of a corporation holding a GBL1 License, income derived from its transactions with “non-residents.” The ITA 1995 has an extensive definition of non-residents.

However, effective from January 1, 2019, the Deemed Foreign Tax Credit was abolished and Global Business Companies are now taxed at the rate of 15%. A partial exemption regime has been introduced with 80% of the following income streams being exempted from tax:

- Foreign dividend (subject to such an amount not being treated as an allowable deduction in the source country)
- Foreign source interest income
- Profit attributable to a permanent establishment of a resident company in a foreign company
- Foreign source income derived by a collective investment scheme (“CIS”), closed end fund, CIS manager, CIS administrator, investment adviser or asset manager licensed or approved by the Mauritius Financial Services Commission
- Leasing and provision of international fiber capacity
- Income derived by companies engaged in ship and aircraft leasing.

The Deemed Foreign Tax credit will continue to apply until the relevant grandfathering dates.

Under ITA 1995, interest paid by a GBC1 to a non-resident not carrying on any business in Mauritius out of its “foreign source income” is not subject to withholding tax in Mauritius. To the extent that the Issuer holds a GBL1, interest paid under the Securities issued to non-residents not carrying on any business in Mauritius out of its ‘foreign source income’ will therefore not be subject to withholding tax in Mauritius.

There are currently no capital duties levied in Mauritius on the issue, transfer, conversion or redemption of the Securities. To the extent that the Issuer does not hold any immovable properties in Mauritius, any transfer of Securities will be registered free of registration duties. Capital gains derived from the sale of the Securities will not be subject to tax in Mauritius.

The Issuer holds tax residence certificates issued by the Mauritius Revenue Authority. These certificates are required for the avoidance of double taxation under the Agreements for the Avoidance of Double Taxation signed between Mauritius and other jurisdictions, including India.

Prospective purchasers of the Securities should note that the Issuer relies upon the provisions of the India-Mauritius Double Tax Treaty (the “**Treaty**”) to minimize, so far as possible, the taxation of the Issuer. No assurance can be given that the terms of the Treaty will not be subject to re-negotiation or adverse interpretation in the future and any change could have a material adverse effect on the returns of the Issuer. There can be no assurance that the Treaty will continue and will be in full force and effect during the life of the Issuer.

Prospective purchasers of the Securities are urged to consult their own tax advisers in order to fully understand the tax consequences of purchasing the Securities.

### **Additional Risk Factors Specific to the Airtel Africa Group**

#### **The Airtel Africa Group is reliant on local management to provide accurate and timely reporting.**

The business model of the Airtel Africa Group emphasizes local decision-making and responsibility through a decentralized organizational structure, in which local managing directors retain substantial autonomy regarding the management and oversight of operations in its local markets. As a result of such decentralization, the Airtel Africa Group relies on local management for financial and other reporting purposes. A failure of local management to report, a delay in reporting, or inaccurate reporting could lead the Airtel Africa Group to omit to take decisions, or to take decisions on an uninformed basis or to report inaccurate data.

#### **Mobile money services in Africa are subject to a new and evolving regulatory environment.**

In markets in which the Airtel Africa Group has launched or intends to launch Airtel Money services, the regulations governing mobile money services are new and evolving and, as it develops, regulations could become more onerous, either by imposing additional licensing, reporting, pricing or control requirements or by limiting the flexibility of the Airtel Africa Group to design or implement new products, either of which may limit its ability to provide mobile money services efficiently or at all. Any need to obtain licenses, certifications or other regulatory approvals could impose substantial costs and involve considerable delay to the provision or development of Airtel Money services in a given market, or could require significant and costly operational changes or prevent the Airtel Africa Group from providing any services in a given market, which could materially adversely affect its business, results of operations, financial condition and prospects.

#### **Certain of the operating subsidiaries of Airtel Africa Plc are loss-making.**

The operating subsidiaries of Airtel Africa Plc in Democratic Republic of Congo, Chad, Congo Brazzaville, Niger and Gabon are regulated by the Organization for the Harmonization of Business Law in Africa (“**OHADA**”), a system of corporate law and implementing institutions adopted by 17 countries in west and central Africa. OHADA promulgated the Uniform Act on Commercial Companies and Economic Interest Groups in April 1997 and adopted a revised version thereof in January 2014 (together, the “**Uniform Act**”), which regulates the behavior of commercial companies with a registered office in any country that is party to the OHADA Treaty on the Harmonization of Business Law in Africa. Among other provisions, the Uniform Act requires companies to maintain shareholders’ equity levels corresponding to at least half of the registered share capital in order to limit the risk of bankruptcy. Where an entity is non-compliant with this requirement and fails to rectify any non-compliance within two years, any interested party can petition the relevant court to seek the winding up of the entity.

The primary operating subsidiaries of Airtel Africa Plc in each of these countries except Airtel Money Congo RDC S.A. in DRC, are not in compliance with this requirement. Although each of these entities has a shareholder loan in place, in each case except Airtel Gabon S.A. and Airtel Niger GSM which is in excess of

the respective operating subsidiaries' negative reserves and which is convertible into equity, and although the Airtel Africa Group has developed a strategy to effect the recapitalization of each non-compliant entity, there can be no assurance that the subsidiaries' respective third-party creditors will not initiate winding up procedures, or that the shareholder loans can be converted into equity within the six-month curative period provided by the Uniform Act. In such event, the entity shall be given six months to proceed with the recapitalization.

**The Airtel Africa Group operates a large distribution and channel partner network and is exposed to various risks relating to its franchisees and other third-party distributors.**

The Airtel Africa Group sells the majority of its services through physical locations across its footprint. The distribution network comprises of over 42,000 exclusive Airtel stores comprising of Airtel shops, Airtel Money branches, mini-shops and kiosks, over 240,000 SIM card selling outlets (including freelancers and brand ambassadors), almost 420,000 Airtel Money agents and over 1.38 million outlets selling airtime. Thus, the Guarantor significantly rely on third parties, such as distributors, SSOs and RSOs. If these third parties terminate their partnership with the Airtel Africa Group, this could negatively impact distribution potential and consequently, revenues of the Airtel Africa Group. Furthermore, if franchisees or third parties fail to perform according to the operational standards of the Airtel Africa Group, the Airtel Africa Group could be exposed to the risk of fraud and money laundering, imposition of fines or other penalties, which could result in potential reputational damage. The potential loss in revenues, fines, penalties and reputational damage could have a material and adverse effect on the Guarantor's business, prospect, financial condition, results of operation and prospects.

**Certain of the operating subsidiaries of Airtel Africa Plc are, or may in the future be, subject to local listing or ownership requirements, which may be difficult or costly to comply with in a timely manner, or at all, and which could make it harder for the Airtel Africa Group to achieve its strategic objectives or which could otherwise have an adverse effect on the Airtel Africa Group.**

In certain jurisdictions, the Airtel Africa Group may choose or be required due to legal requirements to undertake a listing of all or some of the shares of the operating subsidiaries of Airtel Africa Plc on a local stock exchange or be required to comply with local ownership requirements. Airtel Malawi Limited (“**Airtel Malawi**”), the primary operating subsidiary of Airtel Africa Plc in Malawi, must comply with a similar requirement of at least 20% Malawian citizenship ownership (the “**Malawian Citizenship Ownership Requirement**”) under the Communications Act of 2016 and the Communications (Telecommunications and Broadcasting Licensing) Regulations of 2016, which required compliance with the Malawian Citizenship Ownership Requirement by November 25, 2018. Airtel Malawi has taken all actions to list 20% of its ordinary shares on the Malawi Stock Exchange (“**MSE**”). In December 2019, the MSE and the Registrar of Financial Institutions granted their approval for the prospectus and listing of 20% of Airtel Malawi PLC ordinary shares on the MSE. The IPO opened on December 27, 2019 and closed on January 31, 2020. The shares of Airtel Malawi plc were listed on February 24, 2020. Malawi Tower Limited is in the process of obtaining the individual facility service license for carrying on the tower business in Malawi. One of the terms of this license is that Airtel Malawi meets the Malawian Citizenship Ownership Requirement.

If the Airtel Africa Group fails to comply in a timely manner with any of these requirements or in other jurisdictions into which a similar requirement is introduced, it could be subject to fines, penalties (including criminal penalties), litigation and other enforcement actions, including, in extreme cases, withdrawal of the applicable network facilities license, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Airtel Africa Group.

**The Airtel Africa Group is dependent on interconnection with its competitors' networks and associated infrastructure as well as roaming arrangements with other international telecommunications operators.**

Interconnection agreements allow the Airtel Africa Group to connect local, long distance and international calls that originate on its networks but terminate on other operators' networks, or vice versa. In the future, the Airtel Africa Group may not be able to maintain or renew its interconnection agreements on a timely basis or on terms that are commercially acceptable to it and any material increase in the interconnection expenses could have a material adverse effect on the Airtel Africa Group financial condition and the results of operations.

The Airtel Africa Group is also dependent, to a lesser extent, upon roaming agreements with other international telecommunications operators as a source of revenue when other telecommunications operators' customers roam on the networks of the Airtel Africa Group and when the customers of the Airtel Africa Group roam on other international telecommunications operators' networks. If these roaming agreements were to terminate, or if the other international telecommunications operators were to deploy technologies that are incompatible with the networks of Airtel Africa Plc, the roaming revenues and profits of the Airtel Africa Group may be materially reduced.

**The operations of the Airtel Africa Group are partly dependent upon the economic cycles of the markets in which the Airtel Africa Group operates.**

The Airtel Africa Group operates in countries with economies in various stages of development and structural reform, some of which are subject to rapid fluctuations in consumer prices, employment levels, gross domestic product and interest and foreign exchange rates. Such fluctuations may impact the ability of customers to pay for the products and services of the Airtel Africa Group or the amount of disposable income otherwise available to consumers in the markets in which it operates, which could have a material adverse effect on the business, results of operations and financial condition of the Airtel Africa Group.

**It may be difficult for the Airtel Africa Group to obtain all licenses, permits, frequency allocations or other authorizations required to operate its existing network or to expand its operations or any other required licenses, permits or other authorizations, and once obtained they may be subject to finite terms, ongoing review or periodic renewal, any of which may result in modification, suspension or early termination.**

The operation of telecom networks and the provision of related services are regulated to varying degrees by national, state, regional or local governmental and regulatory authorities in the countries where the Airtel Africa Group operates. The operating licenses or authorizations of the Airtel Africa Group specify the services it is permitted to offer. The operating licenses are subject to review, interpretation, modification or termination by the relevant authorities and the regulatory framework applicable to such licenses may be amended from time to time. There can be no assurance that the relevant authorities will not take any action that could materially adversely affect the operations of the Airtel Africa Group. In addition, the Airtel Africa Group may have difficulty obtaining the necessary licenses, permits, frequency allocations or authorizations to the extent it seeks to expand its existing operations, including by entering into new markets. There can be no assurance that the Airtel Africa Group will be successful in obtaining or funding these licenses or allocations, or, if such licenses or allocations are awarded, that they can be obtained on terms acceptable to the Airtel Africa Group.

While Airtel Africa Plc does not expect that it or any of its subsidiaries will be required to cease operations at the end of the term of their business arrangements or licenses, and while many of these licenses provide for terms on which they may be renewed, there can be no assurance that these business arrangements or licenses will in all cases be renewed on equivalent or satisfactory terms, or at all. A suspension or termination of the licenses or other necessary governmental authorizations of the Airtel Africa Group could have a material

adverse effect on the reputation, business, results of operations, financial condition and prospects of the Airtel Africa Group.

**Several countries and regions in which the Airtel Africa Group operates have experienced economic, regulatory, political and civil instability that could adversely affect the economy in the markets of the Airtel Africa Group and, therefore, the business, results of operations, financial condition and prospects of the Airtel Africa Group.**

Many of the countries in which the Airtel Africa Group operates can be affected by economic downturns attributable to factors such as commodity price fluctuations, reduced financial aid, capital inflows and remittances, which can have an adverse effect on consumer spending which in turn could have a material adverse effect on the business of the Airtel Africa Group.

Further, governmental instability in one or more countries in which the Airtel Africa Group operates could in turn negatively impact the country's economy which could have a material adverse effect on the business, results of operations and financial condition of the Airtel Africa Group. The Airtel Africa Group may also be exposed to a lack of certainty with respect to the legal systems in a number of countries in which it operates, and, such legal systems may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law. The occurrence of such risks could have a material adverse effect on the business, results of operations and financial condition of the Airtel Africa Group.

**Actions by governments, political events or instability or changes in public policy in the countries in which the Airtel Africa Group operates could have an adverse effect on the business of the Airtel Africa Group.**

Governments in some of the countries in which the Airtel Africa Group operates may at times be influenced by political or commercial considerations outside of the control of the Airtel Africa Group. For example, in December 2017, the Tanzanian government, then a 40% shareholder in Airtel Tanzania plc, the primary Tanzanian operating subsidiary of Airtel Africa Plc ("**Airtel Tanzania**"), alleged that the initial privatization of Tanzania Telecommunications Company Limited, resulting in the creation of Celtel Tanzania B.V. (now Airtel Tanzania) in 2001 and certain divestments in 2005 were completed in violation of applicable law, and that the Tanzanian government was, therefore, entitled to sole ownership of Airtel Tanzania. Further, in March 2018, the Government of Tanzania raised tax claims of approximately U.S.\$874 million against Bharti Airtel International (Netherlands) B.V. ("**Bharti Airtel Netherlands**"), primarily relating to capital gains on transfers of ownership of Airtel Tanzania in 2005 and in 2010 and has assessed various taxes against Airtel Tanzania totalling approximately U.S.\$47 million. In April 2018, the Government of Tanzania also issued a compliance decision alleging Airtel Tanzania failed to obtain the requisite approvals from the Tanzania Communications Regulatory Authority in connection with transfers of ownership that took place in 2005 and 2010 and levied a fine of approximately U.S.\$183 million. The Airtel Africa Group disputed the merits of each of these claims in its entirety and, in January 2019, the Government of Tanzania and the Airtel Africa Group entered into a comprehensive agreement pursuant to which, inter alia, the Guarantor agreed to pay approximately U.S.\$26 million over five years and cancel U.S.\$514 million of debt owed to it by Airtel Tanzania to resolve these ownership disputes. Any similar actions in other markets in which the Airtel Africa Group operates could negatively impact the Guarantor's business, financial condition and results of operations.

**Price regulations in certain of the operating countries of the Airtel Africa Group influence, and will continue in the future to influence, the margins of the Airtel Africa Group and impact return on investment.**

The Airtel Africa Group is subject to price regulation with respect to retail price controls in certain countries in which it operates. In these countries, the relevant government or regulator restricts the price at which certain of the voice and data services of the Airtel Africa Group can be sold. If a government or regulator elects to

introduce new or more restrictive pricing regulations in the markets in which the Airtel Africa Group operates, the business, results of operations and financial condition of the Airtel Africa Group could be materially adversely affected.

**The imposition of exchange controls and limits on convertibility of funds in the countries in which the Airtel Africa Group operates may restrict the ability of the Airtel Africa Group to transfer and receive funds from within the Airtel Africa Group.**

The introduction of new foreign exchange controls, new interpretations of existing foreign exchange controls or future shortages of foreign currency would subject local currency held by the operating subsidiaries of Airtel Africa Plc to variations in the exchange rate between the local currency and the relevant foreign currency and could also cause delays and impact on fungibility of cash. Further, if the Airtel Africa Group fails to adequately protect against currency exchange risk, the costs of servicing its foreign currency debt obligations and import payables may increase, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

**Underdeveloped infrastructure in certain of the countries in which the Airtel Africa Group does business could have an adverse effect on the business, results of operations and financial condition of the Airtel Africa Group.**

Underdeveloped infrastructure in certain of the countries in which the Airtel Africa Group does business can result in increased costs for the Airtel Africa Group as well as create situations that could negatively impact the ability of the Airtel Africa Group to conduct and grow its business, which could have an adverse effect on the business, results of operations and financial condition of the Airtel Africa Group. A lack of access to, or inadequate opportunities to expand the network capacity of the Airtel Africa Group in line with subscriber growth and increased usage per subscriber, could also negatively impact its ability to offer new services to customers or impede its ability to expand its operations into new markets.

**The Airtel Africa Group faces risks relating to its property and towers portfolio, including failure by the Airtel Africa Group to renew leases, which could lead to decreased revenue, reduce its network capacity and markets or raise its costs.**

The Airtel Africa Group has to obtain the rights to construct and operate its towers and base stations (including broadband stations), distribution outlets and other premises on land owned by third parties and governmental agencies. The Airtel Africa Group is, as a result, subject to the possibility of more burdensome terms and increased costs to maintain necessary land use if its leases and rights-of-way lapse or terminate or it is determined that the Airtel Africa Group does not have valid leases or rights-of-way. The loss by the Airtel Africa Group of these rights, through its inability to renew contracts or otherwise, could have a material adverse effect on its business, results of operations and financial condition and prospects.

**The tax laws of the countries in which the Airtel Africa Group operates or changes thereto or to the tax profile of the Airtel Africa Group could result in a higher tax expense or a higher effective tax rate on the earnings of the Airtel Africa Group.**

A change in these tax laws, regulations or treaties or in the interpretation thereof, or in the valuation of the deferred tax assets of the Airtel Africa Group, which are beyond the control of the Airtel Africa Group, could result in a materially higher tax expense or a higher effective tax rate on the earnings of the Airtel Africa Group. Additionally, any expansion into new jurisdictions could adversely affect the tax profile of the Airtel Africa Group and significantly increase its future cash tax payments.

**The operations of the Airtel Africa Group in Nigeria represent a large percentage of the operations of the Airtel Africa Group, and changes in demand for the services of the Airtel Africa Group in Nigeria or other factors could have a negative effect on the business of the Airtel Africa Group.**

The operations of the Airtel Africa Group in Nigeria contribute a significant portion of the revenues of the Airtel Africa Group and profit from operating activities, and are likely to continue to account for a large portion of the business of the Airtel Africa Group in the future. There can be no assurance that the Airtel Africa Group can sustain these current levels or that demand in Nigeria for the services of the Airtel Africa Group will increase. In the event that there are adverse political, regulatory, competitive or other developments in Nigeria, revenues from these markets could decline and the business of the Airtel Africa Group may be adversely affected.

**The Airtel Africa Group is subject to inflation risks, which might adversely affect its business, results of operations, financial condition and prospects.**

The Airtel Africa Group operates in several countries, some of which have at times experienced relatively high and volatile rates of inflation. The volatility of the local currencies in those jurisdictions is a significant factor in reporting the costs of the Airtel Africa Group on a USD basis. High rates of inflation in some of the countries in which the Airtel Africa Group operates may also cause consumer purchasing power to decrease, which may reduce consumer demand for the services of the Airtel Africa Group, particularly in those markets with lower levels of disposable income. It is possible that significantly higher inflation in the future could have a material adverse effect on the business, results of operations, financial condition and prospects the Airtel Africa Group.

**Two of the Guarantor's subsidiaries in Africa have not complied with applicable statutory requirements relating to the filing of financial statements.**

The financial statements of the Guarantor's two subsidiaries, Bharti Airtel Africa B.V. and Bharti Airtel Netherlands, for the fiscal years 2018 and 2019, are still under audit. Moreover, the audit of the financial statements for both these entities for the fiscal year 2020 is currently overdue. Audited financial statements of these subsidiaries are required to be filed within seven months from the closing of the financial year, in the respective jurisdiction. While discussions with the auditors are approaching completion and the relevant registrar of companies has not issued any warning letters, nor has any fine been imposed, there can be no assurance that the Guarantor's subsidiaries, Bharti Airtel Africa B.V. and Bharti Airtel Netherlands will not incur any fines or legal prosecution on account of these non-compliances.

## **External Risk Factors**

**The Guarantor's operations are conducted across geographies and the Guarantor's results of operations are subject to fluctuation in exchange rates of currencies.**

The Guarantor maintain its accounts and report its financial results in Indian Rupees. However, a number of its subsidiaries, associates and joint ventures operate in countries outside India, including in Sri Lanka and various countries in Africa where a substantial portion of their revenues are denominated in their respective local currencies. The Guarantor's revenues from Mobile Services Africa and South Asia segment were Rs. 219,464 million and Rs. 246,725 million (U.S.\$3,377 million) for fiscal year 2019 and fiscal year 2020, respectively, which constituted 27.1% and 29.1% of the Guarantor's consolidated revenue from operations, respectively, for the corresponding periods. Additionally, the Guarantor makes significant purchases of services and equipment in foreign currencies. Further, the Guarantor has outstanding debt capital market instruments in multiple currencies – USD, Euros, INR and other borrowings in currencies such as XAF, XOF, LKR, RWF, UGX, NGN, ZMK and KES, as on December 31, 2020. As such, the Guarantor is exposed to risks relating to exchange rate fluctuations, particularly in USD and Euros. The Guarantor uses various foreign exchange forwards and derivative instruments to manage the risks arising from fluctuations in exchange rates and interest rates. The availability of any such derivative/hedging instruments are subject to regulations, market conditions in the



geographies of the Guarantor's presence and thus may not be available at all points of time or in an efficacious manner. Further, such derivative instruments may not fully mitigate the risk of fluctuations and the Guarantor may continue to not fully cover the Guarantor's foreign exchange and interest rate exposure. Unfavorable movements in currency exchange and interest rates may materially adversely impact the Guarantor's business, results of operations, cash flows and financial condition.

Airtel Africa Plc prepares its financial statements in USD but derives revenue and incurs costs in the local currencies used in the different countries in which they have operations. Further, extracting cash from certain countries in which the Airtel Africa Group operates can be challenging due to exchange controls, liquidity deficits and cash shortages in respect of international payments from time to time. Accordingly, movements in exchange rates between these currencies and the USD could have a negative effect on the results of operations and financial condition of the Airtel Africa Group to the extent there is a mismatch between its earnings in any foreign currency and its costs that are denominated in that currency.

Where possible, the Airtel Africa Group manages foreign currency risk by matching same currency revenue to same currency expenses, and by strategically denominating debt in certain functional currencies in order to match with projected functional currency revenues. Nonetheless, the Airtel Africa Group has a material amount of borrowings, operating and capital expenses in currencies other than those in which it derives revenue. Where appropriate, the Airtel Africa Group continues to enter into certain hedging and/or derivative instruments to mitigate foreign exchange risk. However, there is no guarantee that the Airtel Africa Group will be successful with this strategy as the hedging and/or derivative instruments may not be fully efficient due to the associated costs, illiquid markets and regulatory restrictions.

**The Guarantor's infrastructure, including its network equipment and systems may be vulnerable to natural disasters, security risks and other events that may disrupt its services and could affect the Guarantor's business, financial condition, cash flows and results of operations and other unforeseen damage for which the Guarantor's insurance may not provide full coverage.**

The Guarantor's business depends on providing subscribers with service reliability, network capacity, security and account management. This, however, may be subject to disruptions resulting from numerous factors, including fire, flood or other natural disasters, signal jamming, power outages, acts of terrorism and vandalism, equipment or system failures and breaches of network or information technology security. Also, the Guarantor's network operations have been interrupted as a result of natural calamities such as the floods in Kerala in August 2018, Maharashtra and Karnataka in August 2019, floods and landslides in the North Indian state of Uttarakhand that occurred in June 2013, and the super cyclonic storms in the eastern and southern states of India that occurred in December 2016. Similarly, the recent lock down of communications services in Kashmir, Haryana and New Delhi where the networks have been switched off in the past due to security reasons as per the orders of the Government of India, led to reduction in the recharges and use of the services, which impacted the Guarantor's revenues during the lock down period. The Airtel Africa Group is also dependent on the uninterrupted operation of its telecommunications networks to provide its services. The network of the Airtel Africa Group, including its information systems, information technology and infrastructure, and the networks of other operators with which its customers interconnect, are vulnerable to damage or interruptions in operation from a variety of sources including power loss, equipment and technical failure, signal jamming, power outages, acts of terrorism and vandalism, breaches of network or information technology security network software flaws, aging infrastructure, human error, willful acts of destruction, transmission cable disruption or other similar events. Any interruption in the operations of the Guarantor or the Airtel Africa Group or the provision of any service could damage its ability to attract and retain customers, cause significant customer dissatisfaction and have a material adverse effect on the Guarantor's brand, business, results of operations, financial condition and prospects. The operations of the Airtel Africa Group could be adversely affected by natural disasters or other catastrophic events beyond its control. The occurrence of any of these events may cause disruptions to the

operations of the Airtel Africa Group in part or in whole, may increase the costs associated with providing services as a result of, among other things, costs associated with remedial work, may subject the Airtel Africa Group to liability or impact its brands and reputation and may otherwise hinder the normal operation of the business of the Airtel Africa Group, which could materially adversely affect its business, results of operations, financial condition and prospects.

Although the Guarantor believes that it has adequate levels of insurance coverage in place against the principal risks relating to its business, the Guarantor may not have insurance against all risks, or its insurance may not be adequate to cover all losses from these events. If any of these events were to occur, it could cause limited or severe service disruption, which could result in subscriber dissatisfaction, regulatory penalties and reduced revenues. In addition, the Guarantor relies on manufacturers of telecommunications equipment for continued maintenance service and supply, and their continued cooperation is important for the Guarantor to maintain its operations without disruption. Any interruption in services could harm the Guarantor's business and reputation and reduce the confidence of its subscribers and consequently impair its ability to obtain and retain subscribers and could lead to a violation of the terms of the Guarantor's various licenses, each of which could materially or adversely affect the Guarantor's business, financial condition, cash flows and results of operations.

The operations of the Airtel Africa Group subject it to various risks that are either not fully insured against or not insured against at all. Any future damage caused by its products or services that is not covered by insurance, is in excess of policy limits, or is not limited by contractual limitations of liability, could adversely affect the business, results of operations, financial condition and prospects of the Airtel Africa Group.

**Economic uncertainties in the emerging and developing markets in which the Guarantor operates could adversely affect the Guarantor's business, results of operations, cash flows and financial condition.**

The Guarantor has presence and operations across 18 countries. The Guarantor's strategy is to focus on growth opportunities in emerging and developing markets. These markets are characterized by low to medium mobile penetration, low internet penetration and relatively lower per capita incomes, thus offering more growth potential. However, these markets fall within countries, which are more prone to economic uncertainties, such as capital controls, varying inflation, volatile interest rates and currency fluctuations. These countries are also affected by economic downturns, primarily due to commodity price fluctuations, reduced financial aid, capital inflows and remittances. Slowing down of economic growth tends to affect consumer spending and might cause a slowdown in telecom sector.

The Guarantor follows a prudent risk management policy, including hedging mechanisms to protect the cash flows, however, economic conditions may determine availability of efficacious hedging products/mechanism and depth of markets to provide adequate risk management solutions. The Guarantor has spread its debt profile across local and overseas sources of funds however, availability of capital in various currencies may be limited and is affected by market conditions and single obligor limits of lenders in those geographies among other things. Further, the Guarantor has adopted a pricing strategy for effective management of its business operations, however, economic uncertainties may materially adversely impact the Guarantor's business, results of operations and financial conditions.

**Hostilities, wars and other acts of violence or manmade disasters could adversely affect the financial markets and the Guarantor's business.**

Wars, terrorism and other acts of violence or manmade disasters may adversely affect the Guarantor's business. These acts may result in a loss of business confidence and have other consequences that could have an adverse effect on the Guarantor's business. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on the Guarantor's business. Such incidents could also create a greater perception that

investment in Indian companies involves a higher degree of risk and could have an adverse impact on the Guarantor's business.

### **Risks Relating to the Securities and the Guarantee**

#### **The Securities are undated securities and Holders have no right to require redemption.**

The Securities are undated and have no fixed final maturity date. Holders have no right to require the Issuer to redeem the Securities at any time and they can only be disposed of by sale. Holders who wish to sell their Securities may be unable to do so at a price at or above the amount they have paid for them, or at all, if insufficient liquidity exists in the market for the Securities. Therefore, Holders should be aware that they may be required to bear the financial risks of an investment in the Securities for an indefinite period of time.

#### **The Securities will be subject to optional redemption by the Issuer including upon the occurrence of certain events.**

The Issuer may redeem the Securities in whole but not in part on any date prior to the First Call Date at the principal amount of the Securities plus a premium set forth in "*Terms and Conditions of the Securities—Redemption—Make-whole Redemption by the Issuer*", together with any accrued and unpaid interest up to (but excluding) such date and any outstanding Arrears of Interest. Thereafter, the Securities will be redeemable, at the Issuer's option, in whole but not in part on any date from (and including) the First Call Date to (and including) the First Reset Date or on any Interest Payment Date thereafter at their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. In addition, upon the occurrence of an Accounting Event, a Capital Event, a Change of Control Triggering Event, a Substantial Repurchase Event, a Tax Event or a Withholding Tax Event (each as defined under "*Terms and Conditions of the Securities—Redemption*"), the Issuer will have the option to redeem, in whole but not in part, the Securities at the prices set out in the "*Terms and Conditions of the Securities—Redemption*", in each case together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Arrears of Interest. During any period when the Issuer may elect to redeem the Securities or are perceived to be able to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may redeem the Securities when its cost of borrowing is lower than the interest payable on them. At those times, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider this reinvestment risk in light of other investments that might be available.

There is no redemption at the option of the Holders.

#### **The current Ind-AS accounting classification of financial instruments such as the Securities as equity on the Guarantor's balance sheet may change, which may result in the occurrence of an Accounting Event.**

The current Ind-AS accounting classification of financial instruments such as the Securities as equity on the Guarantor's balance sheet may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Securities (pursuant to the conditions set forth under "*Terms and Conditions of the Securities—Redemption—Redemption for Accounting Reasons*") or substitute, or vary the terms of, the Securities in accordance with the conditions set forth under "*Terms and Conditions of the Securities—Substitution or Variation*." No assurance can be given as to the future classification of the Securities from an accounting perspective or whether any such change may result in the

occurrence of an Accounting Event, thereby providing the Guarantor with the option to redeem, substitute or vary the terms of the Securities.

**The interest rate on the Securities will reset on the First Reset Date and on every Reset Date thereafter, which can be expected to affect the interest payment on the Securities and the market value of the Securities.**

Although the Securities will earn interest at a fixed rate until (but excluding) the First Reset Date, the current market interest rate in the capital markets typically changes on a daily basis. Holders should be aware that movements in these market interest rates can adversely affect the price of the Securities and can lead to losses for the Holders if they sell the Securities. Moreover, since the initial fixed rate of interest for the Securities will be reset on the First Reset Date and on each subsequent Reset Date by reference to the Treasury Rate (which is itself determined by reference to specified interest rates published by the Federal Reserve), the interest payment on the Securities may also change for any interest payments after the First Reset Date as a result of movements in interest rates for U.S. Treasury securities.

Holders are exposed to the risk of fluctuating interest rate levels and uncertain interest income as the reset rates could affect the market value of an investment in the Securities.

**The liability of the Guarantor will be capped. The increase in the liability under the Guarantee is subject to the Guarantor having sufficient net worth and compliance with various regulations as well as an overall exposure limit.**

Under the FEMA Guarantee Regulations and the FEMA ODI Regulations, a guarantee cannot be ‘open ended’ i.e. the amount of the guarantee should be specified upfront. Accordingly, the Guarantor’s potential liability under the Guarantee cannot be unlimited and will be capped at all times as described in “*Terms and Conditions of the Securities—Status; Term of and Maximum Liability under the Guarantee—Maximum Liability under the Guarantee.*” Under certain circumstances, including as a result of the deferral of interest over time, amounts due in respect of the Securities may exceed such cap. Any payment in excess of such cap and in excess of permissible threshold under FEMA ODI Regulations, will require the prior approval of the RBI. No assurance can be given that any such approval would be obtained in a timely manner, or at all.

There are certain circumstances where the liability under the Guarantee may need to be increased as described in “*Terms and Conditions of the Securities—Status; Term of and Maximum Liability under the Guarantee—Maximum Liability under the Guarantee.*” The ability of the Guarantor to effect the increase will be subject to its compliance with the FEMA Guarantee Regulations and the FEMA ODI Regulations as amended or modified from time to time, which currently limits its total financial commitment to overseas joint ventures and wholly owned subsidiaries to an amount not exceeding 400.0% of its net worth as set forth in its last audited balance sheet at the time of issuance of any such guarantee. Notwithstanding the 400% of net worth requirement, the financial commitment to overseas joint ventures and wholly owned subsidiaries in any fiscal year cannot exceed U.S.\$1,000,000,000 in a fiscal year. Approval of the RBI will be required for any increase in liability under the Guarantee over the limits specified above. Additional approvals may also be required on account of a change in the applicable regulations. No assurance can be given that any such approval would be obtained in a timely manner, or at all, and accordingly the Guarantor cannot assure you that the liability under the Guarantees will be increase in the manner described in “*Terms and Conditions of the Securities—Status; Term of and Maximum Liability under the Guarantee—Maximum Liability under the Guarantee.*”

**The liability of the Guarantor will end on the expiry of the guarantee period unless the Guarantee is rolled over or renewed. Any roll-over or renewal of the Guarantee is subject to compliance with**

**the conditions under various regulations including there being no change in any of the terms and conditions of the guarantee.**

Under the FEMA Guarantees Regulations, an Indian company can provide a guarantee on behalf of its non-Indian wholly owned subsidiaries or joint ventures in which it has equity participation and in compliance with the FEMA ODI Regulations.

Under the FEMA Guarantee Regulations and the FEMA ODI Regulations, the period of a guarantee should be specified upfront as the guarantee cannot be open ended. Although the Securities are perpetual, the Guarantee will have a fixed term and the Guarantor is required to extend or renew the Guarantee on a periodic basis prior to its expiry as described in “*Terms and Conditions of the Securities—Status; Term of and Maximum Liability under the Guarantee—Term of the Guarantee.*” The ability of the Guarantor to extend or renew the Guarantee will be subject to its compliance with FEMA Guarantee Regulations and the FEMA ODI Regulations, which may be amended or modified from time to time. Currently, a renewal or rollover of an existing guarantee, will not be treated as a fresh financial commitment, if the existing guarantee was issued in terms of the then prevailing regulations, there is no change in the end use of the guarantee, i.e. the facilities availed by the Issuer, there is no change in any of the terms and conditions of the guarantee, including the amount of the guarantee except for the validity period, the required reporting of the rolled over guarantee in Form ODI-I is undertaken and if the Indian party is under investigation by any investigation or enforcement agency or regulatory body, the concerned agency or body has been notified of the roll-over or renewal. If these conditions are not met, the prior approval of the RBI will be required for any renewal or rollover of the existing Guarantee. Additional approvals may also be required on account of any change in applicable regulations. No assurance can be given that any such approvals would be obtained in a timely manner, or at all. In addition, all demands with respect to the Securities must be received by the Guarantor within the validity of the Guarantee.

**The obligations of the Issuer and the Guarantor under the Securities and the Guarantee are unsecured and subordinated.**

The obligations of the Issuer and the Guarantor under the Securities and the Guarantee will be unsecured and subordinated. If an order is made, or an effective resolution is passed, for the winding-up or liquidation of the Issuer or the Guarantor (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganization, reconstruction, amalgamation or the substitution in place of the Issuer or the Guarantor of a “successor in business” (as defined in the Trust Deed) of the Issuer or the Guarantor, the terms of which reorganization, reconstruction, amalgamation or substitution do not provide that the Securities shall thereby become redeemable or repayable in accordance with the terms of the Securities), the claims of the Holders will rank junior to the claims of holders of all senior obligations of the Issuer and the Guarantor and *pari passu* with the claims of holders of all parity obligations of the Issuer and the Guarantor. See “*Terms and Conditions of the Securities—Subordination.*”

A Holder may, therefore, recover less than the holders of unsubordinated or other prior ranking subordinated liabilities of the Issuer and the Guarantor. Furthermore, the terms of the Securities will not limit the amount of the liabilities ranking senior to, or *pari passu* with, the Securities or the Guarantee which may be incurred or assumed by the Issuer or the Guarantor from time to time, whether before or after the Issue Date. The Securities will also be structurally subordinated to all obligations of the Guarantor’s subsidiaries including claims with respect to trade payables (and the terms of the Securities also do not limit the amount of debt or other obligations that may be incurred by the Guarantor’s subsidiaries). The incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on a winding-up or administration of the Issuer or the Guarantor (or its subsidiaries) and/or may increase the likelihood of a deferral of interest payments under the Securities.

In addition, subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection

with, the Securities and each Holder shall, by virtue of holding any Security, be deemed to have waived all such rights of set-off, compensation or retention.

Accordingly, an investor in subordinated securities such as the Securities may lose all or some of its investment if the Issuer or the Guarantor becomes insolvent.

**The Issuer has the right to defer interest payments on the Securities.**

The Issuer may, at its discretion, elect to defer all or part of any payment of interest on the Securities unless an Enforcement Event has occurred. See “*Terms and Conditions of the Securities—Optional Interest Deferral.*” While the deferral of payment of interest continues, the Issuer and the Guarantor are not prohibited from making payments on any instrument ranking senior to the Securities or the Guarantee and, in such event, the Holders are not entitled to claim payment of interest so deferred. The Issuer will only be required to satisfy any outstanding Arrears of Interest if it or the Guarantor breaches certain of the covenants in the Terms and Conditions of the Securities, if it redeems the Securities, if a Substitution or Variation Event occurs or if the Issuer or the Guarantor winds up or if the Issuer’s or the Guarantor’s assets are liquidated.

Any such deferral of interest payment shall not constitute a default for any purpose.

Any deferral of interest payments is likely to have an adverse effect on the market price of the Securities. In addition, as a result of the interest deferral provision of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities without such interest deferral provision.

**Holders have limited remedies under the Securities.**

Payments of interest on the Securities may be deferred in accordance with the conditions set forth under “*Terms and Conditions of the Securities—Optional Interest Deferral—Deferral of Payments*” and interest will not therefore be due.

The only Enforcement Events under the Securities are if a default is made by the Issuer or the Guarantor for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest, in each case in respect of the Securities and which is due, and certain other limited events specified in “*Terms and Conditions of the Securities—Enforcement Events.*” Therefore, it will only be possible for the Holders to enforce claims for payment of principal or interest in respect of the Securities when the same are due. Furthermore, no Holder will be entitled to proceed directly against the Issuer and the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing. In addition, the limited events specified in clauses (ii) and (iii) of Condition 11(a) under “*Terms and Conditions of the Securities—Enforcement Events*” would not automatically permit the Trustee to institute insolvency proceedings or proceedings for the winding-up of the Guarantor, but it would prevent the Issuer from deferring interest payments or further deferring arrears of interest pursuant to Condition 5(a), and upon the failure to pay such interest payments or arrears of interest that may not be so deferred, the Trustee would then be able to institute insolvency proceedings or proceedings for the winding-up of the Guarantor, subject to the requirements of Indian law. See “The enforceability of the Guarantee will be subject to Indian law” below.

In addition, if an order is made, or an effective resolution is passed, for the winding-up or liquidation of the Issuer or the Guarantor (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganization, reconstruction, amalgamation or the substitution in place of the Issuer or the Guarantor of a “successor in business” (as defined in the Trust Deed) of the Issuer or the terms of which reorganization, reconstruction, amalgamation or substitution do not provide that the Securities shall thereby become redeemable or repayable in accordance with the terms of the Securities), the claims of Holders will be subordinated to the claims of holders of all senior obligations of the Issuer or the Guarantor. See “*Terms and Conditions of the Securities—Subordination.*” Accordingly, the claims of holders of all senior obligations of the

Issuer and the Guarantor will first have to be satisfied in any winding-up or administration proceedings before the Holders may expect to obtain any recovery in respect of their Securities.

The Holders may not be entitled to pre-emptive or injunctive relief or specific relief against the Issuer or the Guarantor for breach of certain terms and conditions as described in the “*Terms and Conditions of the Securities*” including “*Status; Term of and Maximum Liability under the Guarantee—Restrictions in the case of failure to extend or renew the terms of, or increase the amount of liability under, the Guarantee.*” In such case, a claim for breach of contractual terms may be made by the Holders.

**The Issuer may substitute other securities for the Securities or vary the terms of the Securities.**

The Issuer may, in its sole discretion and without the consent or approval of Holders, elect to substitute Qualifying Securities for the Securities, or vary the terms of the Securities with the effect that they become or remain Qualifying Securities as an alternative to redemption at any time following the occurrence of a Tax Event, a Withholding Tax Event, a Capital Event or an Accounting Event which is continuing. While Qualifying Securities are required to have terms not otherwise materially less favorable to Holders than the terms of the Securities, there can be no assurance that the Qualifying Securities will not have a significant adverse impact on the price of, and/or market for, the Securities or the circumstances of individual Holders.

**Substitution of the Securities or the Issuer and Variation of the Securities may be subject to compliance with applicable regulatory requirements, including the prior approval of the RBI, as the case may be.**

Any substitution or variation of the Securities or substitution of the Issuer, each as described in the “*Terms and Conditions of the Securities*” would be subject to compliance with the requirements of the FEMA Guarantee Regulations and the FEMA ODI Regulations and other applicable law. Such substitution or variation may also require the prior approval of the RBI. Compliance with any conditions specified in any such RBI will be required. The RBI may not provide such approval in a timely manner or at all.

**Subsequent changes in market interest rates may adversely affect the value of the Securities.**

Investment in the Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Securities. Fluctuations in interest rates can affect the market values of, and corresponding levels of capital gains or losses on, fixed rate securities. During periods of rising interest rates, the prices of fixed rate securities, such as the Securities, tend to fall and gains are reduced or losses incurred upon their sale. Therefore, investment in the Securities involves the risk that changes in market interest rates may adversely affect the value of the Securities.

**The enforceability of the Guarantee will be subject to Indian law.**

The laws of India may limit (i) on account of a change in applicable regulations, the ability of the Guarantor to guarantee the Securities, and/or (ii) any obligations other than such entities’ direct obligations or the obligations of such entities’ subsidiaries and/or impose a time limit pursuant to which a claim must be made under a Guarantee.

These limitations arise under various provisions or principles of corporate and tax law which include provisions requiring a guarantor to receive adequate corporate benefit from the financing, financial assistance rules, rules governing preservation of share capital and fraudulent transfer principles. Accordingly, if the Holder were to enforce the Guarantee, its claims may be limited. If these limitations were not observed, the Guarantee could be subject to legal challenge.

Any enforcement of the Guarantees after an insolvency event of the Guarantor will be subject to the insolvency and administrative laws of India, or the insolvency laws of the country where the center of main interests of the Guarantor. The insolvency, administrative and other laws of each of these jurisdictions may be materially

different from, or in conflict with, each other, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, and could adversely affect the Holders ability to enforce their rights under the Guarantee or could limit any amounts that the Holders may receive. Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in India, a guarantee could be voided, or claims in respect of a guarantee would be subordinated to all other debts of the guarantor.

Under the laws of India, a guarantor may be considered to be discharged of its guarantee obligations upon the occurrence of the following:

- (i) there is a material alteration to the terms of the contract between the principal debtor and the creditor, without the consent of the guarantor. However, the guarantor would continue to be liable for obligations effected prior to the variation;
- (ii) the principal debtor is released of its obligations to the creditor or by any act or omission of the creditor, the legal consequence of which is the discharge of the principal debtor, unless there is an agreement to the contrary;
- (iii) the creditor makes a composition with or promises to give time to or not to sue, the principal debtor, unless the guarantor agrees to such contract; and
- (iv) the creditor does any act which is inconsistent with the rights of the guarantor or omits to do any act which his duty to the guarantor requires him to do and the eventual remedy of the guarantor against the principal debtor is discharged,

if the waivers under the Guarantees are not upheld by the courts in India.

**The terms of the Securities do not limit the ability of the Issuer or the Guarantor to issue senior or pari passu securities.**

There is no restriction on the amount of securities that the Issuer or the Guarantor may issue (or other debt or obligations that the Issuer or the Guarantor may incur) that rank senior to or pari passu with the Securities or the Guarantee. There are also no restrictions on the amount of debt or other obligations that may be incurred by the Guarantor's other subsidiaries, all of which will be structurally senior to the Securities and the Guarantee. The issue of any such securities may reduce the amount recoverable by Holders on a winding-up of the Issuer or Guarantor and/or may increase the likelihood of a deferral of payments under the Securities.

**Any decline in the credit ratings of the Issuer and/or the Guarantor may adversely affect the market value of the Securities.**

The Guarantor is currently rated Ba1 by Moody's Investors Service ("**Moody's**") with a stable outlook; BBB- by Standard & Poor's ("**S&P**") with a negative outlook; and BBB- with a negative outlook by Fitch Ratings. The Securities are expected to be assigned credit ratings by Fitch and Standard & Poor's. The expected ratings assigned by Fitch and Standard & Poor's or any other rating assigned to the Securities may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In addition, each of Fitch and Standard & Poor or any other rating agency may change its methodologies for rating securities with features similar to the Securities. This may include the relationship between ratings assigned to a company's senior securities and ratings assigned to securities with features similar to the Securities, sometimes called "notching".

If rating agencies change their practices for rating such securities and the ratings of the Securities were to be subsequently lowered, or if the ratings of the Securities were lowered for any other reason (including, for



example, adverse developments in relation to the Guarantor's business or industry) this may have a negative impact on the trading price of the Securities.

**An active trading market for the Securities may not develop or be sustained.**

There has been no prior trading market for the Securities. The Issuer has been advised that the Managers intend to make a market in the Securities, but that they are not obligated to do so and may discontinue such market making activity at any time without notice. An active trading market for the Securities might not develop or be sustained. The Securities could trade at prices that may be lower than the initial offering price for the Securities.

The price at which the Securities trade depends on many factors, including:

- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- our financial condition, financial performance and prospects.

Approval-in-principle has been received from the SGX-ST for the listing of and quotation for the Securities on the Official List of the SGX-ST. No assurance can be given that the application will be approved or that the Issuer will be able to maintain a listing for the Securities or that a liquid trading market for the Securities will develop or continue. If an active market for the Securities fails to develop or be sustained, the trading price of the Securities could be materially and adversely affected. Lack of a liquid or active trading market for the Securities may adversely affect the price of the Securities or may otherwise impede a Holder's ability to dispose of the Securities.

**Corporate disclosure standards for debt securities listed on the SGX-ST differ from those of other exchanges.**

The Issuer and Guarantor will be subject to the reporting obligations of the SGX-ST, if and for as long as the Securities are listed on the SGX-ST. The disclosure standards imposed by the SGX-ST on issuers and guarantors of debt securities listed on the SGX-ST are different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Securities are accustomed to.

**Remittance of funds outside India pursuant to indemnification by the Guarantor in relation to the Securities requires prior RBI approval.**

Remittance of funds outside India by the Guarantor pursuant to indemnity clauses under the Trust Deed or any other agreements in relation to the Securities requires prior RBI approval under the Foreign Exchange Management Act, 1999 and rules and regulations made thereunder. Any approval, if and when required, for the remittance of funds outside India is at the discretion of the RBI and the Guarantor can provide no assurance that it will be able to obtain such approval.

**Investment in the Securities may subject investors to foreign exchange risks.**

The Securities are denominated and settled in U.S. dollars. If an investor measures its investment returns by reference to a currency other than U.S. dollars, an investment in the Securities entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollar relative to the currency by reference to which an investor measures its investment returns, due to, among other things, economic, political and other factors over which the Issuer or Guarantor has no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Securities below their stated coupon rates and could result in a loss when the return on the Securities is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Securities.

Moreover, the Issuer may seek support from the Guarantor to service the Issuer's debt. The majority of the revenues and expenses of the Guarantor are denominated in Indian Rupees. Depreciation of the Rupee against the U.S. dollar, to the extent not fully hedged, could adversely affect the U.S. dollar value of the Guarantor's earnings, and the Issuer's and the Guarantor's ability to satisfy their obligations under the Securities and the Guarantee.

There can be no assurance that the Issuer or the Guarantor will fully hedge such foreign exchanges risks during the period while the Securities are outstanding.

## **USE OF PROCEEDS**

The gross proceeds of this offering will be U.S.\$499.44 million. The gross proceeds will be used for capital expenditure, repayment of existing indebtedness including shareholder loans and/or any other purpose, each as permitted under applicable laws and regulations from time to time.

Affiliates of some of the Managers are lenders to the Issuer and Guarantor and may be repaid from a portion of the proceeds of this offering.

The foregoing discussion represents the Issuer's current intentions and best estimate of the Issuer's allocation of the proceeds of this offering based upon the Issuer's current plans and estimates regarding the Guarantor's anticipated expenditures. The Issuer's management, however, will have flexibility and discretion as to how the Issuer applies the proceeds from the offering of the Securities. The exact amount of proceeds from the offering of the Securities which the Issuer will actually apply to any particular purpose may change and the Issuer may find it necessary or advisable to use portions of the proceeds for other purposes and any other permitted end-use.

## CAPITALIZATION

The following table sets forth the capitalization of the Issuer on a non-consolidated basis as at March 31, 2020 and as adjusted to give effect to the issuance of the Securities offered hereby but not the use of proceeds thereof as described in “*Use of Proceeds*.” The figures for the respective financial statements line items under “As Adjusted” column are derived after considering the impact due to proposed issue of the Securities and it does not consider any other transactions or movements for such financial statements line items after December 31, 2020.

|                                                            | As at March 31, 2020 <sup>(1)</sup> |                                     |                            |                                     |
|------------------------------------------------------------|-------------------------------------|-------------------------------------|----------------------------|-------------------------------------|
|                                                            | Actual                              |                                     | As Adjusted <sup>(2)</sup> |                                     |
|                                                            | (Rs. in millions)                   | (U.S.\$ in millions) <sup>(3)</sup> | (Rs. in millions)          | (U.S.\$ in millions) <sup>(3)</sup> |
| <b>Short term borrowings</b>                               |                                     |                                     |                            |                                     |
| - Secured .....                                            | —                                   | —                                   | —                          | —                                   |
| - Unsecured .....                                          | 23,192                              | 317                                 | 23,192                     | 317                                 |
| <b>Long term borrowings (excluding current maturities)</b> |                                     |                                     |                            |                                     |
| - Secured .....                                            | —                                   | —                                   | —                          | —                                   |
| - Unsecured .....                                          | 58,720                              | 804                                 | 58,720                     | 804                                 |
| <b>Current maturities of long-term borrowings...</b>       |                                     |                                     |                            |                                     |
| <b>Total borrowings (A).....</b>                           | 81,912                              | 1,121                               | 81,912                     | 1,121                               |
| Equity share capital .....                                 | 92,586                              | 1,267                               | 92,586                     | 1,267                               |
| Other equity <sup>(4)</sup> .....                          | 90,377                              | 1,237                               | 126,902                    | 1,737                               |
| <b>Total equity (B).....</b>                               | 182,963                             | 2,505                               | 219,488                    | 3,005                               |
| <b>Total capitalization (A+B).....</b>                     | 264,875                             | 3,626                               | 301,400                    | 4,126                               |
| <b>Ratio: Total debts/ Total equity (A/B).....</b>         | 0.45                                | 0.45                                | 0.37                       | 0.37                                |

Notes:

- (1) Except as disclosed herein, there have been no material changes in the Guarantor’s capitalization since December 31, 2020.
- (2) Does not reflect the impact of U.S.\$749.31 million in gross proceeds obtained from the Concurrent Notes Offering.
- (3) For the reader’s convenience, U.S. dollar translations of Indian Rupee amounts have been provided at a rate of U.S.\$1.00 = Rs. 73.05, which was the RBI Reference Rate as at December 31, 2020.
- (4) Other equity includes only the share attributable to controlling interest and does not include non-controlling interest.

The following table sets forth the Guarantor’s short-term and long-term debt and shareholders’ equity at December 31, 2020 on a consolidated basis and as adjusted to give effect to the issuance of the Securities offered hereby but not the use of proceeds thereof as described in “*Use of Proceeds*.” The figures for the respective financial statements line items under “As Adjusted” column are derived after considering the impact due to proposed issue of the Securities and it does not consider any other transactions or movements for such financial statements line items after December 31, 2020. You should read the following table together with “*Selected*

*Consolidated Financial and Operating Data of the Guarantor” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”*

**As at December 31, 2020 <sup>(1)</sup>**

|                                                            | <b>Actual</b>            |                                           | <b>As Adjusted<sup>(2)</sup></b> |                                           |
|------------------------------------------------------------|--------------------------|-------------------------------------------|----------------------------------|-------------------------------------------|
|                                                            | <i>(Rs. in millions)</i> | <i>(U.S.\$ in millions)<sup>(3)</sup></i> | <i>(Rs. in millions)</i>         | <i>(U.S.\$ in millions)<sup>(3)</sup></i> |
| <b>Short term borrowings</b>                               |                          |                                           |                                  |                                           |
| - Secured .....                                            | 232                      | 3                                         | 232                              | 3                                         |
| - Unsecured .....                                          | 130,912                  | 1,792                                     | 130,912                          | 1,792                                     |
| <b>Long term borrowings (excluding current maturities)</b> |                          |                                           |                                  |                                           |
| - Secured .....                                            | 3,665                    | 50                                        | 3,665                            | 50                                        |
| - Unsecured .....                                          | 1,012,104                | 13,855                                    | 1,012,104                        | 13,855                                    |
| <b>Current maturities of long-term borrowings...</b>       | 110,360                  | 1,511                                     | 110,360                          | 1,511                                     |
| <b>Total borrowings (A) .....</b>                          | 1,257,273                | 17,211                                    | 1,257,273                        | 17,211                                    |
| Equity share capital .....                                 | 27,278                   | 373                                       | 27,278                           | 373                                       |
| Other equity <sup>(4)</sup> .....                          | 569,792                  | 7,800                                     | 606,317                          | 8,300                                     |
| <b>Total equity (B) .....</b>                              | 597,070                  | 8,173                                     | 633,595                          | 8,673                                     |
| <b>Total capitalization (A+B) .....</b>                    | 1,854,343                | 25,385                                    | 1,890,868                        | 25,885                                    |
| <b>Ratio: Total debts/ Total equity (A/B) .....</b>        | 2.11                     | 2.11                                      | 1.98                             | 1.98                                      |

Notes:

- (1) Except as disclosed herein, there have been no material changes in the Guarantor’s capitalization since December 31, 2020.
- (2) Does not reflect the impact of U.S.\$749.31 million in gross proceeds obtained from the Concurrent Notes Offering.
- (3) For the reader’s convenience, U.S. dollar translations of Indian Rupee amounts have been provided at a rate of U.S.\$1.00 = Rs. 73.05, which was the RBI Reference Rate as at December 31, 2020.
- (4) Other equity includes only the share attributable to controlling interest and does not include non-controlling interest.

## SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF THE GUARANTOR

The following tables set forth the selected consolidated and operating data derived from the Guarantor's audited consolidated financial statements as at and for the nine months ended December 31, 2020 and Fiscals 2020 and 2019 (including comparative information as at and for the nine months ended December 31, 2019 and Fiscals 2020 and 2018). The summary financial information presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Financial Statements of the Guarantor included elsewhere in this Offering Memorandum.

### Bharti Airtel Limited

#### Consolidated Balance Sheet

|                                             | As at March 31,   |                  |                  | As at December 31, |
|---------------------------------------------|-------------------|------------------|------------------|--------------------|
|                                             | 2018              | 2019             | 2020             | 2020               |
|                                             | (Rs. in millions) |                  |                  |                    |
| <b>Assets</b>                               |                   |                  |                  |                    |
| <b>Non-current assets</b>                   |                   |                  |                  |                    |
| Property, plant and equipment.....          | 706,079           | 815,228          | 877,573          | 832,549            |
| Capital work-in-progress .....              | 52,089            | 88,433           | 39,972           | 53,747             |
| Right-of-use assets .....                   | —                 | —                | 259,049          | 278,692            |
| Goodwill.....                               | 328,070           | 332,562          | 346,192          | 334,667            |
| Other intangible assets.....                | 837,855           | 860,525          | 809,741          | 768,525            |
| Intangible assets under development .....   | 45,423            | 7,909            | 2,851            | 1,268              |
| Investment in joint ventures and associates | 86,839            | 88,937           | 96,808           | 248,489            |
| <b>Financial assets</b>                     |                   |                  |                  |                    |
| - Investments .....                         | 5,769             | 21,941           | 20,278           | 360                |
| - Derivative instruments .....              | 2,031             | 3,105            | 41               | —                  |
| - Security deposits .....                   | 9,703             | 16,452           | 8,728            | 7,912              |
| - Others.....                               | 5,814             | 3,227            | 14,696           | 15,531             |
| Income tax assets (net) .....               | 25,505            | 17,694           | 21,088           | 21,699             |
| Deferred tax assets (net) .....             | 29,330            | 89,379           | 270,160          | 200,423            |
| Other non-current assets .....              | 36,319            | 77,526           | 74,181           | 71,685             |
| <b>Current assets</b>                       |                   |                  |                  |                    |
| Inventories.....                            | 693               | 884              | 1,569            | 2,446              |
| <b>Financial assets</b>                     |                   |                  |                  |                    |
| - Investments .....                         | 68,978            | 46,232           | 137,679          | 6,139              |
| - Derivative instruments .....              | 8,941             | 426              | 2,792            | 731                |
| - Trade receivables .....                   | 58,830            | 43,006           | 46,058           | 45,826             |
| - Cash and cash equivalents.....            | 49,552            | 62,121           | 135,507          | 98,345             |
| - Other bank balances .....                 | 17,154            | 18,934           | 23,420           | 33,890             |
| - Others.....                               | 27,462            | 20,343           | 210,523          | 190,972            |
| Other current assets .....                  | 103,380           | 137,111          | 208,884          | 130,584            |
| <b>Total Assets</b> .....                   | <b>2,505,816</b>  | <b>2,751,975</b> | <b>3,607,790</b> | <b>3,344,480</b>   |

|                                                    | As at March 31,   |                  |                  | As at December 31, |
|----------------------------------------------------|-------------------|------------------|------------------|--------------------|
|                                                    | 2018              | 2019             | 2020             | 2020               |
|                                                    | (Rs. in millions) |                  |                  |                    |
| <b>Equity and liabilities</b>                      |                   |                  |                  |                    |
| <b>Equity</b>                                      |                   |                  |                  |                    |
| Share capital .....                                | 19,987            | 19,987           | 27,278           | 27,278             |
| Other equity .....                                 | 675,357           | 694,235          | 744,170          | 569,792            |
| <b>Equity attributable to owners of the Parent</b> | 695,344           | 714,222          | 771,448          | 597,070            |
| Non-controlling interests ('NCI') .....            | 88,139            | 135,258          | 249,847          | 181,341            |
| <b>Non-current liabilities</b>                     |                   |                  |                  |                    |
| <b>Financial liabilities</b>                       |                   |                  |                  |                    |
| - Borrowings .....                                 | 849,420           | 872,454          | 910,792          | 1,015,769          |
| - Lease liabilities .....                          | —                 | —                | 243,678          | 248,365            |
| - Derivative instruments .....                     | 5,409             | 826              | 292              | 263                |
| - Others .....                                     | 44,547            | 62,131           | 67,399           | 130,675            |
| Deferred revenue .....                             | 22,117            | 17,986           | 22,844           | 29,971             |
| Provisions .....                                   | 7,212             | 6,823            | 7,548            | 5,046              |
| Deferred tax liabilities (net) .....               | 10,606            | 11,297           | 16,877           | 16,425             |
| Other non-current liabilities .....                | 623               | 429              | 2,189            | 1,818              |
| <b>Current liabilities</b>                         |                   |                  |                  |                    |
| <b>Financial liabilities</b>                       |                   |                  |                  |                    |
| - Borrowings .....                                 | 129,569           | 310,097          | 167,034          | 131,144            |
| - Current maturities of long-term borrowings ..... | 134,346           | 71,732           | 98,364           | 110,338            |
| - Lease liabilities .....                          | —                 | —                | 62,413           | 76,164             |
| - Derivative instruments .....                     | 283               | 12,742           | 568              | 1,177              |
| - Trade payables .....                             | 268,536           | 280,031          | 250,232          | 301,101            |
| - Others .....                                     | 140,605           | 159,806          | 168,321          | 167,390            |
| Deferred revenue .....                             | 48,666            | 43,993           | 54,588           | 66,221             |
| Provisions .....                                   | 2,384             | 2,197            | 451,093          | 227,551            |
| Current tax liabilities (net) .....                | 11,058            | 8,228            | 13,519           | 12,680             |
| Other current liabilities .....                    | 46,952            | 41,723           | 48,744           | 23,971             |
| <b>Total Equity and Liabilities</b> .....          | <u>2,505,816</u>  | <u>2,751,975</u> | <u>3,607,790</u> | <u>3,344,480</u>   |

## Bharti Airtel Limited

### Consolidated Statements of Profit and Loss

|                                                                                                       | Year ended March 31 |          |                     | Nine months ended<br>December 31 | Nine months ended<br>December 31 |
|-------------------------------------------------------------------------------------------------------|---------------------|----------|---------------------|----------------------------------|----------------------------------|
|                                                                                                       | 2018 <sup>(1)</sup> | 2019     | 2020 <sup>(2)</sup> | 2019 <sup>(2)</sup>              | 2020 <sup>(2)</sup>              |
|                                                                                                       | (Rs. in millions)   |          |                     |                                  |                                  |
| <b>Income</b>                                                                                         |                     |          |                     |                                  |                                  |
| Revenue from operations.....                                                                          | 826,388             | 807,802  | 846,765             | 616,578                          | 748,685                          |
| Other income .....                                                                                    | 2,488               | 2,912    | 15,357              | 7,159                            | 5,589                            |
|                                                                                                       | 828,876             | 810,714  | 862,122             | 623,737                          | 754,274                          |
| <b>Expenses</b>                                                                                       |                     |          |                     |                                  |                                  |
| Network operating expenses.....                                                                       | 197,520             | 223,900  | 196,305             | 144,795                          | 160,640                          |
| Access charges .....                                                                                  | 90,446              | 93,521   | 107,395             | 79,125                           | 87,872                           |
| License fee / spectrum charges (revenue share)...                                                     | 75,558              | 69,426   | 73,826              | 53,257                           | 66,072                           |
| Employee benefits .....                                                                               | 39,771              | 37,975   | 35,137              | 25,617                           | 31,157                           |
| Sales and marketing expenses .....                                                                    | 45,275              | 41,277   | 34,236              | 24,901                           | 26,525                           |
| Other expenses <sup>(3)</sup> .....                                                                   | 77,027              | 83,514   | 57,332              | 42,524                           | 46,021                           |
|                                                                                                       | 525,597             | 549,613  | 504,231             | 370,219                          | 418,287                          |
| <b>Profit from operating activities before depreciation, amortization and exceptional items .....</b> | 303,279             | 261,101  | 357,891             | 253,518                          | 335,987                          |
| Depreciation and amortization.....                                                                    | 192,431             | 213,475  | 270,944             | 202,329                          | 219,025                          |
| Finance costs .....                                                                                   | 93,255              | 110,134  | 140,732             | 99,261                           | 112,304                          |
| Finance income <sup>(3)</sup> .....                                                                   | (12,540)            | (14,240) | —                   | —                                | —                                |
| Non-operating expenses .....                                                                          | 141                 | 1,894    | —                   | —                                | —                                |
| Share of results of joint ventures and associates, (net) .....                                        | (10,609)            | (3,556)  | 6,627               | 5,384                            | 6,202                            |
| <b>Profit / (Loss) before exceptional items and tax .....</b>                                         | 40,601              | (46,606) | (60,412)            | (53,456)                         | (1,544)                          |
| Exceptional items (net).....                                                                          | 7,931               | (29,288) | 400,892             | 332,304                          | 163,549                          |
| <b>Profit / (Loss) before tax from continuing operations.....</b>                                     | 32,670              | (17,318) | (461,304)           | (385,760)                        | (165,093)                        |
| <b>Tax expense / (credit)</b>                                                                         |                     |          |                     |                                  |                                  |
| Current tax.....                                                                                      | 18,230              | 19,391   | 17,932              | 14,911                           | 14,126                           |
| Deferred tax .....                                                                                    | (7,395)             | (53,584) | (143,056)           | (118,515)                        | 70,098                           |
| <b>Profit / (loss) for the period from continuing operations.....</b>                                 | 21,835              | 16,875   | (336,180)           | (282,156)                        | (249,317)                        |
| Profit from discontinued operations before tax....                                                    | —                   | —        | 32,839              | 27,400                           | 113,698                          |
| Tax expense of discontinued operations .....                                                          | —                   | —        | 3,301               | 2,116                            | 3,131                            |
| <b>Profit for the period from discontinued operations.....</b>                                        | —                   | —        | 29,538              | 25,284                           | 110,567                          |
| <b>Profit / (loss) for the period.....</b>                                                            | 21,835              | 16,875   | (306,642)           | (256,872)                        | (138,750)                        |



|                                                                         | Year ended March 31 |                 |                     | Nine months ended December 31 | Nine months ended December 31 |
|-------------------------------------------------------------------------|---------------------|-----------------|---------------------|-------------------------------|-------------------------------|
|                                                                         | 2018 <sup>(1)</sup> | 2019            | 2020 <sup>(2)</sup> | 2019 <sup>(2)</sup>           | 2020 <sup>(2)</sup>           |
| <i>(Rs. in millions)</i>                                                |                     |                 |                     |                               |                               |
| <b>Other comprehensive income ('OCI')</b>                               |                     |                 |                     |                               |                               |
| Items to be reclassified to profit or loss: .....                       |                     |                 |                     |                               |                               |
| Net (loss) / gain due to foreign currency translation differences ..... | (7,181)             | (15,739)        | 4,814               | 2,813                         | (10,625)                      |
| Net (loss) / gain on net investment hedge .....                         | (8,024)             | (1,754)         | (10,856)            | (2,324)                       | 977                           |
| Net gain / (loss) on cash flow hedge .....                              | 809                 | (833)           | (109)               | 27                            | —                             |
| Net gain / (loss) on fair value through OCI                             |                     |                 |                     |                               |                               |
| Investments .....                                                       | 129                 | (45)            | (108)               | (107)                         | (124)                         |
| Tax (charge) / credit .....                                             | (122)               | 5,428           | 2,883               | 559                           | (436)                         |
|                                                                         | (14,389)            | (12,943)        | (3,376)             | 968                           | (10,208)                      |
| Items not to be reclassified to profit or loss: .....                   |                     |                 |                     |                               |                               |
| Re-measurement gain / (loss) on defined benefit plans .....             | 205                 | 47              | (76)                | (110)                         | (119)                         |
| Share of joint ventures and associates .....                            | 18                  | (12)            | 15                  | 4                             | (117)                         |
| Tax (charge) / credit .....                                             | (29)                | (62)            | (41)                | 58                            | 56                            |
|                                                                         | 194                 | (27)            | (102)               | (48)                          | (180)                         |
| <b>Other comprehensive loss for the year .....</b>                      | <b>(14,195)</b>     | <b>(12,970)</b> | <b>(3,478)</b>      | <b>920</b>                    | <b>(10,388)</b>               |
| <b>Total comprehensive income / (loss) for the year .....</b>           | <b>7,640</b>        | <b>3,905</b>    | <b>(310,120)</b>    | <b>(255,952)</b>              | <b>(149,138)</b>              |

Notes:

- (1) The audited financial information (including the nomenclature of financial statement captions) for Fiscal 2018 is derived from the comparative information in audited consolidated financial statements for Fiscal 2019.
- (2) Following the Indus Merger, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger Indus Towers entity as a discontinued operation rather than as a consolidated subsidiary. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations. Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.
- (3) Prior to April 1, 2020, "other income" comprised miscellaneous income and lease rentals, while "finance income" primarily comprised interest income on fixed and time deposits; gains on derivative financial instruments; interest and gain on securities held for trading; foreign exchange gains on reinstatements of foreign currency denominated assets and liabilities; and interest on loans. Starting from April 1, 2020, "finance income" has been reclassified under, and merged with, "other income" for better presentation of the Guarantor's financial information.

## Bharti Airtel Limited

### Consolidated Statement of Cash Flow

|                                                                                | Year ended March 31      |                |                     | Nine months ended<br>December 31 |                |
|--------------------------------------------------------------------------------|--------------------------|----------------|---------------------|----------------------------------|----------------|
|                                                                                | 2018                     | 2019           | 2020 <sup>(1)</sup> | 2019                             | 2020           |
|                                                                                | <i>(Rs. in millions)</i> |                |                     |                                  |                |
| <b>Cash flows from operating activities</b>                                    |                          |                |                     |                                  |                |
| Profit / (Loss) before tax.....                                                | 32,670                   | (17,318)       | (428,465)           | (358,360)                        | (51,395)       |
| <b>Adjustments for :</b>                                                       |                          |                |                     |                                  |                |
| Depreciation and amortisation.....                                             | 192,431                  | 213,475        | 276,896             | 206,346                          | 222,070        |
| Finance costs.....                                                             | 93,255                   | 110,134        | 137,261             | 98,218                           | 110,214        |
| Finance income.....                                                            | (12,540)                 | (14,240)       | —                   | —                                | —              |
| Dividend income.....                                                           | —                        | —              | (57))               | (57))                            | —              |
| Net gain on FVTPL instruments.....                                             | —                        | —              | (7,208))            | (3,902))                         | (4,339)        |
| Gain on deemed disposal of subsidiary.....                                     | —                        | —              | —                   | —                                | (94,496)       |
| Interest income.....                                                           | —                        | —              | (3,981))            | (3,043))                         | (2,568)        |
| Net loss / (gain) on derivative financial<br>instruments.....                  | —                        | —              | (4,852))            | (870))                           | 2,858          |
| Share of results of joint ventures and associates<br>(net).....                | (10,609)                 | (3,556)        | (6,524)             | (5,609)                          | (1,633)        |
| Exceptional Items (net).....                                                   | 325                      | (32,792)       | 401,619             | 331,319                          | 163,808        |
| Employee share-based payment expense.....                                      | 413                      | 345            | 357                 | 224                              | 548            |
| Loss on sale of property, plant and equipment ....                             | 293                      | (175)          | 10                  | 9                                | 97             |
| Other non-cash / non-operating items.....                                      | 10,117                   | 11,909         | 5,132               | 4,696                            | 4,874          |
| <b>Operating cash flow before changes in working<br/>capital.....</b>          | <b>306,355</b>           | <b>267,782</b> | <b>370,188</b>      | <b>268,971</b>                   | <b>350,038</b> |
| <b>Changes in working capital</b>                                              |                          |                |                     |                                  |                |
| Trade receivables.....                                                         | (24,474)                 | 8,427          | (8,925)             | (16,813)                         | (14,316)       |
| Trade payables.....                                                            | 15,122                   | 21,580         | (2,444)             | 13,152                           | 22,682         |
| Inventories.....                                                               | (202)                    | (191)          | (522)               | (435)                            | (940)          |
| Provisions.....                                                                | 154                      | (107)          | (128,107)           | 140,552                          | (71,082)       |
| Other financial and non-financial liabilities.....                             | 51,205                   | (20,955)       | 19,031              | 7,260                            | 6,170          |
| Other financial and non-financial assets.....                                  | (35,899)                 | (66,950)       | (44,997)            | (128,063)                        | 88,478         |
| <b>Net cash generated from operations before tax<br/>and dividend.....</b>     | <b>312,261</b>           | <b>209,586</b> | <b>204,224</b>      | <b>284,624</b>                   | <b>381,030</b> |
| Income tax paid.....                                                           | (13,723)                 | (11,706)       | (22,937)            | (18,788)                         | (18,948)       |
| <b>Net cash generated from operating activities (a)</b><br>.....               | <b>298,538</b>           | <b>197,880</b> | <b>181,287</b>      | <b>265,836</b>                   | <b>362,082</b> |
| <b>Cash flows from investing activities</b>                                    |                          |                |                     |                                  |                |
| Purchase of property, plant and equipment and<br>capital work in progress..... | (245,259)                | (260,971)      | (191,902)           | (146,662)                        | (178,561)      |
| Proceeds from sale of property, plant and<br>equipment.....                    | 5,655                    | 1,225          | 1,317               | 1,155                            | 1,116          |

|                                                                                 | Year ended March 31      |                  |                     | Nine months ended<br>December 31 |                  |
|---------------------------------------------------------------------------------|--------------------------|------------------|---------------------|----------------------------------|------------------|
|                                                                                 | 2018                     | 2019             | 2020 <sup>(1)</sup> | 2019                             | 2020             |
|                                                                                 | <i>(Rs. in millions)</i> |                  |                     |                                  |                  |
| Purchase of intangible assets .....                                             | (17,749)                 | (33,804)         | (15,266)            | (5,647)                          | (9,188)          |
| Payment towards spectrum - Deferred payment liability* .....                    | (9,909)                  | (11,720)         | (15,424)            | (9,866)                          | —                |
| Purchase / (sale) of current investments (net) .....                            | (50,259)                 | 18,158           | (85,236)            | (143,789)                        | 120,635          |
| Sale of non-current investments .....                                           | 36,495                   | 44,976           | 2,950               | 2,951                            | 3,678            |
| Purchase of non-current investments .....                                       | —                        | (57,067)         | —                   | —                                | (84)             |
| Consideration / advance for acquisitions, net of cash acquired .....            | (19,498)                 | (5,083)          | (1,345)             | —                                | (17)             |
| Sale of tower assets .....                                                      | 4,869                    | 3,051            | —                   | —                                | —                |
| Investment in Associates / Joint Ventures .....                                 | (60)                     | (60)             | (4,761)             | (4,736)                          | (32,551)         |
| Dividend received .....                                                         | 10,377                   | 11,493           | —                   | —                                | 4,200            |
| Interest received .....                                                         | 5,662                    | 4,793            | 4,748               | 3,540                            | 2,757            |
| <b>Net cash used in investing activities (b) .....</b>                          | <b>(279,676)</b>         | <b>(285,009)</b> | <b>(304,919)</b>    | <b>(303,054)</b>                 | <b>(88,015)</b>  |
| <b>Cash flows from financing activities</b>                                     |                          |                  |                     |                                  |                  |
| Net proceeds from issue of shares (Rights issue) .....                          | —                        | —                | 248,759             | 249,136                          | —                |
| Net proceeds from issue of shares to QIB .....                                  | —                        | —                | 143,055             | —                                | —                |
| Net proceeds from issuance of FCBB .....                                        | —                        | —                | 70,456              | —                                | —                |
| Proceeds from borrowings .....                                                  | 197,664                  | 353,141          | 377,400             | 297,326                          | 210,349          |
| Repayment of borrowings .....                                                   | (130,717)                | (345,359)        | (439,813)           | (275,287)                        | (349,523)        |
| Repayment of finance lease liabilities .....                                    | (3,932)                  | (5,077)          | (47,740)            | (34,474)                         | (44,932)         |
| Net (repayment of) / proceeds from short-term borrowings .....                  | (26,874)                 | 98,101           | (117,140)           | (121,476)                        | (23,779)         |
| Proceeds from sale and finance leaseback of towers .....                        | 2,958                    | 1,688            | —                   | —                                | —                |
| Purchase of treasury shares .....                                               | (424)                    | (248)            | (497)               | (497)                            | (1,132)          |
| Interest and other finance charges paid .....                                   | (44,041)                 | (76,171)         | (109,993)           | (79,463)                         | (59,240)         |
| Proceeds from exercise of share options .....                                   | 13                       | 10               | 5                   | 4                                | 9                |
| Dividend paid (including tax) .....                                             | (32,652)                 | (46,617)         | (18,263)            | (17,934)                         | (26,906)         |
| Net proceeds from issuance of equity shares to Non-controlling interest .....   | 21                       | 104,341          | 57,144              | 54,956                           | —                |
| Net proceeds from issuance of perpetual bonds to non-controlling interest ..... | —                        | —                | 71,370              | 53,148                           | —                |
| Purchase of shares from Non-controlling interest .....                          | —                        | (5,409)          | —                   | —                                | (224)            |
| Net payment towards derivatives .....                                           | —                        | —                | (41,517)            | (41,517)                         | —                |
| Payment of bond issue / share issue expenses .....                              | —                        | —                | —                   | —                                | (17)             |
| Sale of interest in a subsidiary .....                                          | 57,189                   | 16,238           | —                   | —                                | —                |
| Payment on maturity of forwards .....                                           | —                        | —                | (1,782)             | —                                | (192)            |
| <b>Net cash generated from/ (used in) financing activities (c) .....</b>        | <b>19,205</b>            | <b>94,638</b>    | <b>191,444</b>      | <b>83,922</b>                    | <b>(295,587)</b> |

|                                                                                               | Year ended March 31 |        |                     | Nine months ended December 31 |          |
|-----------------------------------------------------------------------------------------------|---------------------|--------|---------------------|-------------------------------|----------|
|                                                                                               | 2018                | 2019   | 2020 <sup>(1)</sup> | 2019                          | 2020     |
|                                                                                               | (Rs. in millions)   |        |                     |                               |          |
| <b>Net increase / (decrease) in cash and cash equivalents during the period (a+b+c) .....</b> | 38,067              | 7,509  | 67,812              | 46,704                        | (21,520) |
| Effect of exchange rate on cash and cash equivalents.....                                     | 281                 | 1,338  | 8,934               | 3,447                         | (4,522)  |
| Cash and cash equivalents as at beginning of the period .....                                 | (9,880)             | 28,468 | 53,793              | 53,793                        | 130,539  |
| <b>Cash and cash equivalents as at end of the period.....</b>                                 | 28,468              | 37,315 | 130,539             | 103,944                       | 104,497  |

Notes:

(\*) Cash flows towards spectrum acquisitions are based on the timing of payouts to DoT. (viz. upfront/deferred)

(1) Financial information relating to the Guarantor's consolidated statement of cash flow for the fiscal year ended March 31, 2020 has been derived from the Guarantor's audited consolidated financial statements as at and for the fiscal year ended March 31, 2020, and does not reflect the effect of the Indus Merger and the resulting presentation of Indus Towers as a discontinued operation. For more information, see "Presentation of Financial and Other Information—The Indus Merger—Discontinued Operations".

## Reconciliations of Non-GAAP Financial Measures

This Offering Memorandum includes certain non-GAAP financial measures, including earnings before interest, taxes, depreciation and amortization ("EBITDA") and net debt. The Guarantor calculates its EBITDA, a non-GAAP financial measure, on a consolidated basis, as Profit before depreciation, amortization, finance cost, finance income, non-operating expense, charity and donation, exceptional items and tax. The Guarantor calculates its net debt as the sum of current and non-current borrowings (including lease liabilities) less investments and cash & cash equivalents. The Guarantor believes that EBITDA and net debt serve as useful indicators of the Guarantor's operating performance and are measures commonly used by analysts, investors and peers in the Guarantor's industry. However, EBITDA and net debt, as well as the related ratios presented in this Offering Memorandum, are supplemental measures of the Guarantor's performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or U.S. GAAP. EBITDA and net debt are not measurements of financial performance or liquidity under IFRS or U.S. GAAP and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with Ind AS, IFRS or U.S. GAAP or as alternatives to cash flow from operating activities or as measures of liquidity. In addition, EBITDA and net debt are not standardized terms, hence a direct comparison between companies using such terms may not be possible.

The following tables provides reconciliation of segment results to EBITDA for the nine months ended December 31, 2020:

|                                                          | Nine Months ended December 31, 2020 <sup>(1)(2)</sup> |                              |                          |                 |                      |               |                     |                                                 |                                |                                                       |                                                  |
|----------------------------------------------------------|-------------------------------------------------------|------------------------------|--------------------------|-----------------|----------------------|---------------|---------------------|-------------------------------------------------|--------------------------------|-------------------------------------------------------|--------------------------------------------------|
|                                                          | Mobile services – India                               | Mobile services – South Asia | Mobile services – Africa | Airtel business | Tower Infrastructure | Home services | Digital TV services | Others (including unallocated and eliminations) | Total of Continuing Operations | Discontinued operation: Tower Infrastructure Services | Total from continuing and discontinued operation |
|                                                          | (Rs. In millions)                                     |                              |                          |                 |                      |               |                     |                                                 |                                |                                                       |                                                  |
| Segment results .....                                    | 19,536                                                | (842)                        | 59,097                   | 28,778          | 1,536                | 3,997         | 8,778               | (10,550)                                        | 110,330                        | 18,229                                                | 128,559                                          |
| Less: share of profits of associates/joint ventures..... | (3)                                                   | —                            | 34                       | —               | 1,536                | 13            | —                   | (7,782)                                         | (6,202)                        | 7,835                                                 | 1,633                                            |
| Add: Depreciation .....                                  | 156,207                                               | 1,095                        | 37,666                   | 11,328          | —                    | 6,105         | 6,906               | (282)                                           | 219,025                        | 3,046                                                 | 222,071                                          |
| Add: Charity and Donation <sup>(2)</sup> .....           | —                                                     | —                            | —                        | —               | —                    | —             | —                   | —                                               | —                              | —                                                     | —                                                |

| Mobile services – India  | Mobile services – South Asia | Mobile services – Africa | Airtel business | Tower Infrastructure | Home services | Digital TV services | Others (including unallocated and eliminations) | Total of Continuing Operations | Discontinued operation: Tower Infrastructure Services | Total from continuing and discontinued operation |
|--------------------------|------------------------------|--------------------------|-----------------|----------------------|---------------|---------------------|-------------------------------------------------|--------------------------------|-------------------------------------------------------|--------------------------------------------------|
| <i>(Rs. In millions)</i> |                              |                          |                 |                      |               |                     |                                                 |                                |                                                       |                                                  |
| 175,746                  | 253                          | 96,729                   | 40,106          | —                    | 10,089        | 15,684              | (3,050 )                                        | 335,557                        | 13,440                                                | 348,997                                          |
| 414,879                  | 3,264                        | 212,615                  | 107,055         | —                    | 17,333        | 22,889              | (29,350 )                                       | 748,685                        | 17,563                                                | 766,248                                          |
| 42.4%                    | 7.8%                         | 45.5%                    | 37.5%           | —                    | 58.2%         | 68.5%               | 10.4%                                           | 44.8%                          | 76.5%                                                 | 45.5%                                            |

(1) Following the Indus Merger, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger Indus Towers entity as a discontinued operation rather than as a consolidated subsidiary. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations. Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.

(2) From April 1, 2019 charity and donation is considered as an unallocable expense.

The following tables provides reconciliation of segment results to EBITDA for the nine months ended December 31, 2019:

| Mobile services – India  | Mobile services – South Asia | Mobile services – Africa | Airtel business | Home services | Digital TV services | Others (including unallocated and eliminations) | Total of Continuing Operations | Discontinued operation: Tower Infrastructure Services | Total from continuing and discontinued operation |
|--------------------------|------------------------------|--------------------------|-----------------|---------------|---------------------|-------------------------------------------------|--------------------------------|-------------------------------------------------------|--------------------------------------------------|
| <i>(Rs. In millions)</i> |                              |                          |                 |               |                     |                                                 |                                |                                                       |                                                  |
| (31,638 )                | (839)                        | 46,780                   | 22,031          | 3,417         | 9,866               | (7,246)                                         | 42,371                         | 24,682                                                | 67,053                                           |
| 5                        | —                            | 6                        | —               | 26            | —                   | (5,421)                                         | (5,384)                        | 10,993                                                | 5,609                                            |
| 150,407                  | 1,121                        | 31,846                   | 7,145           | 4,906         | 6,445               | 459                                             | 202,329                        | 4,017                                                 | 206,346                                          |
| —                        | —                            | —                        | —               | —             | —                   | —                                               | —                              | —                                                     | —                                                |
| 118,764                  | 282                          | 78,620                   | 29,176          | 8,297         | 16,311              | (1,366)                                         | 250,084                        | 17,706                                                | 267,790                                          |
| 330,135                  | 3,349                        | 177,285                  | 98,569          | 16,726        | 23,204              | (32,690)                                        | 616,578                        | 21,585                                                | 638,163                                          |
| 36%                      | 8.4%                         | 44.3%                    | 29.6%           | 49.6%         | 70.3%               | 4.2%                                            | 40.6%                          | 82%                                                   | 42%                                              |

(1) Following the Indus Merger, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger Indus Towers entity as a discontinued operation rather than as a consolidated subsidiary. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations. Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.

(2) From April 1, 2019 charity and donation is considered as an unallocable expense.

The following tables provides reconciliation of segment results to EBITDA for the year ended March 31, 2020:

Year ended March 31, 2020<sup>(1)(2)</sup>

|                                                          | Mobile services – India | Mobile services – South Asia | Mobile services – Africa | Airtel business | Home services | Digital TV services | Others (including unallocated and eliminations) | Total of Continuing Operations | Discontinued operation: Tower Infrastructure Services | Total    |
|----------------------------------------------------------|-------------------------|------------------------------|--------------------------|-----------------|---------------|---------------------|-------------------------------------------------|--------------------------------|-------------------------------------------------------|----------|
| (Rs. In millions)                                        |                         |                              |                          |                 |               |                     |                                                 |                                |                                                       |          |
| Segment results .....                                    | (31,379)                | (1,055)                      | 64,488                   | 31,889          | 5,191         | 11,394              | (10,398)                                        | 70,130                         | 30,554                                                | 100,684  |
| Less: share of profits of associates/joint ventures..... | 5                       | —                            | 13                       | —               | 31            | —                   | (6,676)                                         | (6,627)                        | 13,151                                                | 6,524    |
| Add: Depreciation .....                                  | 200,926                 | 1,485                        | 42,786                   | 10,774          | 6,147         | 8,565               | 261                                             | 270,944                        | 5,952                                                 | 276,896  |
| Add: Charity and Donation <sup>(2)</sup> .....           | —                       | —                            | —                        | —               | —             | —                   | —                                               | —                              | —                                                     | —        |
| Segmental EBITDA .....                                   | 169,542                 | 430                          | 107,261                  | 42,663          | 11,307        | 19,959              | (3,461)                                         | 347,701                        | 23,355                                                | 371,056  |
| Ind AS 116 impact .....                                  | (55,844)                | (384)                        | (10,888)                 | 3,674           | 709           | (1,309)             | (4,933)                                         | (68,975)                       | 6,340                                                 | (62,635) |
| Segmental EBITDA (Frozen GAAP) .....                     | 113,698                 | 46                           | 96,373                   | 46,337          | 12,016        | 18,650              | (8,394)                                         | 278,726                        | 29,695                                                | 308,421  |
| Revenue .....                                            | 459,663                 | 4,552                        | 242,173                  | 132,331         | 22,451        | 29,239              | (43,644)                                        | 846,765                        | 28,625                                                | 875,390  |
| EBITDA margin (%) .....                                  | 24.7%                   | 1.0%                         | 39.8%                    | 35%             | 53.5%         | 63.8%               | 19.2%                                           | 32.9%                          | 103.7%                                                | 35.2%    |

- (1) Following the Indus Merger, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger Indus Towers entity as a discontinued operation rather than as a consolidated subsidiary. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations. Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.

- (2) From April 1, 2019 charity and donation is considered as an unallocable expense.

The following tables provides reconciliation of segment results to EBITDA for the year ended March 31, 2019:

Year ended March 31, 2019<sup>(1)(2)</sup>

|                                                           | Mobile services – India | Mobile services – South Asia | Mobile services – Africa | Airtel business | Tower infrastructure services | Home services | Digital TV services | Others (including unallocated and eliminations) | Total   |
|-----------------------------------------------------------|-------------------------|------------------------------|--------------------------|-----------------|-------------------------------|---------------|---------------------|-------------------------------------------------|---------|
| (Rs. In millions)                                         |                         |                              |                          |                 |                               |               |                     |                                                 |         |
| Segment results .....                                     | (57,507)                | (1,069)                      | 52,100                   | 27,466          | 31,429                        | 3,333         | 7,410               | (11,980)                                        | 51,182  |
| Less: share of profits of associates/joint ventures ..... | 4                       | —                            | (7)                      | —               | 10,172                        | 3             | —                   | (6,616)                                         | 3,556   |
| Add: Depreciation .....                                   | 150,991                 | 1,196                        | 31,234                   | 13,014          | 10,658                        | 7,453         | 8,275               | (9,346)                                         | 213,475 |
| Add: Charity and Donation .....                           | 745                     | —                            | 290                      | 165             | 545                           | 43            | 37                  | 9                                               | 1,834   |
| Segmental EBITDA .....                                    | 94,225                  | 127                          | 83,631                   | 40,645          | 32,460                        | 10,826        | 15,722              | (14,701)                                        | 262,935 |
| Revenue .....                                             | 415,540                 | 4,436                        | 215,028                  | 124,537         | 68,185                        | 22,391        | 41,001              | (83,316)                                        | 807,802 |
| EBITDA margin (%) .....                                   | 22.7%                   | 2.9%                         | 38.9%                    | 32.6%           | 47.6%                         | 48.3%         | 38.3%               | 17.6%                                           | 32.5%   |

- (1) Following the Indus Merger, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger Indus Towers entity as a discontinued operation rather than as a consolidated subsidiary. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations. Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.

The following tables provides reconciliation of segment results to EBITDA for the year ended March 31, 2018:

Year ended March 31, 2018<sup>(1)(2)(3)</sup>

|                                                           | Mobile services – India | Mobile services – South Asia | Mobile services – Africa | Airtel business | Tower infrastructure services | Home services | Digital TV services | Others (including unallocated and eliminations) | Total   |
|-----------------------------------------------------------|-------------------------|------------------------------|--------------------------|-----------------|-------------------------------|---------------|---------------------|-------------------------------------------------|---------|
|                                                           | (Rs. In millions)       |                              |                          |                 |                               |               |                     |                                                 |         |
| Segment results .....                                     | 20,835                  | (1,268)                      | 35,884                   | 31,029          | 33,477                        | 4,720         | 5,306               | (8,526)                                         | 121,457 |
| Less: share of profits of associates/joint ventures ..... | 6                       | –                            | 205                      | –               | 13,025                        | 3             | –                   | (2,630)                                         | 10,609  |
| Add: Depreciation .....                                   | 129,545                 | 1,276                        | 30,480                   | 11,372          | 11,801                        | 7,057         | 8,915               | (8,014)                                         | 192,432 |
| Add: Charity and Donation .....                           | 525                     | –                            | 270                      | 73              | 294                           | 28            | 5                   | 9                                               | 1,204   |
| Segmental EBITDA .....                                    | 150,899                 | 8                            | 66,429                   | 42,474          | 32,547                        | 11,802        | 14,226              | (13,901)                                        | 304,484 |
| Revenue .....                                             | 462,639                 | 4,045                        | 191,073                  | 113,566         | 66,284                        | 25,265        | 37,570              | (74,054)                                        | 826,388 |
| EBITDA margin (%) .....                                   | 32.6%                   | 0.2%                         | 34.8%                    | 37.4%           | 49.1%                         | 46.7%         | 37.9%               | 18.8%                                           | 36.8%   |

Notes:

- (1) The audited financial information (including the nomenclature of financial statement captions) for Fiscal 2018 is derived from the comparative information in audited consolidated financial statements for Fiscal 2019.
- (2) Following the Indus Merger, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger Indus Towers entity as a discontinued operation rather than as a consolidated subsidiary. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations. Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.

The following table provides a reconciliation of net debt to the Guarantor's sum of current and non-current borrowings (including lease liabilities).

|                                                      | Nine months ended December 31, 2020 | Fiscal 2020      | Fiscal 2019      | Fiscal 2018 <sup>(1)</sup> |
|------------------------------------------------------|-------------------------------------|------------------|------------------|----------------------------|
|                                                      | (in Rs. million)                    |                  |                  |                            |
| Non-Current Borrowings .....                         | 1,015,769                           | 910,792          | 872,454          | 849,420                    |
| (+) Current Borrowings .....                         | 131,144                             | 167,034          | 310,097          | 129,569                    |
| (+) Current Maturities of Long Term Borrowings ..... | 110,338                             | 98,364           | 71,732           | 134,346                    |
| (+) Lease Liabilities .....                          | 324,529                             | 306,091          | -                | -                          |
|                                                      | <b>1,581,780</b>                    | <b>1,482,281</b> | <b>1,254,283</b> | <b>1,113,335</b>           |
| (-) Current Investments .....                        | 6,139                               | 137,679          | 46,232           | 68,978                     |
| (-) Non-Current Investments .....                    | 360                                 | 20,278           | 21,941           | 5,769                      |
| (-) Cash and cash Equivalents .....                  | 98,345                              | 135,507          | 62,121           | 49,552                     |
| <b>Net Debt .....</b>                                | <b>1,476,936</b>                    | <b>1,188,817</b> | <b>1,123,989</b> | <b>989,036</b>             |

Notes:

- (1) The audited financial information (including the nomenclature of financial statement captions) for Fiscal 2018 is derived from the comparative information in audited consolidated financial statements for Fiscal 2019.

**Key operational and financial parameters for Fiscals 2020, 2019, 2018 and nine months ended December 31, 2020 (Consolidated)**

| Parameters                                           | Nine months<br>ended December<br>31, 2020 | Fiscal 2020             | Fiscal 2019 | Fiscal 2018 <sup>^</sup> |
|------------------------------------------------------|-------------------------------------------|-------------------------|-------------|--------------------------|
|                                                      |                                           | <i>(in Rs. million)</i> |             |                          |
| Total Debt.....                                      | 1,257,251                                 | 1,176,190               | 1,254,283   | 1,113,335                |
| of which                                             |                                           |                         |             |                          |
| -Non-Current Maturities of Long Term Borrowing ..... | 1,015,769                                 | 910,792                 | 872,454     | 849,420                  |
| -Short Term Borrowing.....                           | 131,144                                   | 167,034                 | 310,097     | 129,569                  |
| -Current Maturities of Long Term Borrowing.....      | 110,338                                   | 98,364                  | 71,732      | 134,346                  |
| Net Fixed Assets <sup>(1)</sup> .....                | 832,549                                   | 877,573                 | 815,228     | 706,079                  |
| Non-Current Assets.....                              | 2,835,547                                 | 2,841,358               | 2,422,918   | 2,170,826                |
| Cash and Cash Equivalents .....                      | 98,345                                    | 135,507                 | 62,121      | 49,552                   |
| Current Investments .....                            | 6,139                                     | 137,679                 | 46,232      | 68,978                   |
| Current Assets.....                                  | 508,933                                   | 766,432                 | 329,057     | 334,990                  |
| Current Liabilities .....                            | 1,117,737                                 | 1,314,876               | 930,549     | 782,399                  |
| Net Sales .....                                      | 748,685                                   | 846,765                 | 807,802     | 826,388                  |
| EBITDA .....                                         | 335,557                                   | 347,701                 | 262,935     | 304,484                  |
| EBIT <sup>(2)</sup> .....                            | 116,532                                   | 76,757                  | 49,460      | 112,053                  |
| PAT <sup>(3)</sup> .....                             | (249,317)                                 | (336,180)               | 16,875      | 21,835                   |
| Dividend amounts .....                               | —                                         | —                       | 24,096      | 18,475                   |
| Current ratio.....                                   | 0.46                                      | 0.58                    | 0.35        | 0.43                     |
| Gross debt / equity ratio <sup>(4)</sup> .....       | 1.62                                      | 1.15                    | 1.48        | 1.42                     |

Notes:

<sup>^</sup> The audited financial information (including the nomenclature of financial statement captions) for Fiscal 2018 is derived from the comparative information in audited consolidated financial statements for Fiscal 2019.

(1) Net Fixed Assets represent Net Block of Property, Plant and Equipment

(2) EBIT = EBITDA – Depreciation.

(3) Total PAT including amount attributable to non-controlling interest

(4) Gross debt equity ratio: Total debt (borrowing long term incl. current maturity + short term borrowing) /Equity (Share capital + other equity + NCI)



## **MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following management’s discussion and analysis of the Guarantor’s financial condition and results of operations is intended to convey management’s perspective on the operating performance and financial condition of the Guarantor as at and for the fiscal years ended March 31, 2018, 2019 and 2020 and the nine months ended December 2019 and 2020 on a consolidated basis. Unless the context otherwise requires, (i) all financial information provided as at or for Fiscal 2018 has been derived from the comparatives presented in the audited consolidated financial statements as at and for Fiscal 2019; (ii) all financial information provided relating to the Guarantor’s consolidated statement of cash flow has been derived from the audited consolidated financial statements for Fiscal 2020; (iii) all financial information provided relating to the Guarantor’s consolidated balance sheet and statements of profit and loss for Fiscal 2020 has been derived from the comparatives presented in the audited interim condensed consolidated financial statements as at and for the nine months ended December 31, 2020; and (iv) all financial information provided as at or for the nine months ended December 31, 2019 has been derived from the comparatives presented in the audited interim condensed consolidated financial statements as at and for the nine months ended December 31, 2020. This disclosure is intended to assist in understanding and interpreting the financial statements of the Guarantor included in this Offering Memorandum. The discussion should be read in conjunction with “Presentation of Financial and Other Information”, “Selected Consolidated Financial and Operating Data of the Guarantor”, “Capitalization”, and the Annual Consolidated Financial Statements of the Guarantor and the accompanying schedules and notes.*

*The MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019, notifying the leasing standard IND-AS 116 “Leases”, which replaces the prior standard (IND-AS 17). IND-AS 116 is applicable to companies in India from the fiscal year beginning on or after April 1, 2019. The Guarantor has adopted IND-AS 116 from April 1, 2019, which has an impact on the Guarantor’s reported consolidated assets, liabilities, income statement and cash flow statement. In implementing IND-AS 116, the Guarantor’s Interim Condensed Financial Statements have been prepared under the modified retrospective approach pursuant to which comparative results are not restated. Accordingly, the Interim Condensed Financial Statements and the summary financial information in the tables below include, where applicable, a reconciliation of the Guarantor’s results of operations for the fiscal year ended March 31, 2020 (which were prepared in accordance with IND-AS 116) to the Guarantor’s results of operations for the fiscal year ended March 31, 2019 (for which IND-AS 116 was not applicable) in order to facilitate a comparison of the Guarantor’s results of operations for the periods presented. The Guarantor refers to its results of operations as at and for the fiscal year ended March 31, 2020, as adjusted to exclude the impact of IND-AS 116, as the “Frozen GAAP Financial Information” or as information “presented on a Frozen GAAP basis” and have included such financial information in certain financial tables in this Offering Memorandum under the columns titled “Frozen GAAP.” The Guarantors refers to its results of operations as at and for the fiscal year ended March 31, 2020, as calculated in accordance with IND-AS 116, as the “IND-AS Financial Information” and have included such financial information in certain financial tables in this Offering Memorandum under the columns titled “IND-AS.” See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of the Guarantor’s Financial Statements—Changes to Accounting Standards—IND-AS 116.”*

*The following discussion contains certain forward-looking statements. These statements are based on management’s current projections and expectations about future events. The Guarantor’s actual results may differ materially from those anticipated in these forward- looking statements as a result of many important factors, including those set out under “Risk Factors” and elsewhere in this Offering Memorandum. See*

*“Forward-Looking Statements.” Further information regarding the presentation of financial information is set out under the heading “Presentation of Financial and Other Information.”*

## **Overview**

The Guarantor is a leading provider of telecommunications services with operations in 18 countries across Asia and Africa. Based on TRAI reported revenue, for the three months ended September 30, 2020, the Guarantor has a revenue market share of approximately 32.9% calculated on the basis of gross revenue and it ranks second in overall revenue market share in India. Further, as at December 31, 2020, the Guarantor served an aggregate of approximately 458 million customers globally.

The Guarantor provides telecommunication services under wireless and fixed line technology, national and international long-distance connectivity, broadband, VSAT and digital TV services, and integrated solutions to its enterprise customers. All these services are rendered under a unified brand “Airtel.” “Airtel Money” (known as “Airtel Payments Bank” in India) extends the Guarantor’s product portfolio to further its financial inclusion agenda and offers convenience of payments and money transfers through mobile phones over secure and stable platforms in India and across all 14 countries in Africa. Globally, the Guarantor operates with a fibre network covering over 360,000 route km (“**Rkm**”) and in India, the Guarantor’s national long distance infrastructure provides a pan-India reach with 314,459 Rkms of optical fiber as of December 31, 2020.

For the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020, the Guarantor’s total consolidated revenue was Rs. 826,388 million, Rs. 807,802 million, Rs. 846,765 million (U.S.\$11,592 million), Rs. 616,578 million and Rs. 748,685 million (U.S.\$10,249 million), respectively. The Guarantor’s consolidated net income for the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020, was Rs. 21,835 million, Rs. 16,875 million, Rs. (336,180) million (U.S.\$(4,602) million), Rs. (282,156) million and Rs. (249,317) million (U.S.\$(3,413) million), respectively. The Guarantor’s consolidated EBITDA for the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020 was Rs. 304,484 million, Rs. 262,935 million, Rs. 347,701 million (U.S.\$4,760 million), Rs. 250,084 million and Rs. 335,557 million (U.S.\$4,594 million), respectively. The Guarantor’s EBITDA margin for the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020 was 36.9%, 32.6%, 41.1%, 40.6% and 44.8%, respectively. As at March 31, 2018, 2019 and 2020 and December 31, 2020, the Guarantor’s total assets were Rs. 2,505,816 million, Rs. 2,751,975 million, Rs. 3,607,790 million (U.S.\$49,388 million) and Rs. 3,344,480 million (U.S.\$45,783 million), respectively.

## **Factors Affecting the Guarantor’s Results of Operations and Financial Condition**

The Guarantor’s results of operations and financial condition have been affected and will continue to be affected by a number of factors, including the following:

### **COVID-19**

On March 11, 2020, the World Health Organization (“**WHO**”) declared COVID-19 as a global pandemic. In response, national, regional and local governmental authorities, including in India and other South Asian and African countries where the Guarantor operates, have taken extraordinary and wide-ranging actions to contain and combat the outbreak and spread of COVID-19. These measures have included border controls and significant restrictions on movement and economic activity, such wide ranging restrictions on travel and public gatherings, including the closing of offices, businesses, schools, retail stores and other public venues, and by instituting curfews or quarantines. These restrictions, as well as the dangers posed by the novel coronavirus, produced a significant reduction in mobility during the first half of 2020, have caused disruption in global

economic activity across a number of geographies and markets, including global supply chain disruptions and shortages.

Although the impacts of the COVID-19 pandemic on the Guarantor's operations have been isolated and limited, certain of these measures have, and are expected to continue to have, an indirect effect on the Guarantor's business. The Guarantor continued to provide its telecommunications services to allow its customers to remain connected during the COVID-19 pandemic, and the telecommunications industry proved resilient and essential for companies and consumers, as the industry has facilitated valuable activities such as remote working, e-schooling and virtual entertainment. The COVID-19 pandemic resulted in a considerable increase in internet traffic and a correlated decrease in mobile services usage as a means of overcoming connectivity challenges while gatherings were prohibited and residents were either required or advised to stay at home. As a result, COVID-19 positively impacted the Guarantor's business, as people worked remotely, leading to an increase in calls, data usage, video-conferencing and other services requested by business customers.

To the extent that the Guarantor's business was adversely impacted, such impacts were limited and primarily resulted from a decline in handsets sales due to store closures, a decrease in prepaid plans, a decrease in roaming revenue and a decline in advertising revenue. Although the telecommunications industry in India was deemed an essential service and allowed to remain in operation through the lockdown periods, many of the Guarantor's stores and distribution channels were forced to close temporarily and a majority of the Guarantor's markets experienced very sharp reductions in mobility during the first half of 2020. One key customer grievance was the inability to access their regular retailers to top-up their prepaid mobiles in light of widespread lock-downs. These lockdowns immediately impacted the Guarantor's prepaid mobile business, which suffered a sharp decline, followed by a gradual recovery as the lockdowns eased. In the Guarantor's subscription businesses, the revenue erosion in postpaid mobile has been more gradual than in mobile prepaid, but so has the recovery; while the Guarantor's residential cable business has been the most resilient. Finally, revenue from the Guarantor's B2B services has eroded gradually since the onset of the pandemic, as many small and mid-sized businesses struggle to cope with the health and economic crises. However, the Guarantor was able to capture the increased demand for data via broadband and postpaid mobile connectivity, thus effectively offsetting such revenue losses. This resilience has contributed to a lower-than-expected commercial impact of the COVID-19 pandemic on the Guarantor's business, and it believes that it remains poised to take advantage of continued increased demand in telecommunications services in the near-term.

In addition, flight cancellations and travel restrictions reduced the mobility of the Guarantor's international and regional workforce, resulting in operational disruptions to its planned workforce rotations and delays in the Guarantor's ability to mobilize on sites of newly awarded contracts. Addressing the disruptions caused by COVID-19 has also required the Guarantor's senior management team and staff to devote time and resources to address the impact of the pandemic on the Guarantor's businesses.

Although the Guarantor currently cannot reasonably estimate the ultimate impact of the COVID-19 pandemic on its business, the Guarantor believes that an increased need for data connectivity as a result of the COVID-19 pandemic has driven and will continue to drive increased data usage and, consequently, may result in the further growth of the telecommunications industry.

#### **Mobile Subscriber Base and Usage Patterns and Increasing Capital Expenditure Requirements**

The Guarantor's number of mobile subscribers and their usage of its cellular services directly affect the Guarantor's mobile services operating revenues as well as its operating expenses, including access charges, network operations costs, employee costs and selling, general and administrative expenses.

According to Omdia, India's mobile subscriber base has increased from 489 million subscribers in 2017 to 646 million subscribers in 2019, and is expected to reach 775 million subscribers by 2023. In addition, the number of mobile internet subscribers has increased from 402 million subscribers in 2017 to 671 million subscribers in

2019, and is expected to reach 896 million subscribers by 2023. Finally, the number of 4G subscribers has increased from 242 million subscribers in 2017 to 605 million subscribers in 2019, and is expected to reach 768 million subscribers by 2023.

In Africa, according to Omdia, the mobile subscriber base has increased from 271 million subscribers in 2017 to 442 million subscribers in 2019, and is expected to reach 791 million subscribers by 2023. In addition, the number of mobile internet subscribers has increased from 423 million subscribers in 2017 to 641 million subscribers in 2019, and is expected to reach 988 million subscribers by 2023. Finally, the number of 4G subscribers has increased from 40 million subscribers in 2017 to 123 million subscribers in 2019, and is expected to reach 376 million subscribers by 2023.

As the Guarantor continues to grow its operations, it may be required to expand its mobile network coverage and capacity to accommodate subscriber base growth and increases in usage, which may require the purchase of additional spectrum and other capital expenditures. Increases in the Guarantor's capital expenditures affect its cash flows, interest expense (to the extent they are funded by debt) and depreciation and amortization expense.

### **Competition**

The Indian wireless industry continues to remain competitive. The Guarantor's primary competitors are operators such as Reliance Jio, Vodafone Idea, BSNL and MTNL. Despite the initial turmoil in the sector post the entry of Reliance Jio in 2016, the Guarantor has continued to hold onto its market share.

The Guarantor also faces substantial competition in its operations outside India. Across Africa, the Guarantor faces various levels of competition, including intense competition in a number of larger markets, such as Nigeria. In Sri Lanka, the Guarantor competes with several larger service providers that have been operating in Sri Lanka for much longer than the Guarantor, and the Guarantor expects to face intense competition from these providers in its attempt to expand further. With the merger of the telecom operators Vodafone Idea, the telecommunications industry in India is consolidated and has a limited number of wireless telecommunications service providers. This has led to a substantial percentage of tower companies revenues being attributable to a small number of customers.

Competition may affect the Guarantor's subscriber growth and profitability by causing its subscriber base to decline and cause both a decrease in tariff rates and ARPU as well as an increase in customer churn and selling and promotional expenses. Churn in mobile networks in India is high especially among pre-paid customers.

There are also an increasing number of players offering various forms of data products. The Guarantor, along with its competitors, may also be subject to competition from providers of new telecommunication services as a result of technological developments and the convergence of various telecommunication services. For example, Internet-based services, such as Google Voice, Yahoo Voice, WhatsApp and Skype, allow users to make calls, send SMS and offer other advanced features such as the ability to route calls to multiple handsets and access to Internet services.

For more information on the competitive landscape of the Guarantor's various operations, see "*Risk Factors—Risks Relating to the Guarantor's Business—The Guarantor faces intense competition that may reduce its market share and lower its profits*", "*The Guarantor's Business—Competition*" and "*Risk Factors—Risks Relating to the Guarantor's Business—The telecommunications market is highly regulated and changes in laws, regulations or governmental policy could potentially adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.*"

### **Tariff and Pricing Levels**

Over the past few years, there has been an explosion of data and voice usage with increased smartphone shipments and lower pricing due to competition. Telecom products are now bundled into voice and data and focus has shifted to total customer's ARPU. Now, an average Indian smartphone customer is spending approximately four hours on its smartphone, and devices are moving away from being pure connectivity to lifestyle. Recently, there has been an increasing interest in digital content including OTT apps, movies, music streaming.

The Guarantor's ARPU in the Indian market for the years ended March 31, 2018, 2019 and 2020 was Rs. 134, Rs. 107 and Rs. 137, respectively. The Guarantor's ARPU in the Indian market for the nine months ended December 31, 2019 and December 31, 2020 was Rs. 131 and Rs. 162, respectively.

The Guarantor focuses on producing attractive product propositions through simple, user-friendly tariff plans with features such as pre-paid plans with electronic top-ups at different denominations across the value chain. Equally, the Guarantor has been expanding its product suite to offer innovative bundling through third party tie ups for content and financial services such as insurance. The Guarantor has also launched a loyalty program called Airtel Thanks with a view to retain and upgrade customers.

Each of the Guarantor's potential products or service offerings is vetted through a structured internal process which assesses the potential product's cost, performance and features, value and time-to-market of the potential product, with the ultimate aim of minimizing operating and capital expenditures and increasing market share. This business model has enabled the Guarantor to expand its customer base in highly competitive markets, particularly in India, and thereby increase its sales volume.

Any change in the Guarantor's pricing structure, either as a result of governmental or regulatory tariff policies or in response to competition, could affect the Guarantor's business, results of operations, cash flows and financial condition.

### **Changes in Interconnection Usage Charges**

Under the Interconnection Usage Charges ("IUC") regulatory regime, a telecom operator was required to pay an interconnection charge to another telecom operator on whose network a subscriber's voice call was completed. Effective January 1, 2021, the TRAI changed the mobile termination charges for mobile to mobile calls from 6p/ min to zero and moved to the bill and keep regime. Under the earlier regulations, the Guarantor recorded income generated from mobile termination charges whenever an out-of-network caller called into the Guarantor's network, and it recorded expenses incurred from mobile termination charges whenever an in-network caller called outside of its network. As a result of the reduction of mobile termination charges down to zero, the Guarantor expects a revenue decrease as it will no longer generate income from mobile termination charges. The Guarantor also simultaneously expect a decrease in expenses as it will no longer incur expenses towards mobile termination charges. Although there will be an impact in both revenue and access charges, the Guarantor does not expect any material impact on its EBITDA or net income.

### **Expansion of 3G and 4G networks, onset of 5G networks and increasing margins from data usage**

The Guarantor has made significant investments in its network and spectrum for its data services through the increase of its 4G sites in the past few years, both in India and Africa.

In India, the Guarantor launched its 3G network on January 24, 2011 and has 3G capabilities in all except one Circle, using a combination of 900 MHz and 2100 MHz band. The Guarantor launched its 4G network in India in Kolkata on April 10, 2012. Subsequent to the 2014 and 2015 auctions, Bharti had pan-India 3G (with the exception of one circle) and 4G coverage based on a combination of 1800 MHz and 2300 MHz spectrum bands. These strategic initiatives have in part been driven by the rapid growth of data usage by the Guarantor's customer base and the Guarantor's belief in the growing importance of data in the telecommunications industry.

In India, mobile data customers represented 56.7% of the Guarantor's mobile subscriber base as at December 31, 2020, compared to 48.9% as at December 31, 2019. In India, the Guarantor has started re-farming its 3G spectrum to add capacity in 4G network and hence provide superior 4G experience to the subscribers in all of the circles. Once the 3G services are completely terminated, customers will continue to be serviced on 4G and 2G networks. The Guarantor plans to continue expanding 4G services, which potentially offer higher operating margins than 2G with relatively low incremental capital expenditure required.

To further strengthen its 4G network, the Guarantor has upgraded the 3G services in 19 telecom circles including Kolkata, Haryana, Punjab, Gujarat, Kerala, Mumbai, Madhya Pradesh, Maharashtra, Orissa, Karnataka, Delhi, Uttar Pradesh West, Tamil Nadu, Bihar, West Bengal, Rajasthan, Uttar Pradesh East, Jammu and Kashmir, Himachal Pradesh and has re-farmed the 900 MHz and 2100 MHz bands to expand its 4G capacity. The Guarantor has deployed L900 and L2100 technology to complement its existing 4G services. The spectrum utilized earlier for providing 3G services will now be re-farmed and used for providing 4G services which will boost the network's capacity, ensure wider availability of Airtel 4G and significantly improve coverage inside buildings and outdoors, especially during intracity and intercity transit for 4G smartphone customer. On January 28, 2021, the Guarantor became India's first telecom provider to successfully test, demonstrate and orchestrate a live 5G service over a commercial network. Using a spectrum sharing, the Guarantor was able to operate 5G and 4G concurrently within the same spectrum block. This has demonstrated the future readiness the Guarantor's network across the radio, core and transport domains. See *"The Guarantor's Business—Strategy—Growth of 4G subscriber market share in the mobile telecommunication industry."*

In Africa, the Guarantor has launched 4G services in the Democratic Republic of Congo and Niger and are ready to activate the commercial launch in Tanzania, making 4G services available across all of the 14 countries. With the additional spectrum, the Guarantor aims to launch high speed 4G networks in various Circles using Frequency-Division Long-Term Evolution ("FD-LTE") technology in the 1,800 MHz band in addition to its existing Time-Division Long-Term Evolution ("TD-LTE") services, thereby gaining 4G capabilities. The Guarantor also plans to augment its data service offerings through the use of 900 MHz band in select circles.

The Guarantor's ability to secure additional spectrum and 3G and 4G licenses, fund necessary capital expenditures for network expansion, increase the percentage of non-voice revenue as a percentage of its total revenue and increase its operating margins on 3G and 4G data services will continue to have a significant effect on its business, prospects, financial condition and results of operations going forward. With respect to its Africa operations, the Guarantor had 24,693 network sites as at December 31, 2020, an increase of 9.35% as compared to 22,253 network sites as at December 31, 2019.

#### **Supreme Court litigation in relation to the payment of license and spectrum usage claims**

The Guarantor and its subsidiary, Bharti Hexacom, had challenged the Government's introduction of a new package with effect from August 1, 1999, being the 'Migration Package' pursuant to the 'New Telecom Policy 1999' regime which required the licensees to migrate from fixed license fee to revenue sharing fee, under which the licensee would be required to pay one-time entry fee and license fee as a percentage share of gross revenue under the license. The dispute has arisen around the constituent of revenue – namely, gross revenue and adjusted gross revenue.

The Supreme Court, by its judgment dated October 24, 2019, among other things, allowed the appeal filed by Union of India and dismissed the appeal filed by the TSPs. The Supreme Court also directed that payments of amounts due be made within three months' time. In accordance with the DoT's direction to the telecom service providers to pay the dues on the basis of self-assessment, the Guarantor and Bharti Hexacom have paid a total amount of Rs. 180,040 million (comprising of Rs. 130,040 million basis self-assessment and an additional amount of Rs. 50,000 million as an ad-hoc payment to cover the differences, if any, after reconciliation/re-verification) and have filed an affidavit of compliance before the Supreme Court recording the details of the

payments made. Thereafter, pursuant to the order dated July 20, 2020, the Supreme Court upheld the demands raised by the DoT in its modification application. In addition, on September 1, 2020, the Supreme Court, among other things, directed telecom operators to pay 10% of the total dues as demanded by the DoT by March 31, 2021, and pay the remainder of the dues in yearly instalments commencing from April 1, 2021 to March 31, 2031. The Guarantor filed a modification application before the Supreme Court, among other things, highlighting arithmetical, clerical and computational errors in the DoT demand. The application is pending adjudication.

In the face of a final, non-appealable Supreme Court judgment, the Guarantor has thus far made provisions of Rs. 368,322 million for the periods up to March 31, 2020 on the basis of demands received and the period for which demands have not been received having regard to assessments carried out in earlier years and the guidelines / clarifications in respect of license fees and spectrum usage charges. During the three months ended June 30, 2020 the Guarantor further recorded an incremental provision of Rs. 107,444 million (including net interest on total provisions) in relation to this matter, and since then has continued to make additional provisions for its adjusted gross revenue-related obligations.

As such, future developments relating to the Supreme Court's adjusted gross revenue ruling are expected to have significant financial implications on the Guarantor. For further details, see "*Legal Proceedings*". See also note 4 to the Guarantor's Interim Condensed Financial Statements for the nine months ended December 31, 2020, included elsewhere in this Offering Memorandum.

### **Exchange Rates**

The Guarantor conducts most of its operations in India and the functional currency of its financial statements is Indian rupees. It also conducts business in South Asia and 14 countries in Africa, where transactions are generally denominated in the respective entity's functional currency. The Issuer's functional currency is U.S. dollars.

The financial condition, cash flows and results of operations of each of the Guarantor's subsidiaries operating in a jurisdiction outside of India is reported in the relevant functional currency and then translated to the rupee at the applicable currency exchange rates for inclusion in the Guarantor's financial statements. Exchange rates between some of these currencies and the rupee in recent years have fluctuated significantly and may do so in the future, thereby impacting the Guarantor's results of operations and cash flows in Rupee terms. In the fiscal year ended March 31, 2020 and in the nine months ended December 31, 2020, 29.1% and 28.8%, respectively, of the Guarantor's consolidated revenue came from its entities located outside India, mainly in Africa and South Asia. Significant changes in the value of certain currencies relative to the U.S. dollar and other currencies could also have an adverse effect on the Guarantor's financial condition, cash flows and results of operations and its ability to meet interest and principal payments on foreign-currency denominated debt, including borrowings under its existing debt. In addition, the Guarantor incurs currency transaction risk whenever it enters into either a purchase or a sales transaction using a different currency from the currency in which it receives revenues. Accordingly, volatility in currency exchange rates may have a significant effect on the financial condition, cash flows or results of operations of the Guarantor. See "*Risk Factors—Risks Relating to the Guarantor's Business—The Guarantor has incurred significant indebtedness, and the Guarantor must service this debt and comply with its covenants to avoid defaulting on its borrowings and refinancing risk. Further, the Guarantor is subject to risks arising from interest rate fluctuations, currency fluctuation and regulatory changes, which could adversely affect its business, results of operations, cash flows and financial condition.*"

Fluctuations in exchange rates have also materially impacted the Guarantor's other comprehensive income over the past three years, with exchange differences on translation of foreign operations accounting for a loss of Rs. 7,181 million in the fiscal year ended March 31, 2018, a loss of Rs. 15,739 million in the fiscal year ended March 31, 2019 and a gain of Rs. 4,814 million in the fiscal year ended March 31, 2020 (U.S.\$66 million).

## **Factors Affecting Comparability of the Guarantor's Financial Statements**

### **Changes to Accounting Standards – IND-AS 116**

The Guarantor's Financial Statements are prepared and presented in accordance with IND-AS. The MCA issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019 notifying the leasing standard IND-AS 116 "Leases," which replaces the existing standard (IND-AS 17) and resulted in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is eliminated for lessees. Under the new standard, the lessee recognizes an asset (the right to use the leased asset) and a financial liability to pay lease payments. The only exceptions are short-term and low-value leases. IND-AS 116 is applicable to companies from fiscal year beginning on or after April 1, 2019.

The Guarantor has adopted IND-AS 116 from April 1, 2019, which has a significant impact on its reported consolidated assets, liabilities, income statement and cash flow statement. IND-AS 116 has materially increased the Guarantor's recognized assets and liabilities in the consolidated balance sheet introducing right-of-use assets and lease liabilities, calculated based on discounted future committed lease payments. With the adoption of IND-AS 116, the Guarantor recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IND-AS 17 Leases. These liabilities were measured at the present value of the remaining lease payments for each lease, discounted using notional incremental borrowing rates as of April 1, 2019. Discounted rates are an area of significant judgment and estimation, particularly given the term of the Guarantor's leases. The weighted average discount rate applied to the lease liabilities on April 1, 2019, was 6.09% – 18.82%.

IND-AS 116 has also materially changed the presentation and timing of recognition of charges in the Guarantor's consolidated income statement. The operating lease expense previously reported under IND-AS 17, typically on a straight-line basis, within EBITDA (as adjusted), has been replaced by depreciation of the right-of-use asset and notional financing costs on future lease liabilities. This results in increased "lease-related expenses" being charged to the consolidated income statement in the early years of a lease due to the front-loaded notional financing costs, significantly reducing profit / (loss) before tax. In addition, the presentation of the consolidated cash flow statement has been affected. Actual lease payments, which were previously part of operating profit / (loss) or movements in payables within net cash generated from operating activities, have now been split into a notional repayment of principal lease liability and a notional interest payment within financing activities. Cash flows from operating activities have been positively impacted and cash flows from financing activities have been negatively impacted. Though presented in different parts of the consolidated cash flow statement, actual total pre-tax cash payments will remain unchanged. In implementing IND-AS 116, the Interim Condensed Financial Statements have been prepared under the modified retrospective approach pursuant to which comparative results are not restated. Accordingly, the Guarantor's consolidated financial statements and certain financial tables presented in this Offering Memorandum include, where applicable, a reconciliation of the Guarantor's results of operations for the fiscal year ended March 31, 2020 (which were prepared in accordance with IND-AS 116) to the Guarantor's results of operations for the fiscal year ended March 31, 2019 (for which IND-AS 116 was not applicable) in order to facilitate a comparison of the Guarantor's results of operations for the periods presented.

### **Digital TV Services**

The tariff order of Telecom Regulatory Authority of India was implemented from February 1, 2019, as per the extended timelines. During the year ended March 31, 2019, owing to the practical difficulties, there was delay in implementation of the tariff order in its entirety. The distributors were in transition from previous to the new regime and were in the process of implementation of content cost contracts with the broadcasters.

Subsequently, the Guarantor entered into revised agreements with the broadcasters. With effect from April 1, 2019, basis such revised agreements and the provisions of the new tariff order, the Guarantor re-assessed its



performance obligations, extent of control over broadcasted content and various other responsibilities and liabilities. Consequently, it has considered network capacity fee and, commission and incentives from broadcasters as to subscription services, as part of its revenue from operations. Accordingly, the gross revenue is only to the extent of net value retained i.e. customer payments received net of broadcaster's fee (erstwhile content charges) with effect from April 1, 2019.

### **The Indus Merger – Discontinued Operations**

On April 25, 2018, Bharti Infratel and Indus Towers announced their intention to merge and create a pan-India tower company operating across all 22 telecom service areas (the “**Indus Merger**”). The Indus Merger received approval from the Competition Commission of India, Securities and Exchange Board of India and the NCLT. The Department of Telecommunications' approval for foreign direct investment was received on February 21, 2020. On August 31, 2020, Bharti Infratel's Board of Directors provided its authorization to proceed with the Indus Merger. The certified copy of the NCLT order approving the Indus Merger was allowed for filing with the Registrar of Companies on October 22, 2020. Subsequent to the filing of the NCLT orders by the respective companies, the merger of Bharti Infratel and Indus Towers was completed effective on November 19, 2020. The merged entity, which fully owns the combined businesses of Bharti Infratel and Indus Towers, has changed its name to Indus Towers and will continue to be listed on the NSE and BSE stock exchanges.

Following the Indus Merger, the Guarantor's 53.5% shareholding in Bharti Infratel was reduced to 36.7% in the merged Indus Towers entity. Therefore, starting from the effective date of the Indus Merger, November 19, 2020, the Guarantor no longer held a controlling stake in Bharti Infratel. Accordingly, Bharti Infratel has been deconsolidated from the Guarantor's financial statements and will no longer be consolidated on a line-by-line basis in the Guarantor's financial statements. For periods after November 19, 2020, the Guarantor began accounting for its equity interests in the post-merger, combined Indus Towers under the equity method of accounting, as reflected in the Guarantor's interim financial statements for the nine months ended December 31, 2020. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. Moreover, the Guarantor's “Tower Infrastructure Services” business segment has henceforth been eliminated and presented separately as a “Discontinued Operations: Tower Infrastructure Services” category in the Guarantor's business segments presentation

The post-merger, combined Indus Towers entity accounted for profits of Rs. 29,538 million for the fiscal year ended March 31, 2020 as compared to losses of Rs. 306,642 million for the Guarantor on a consolidated basis, and profits of Rs. 110,567 million for the nine months ended December 31, 2020 as compared to losses of Rs. 138,750 million for the Guarantor on a consolidated basis. Therefore, the Guarantor is exposed to the risks associated with passive infrastructure services.

This change in accounting method has caused an impact on the presentation of the Guarantor's financial statements and results of operations. Bharti Infratel was not previously classified as discontinued operation or asset held for sale in the Guarantor's historical financial statements. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations.

Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss

for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018. In addition, the Guarantor's historical financial statements for the fiscal year ended March 31, 2019 and 2018 may not be indicative of its future financial results.

For a discussion of the risks related to the non-comparability of the Guarantor's financial statements, see "*Risk Factors—Factors Affecting Comparability of the Guarantor's Financial Statements—Changes to Accounting Standards—IND-AS 116.*"

On December 2, 2020 and December 28, 2020, the Guarantor acquired an additional stake of 4.935180% and 0.064816%, respectively, in the merged Indus Towers entity, increasing its equity stake from 36.7% to 41.7%, as it currently stands on the date of this Offering Memorandum.

## Consolidated Statement of Profit and Loss

The table below sets forth the Guarantor's consolidated statements of profit and loss.

|                                                                                                | Year ended March 31, |                   |                     |                                     |                           |             | Nine months ended December 31, |                     |                                     |
|------------------------------------------------------------------------------------------------|----------------------|-------------------|---------------------|-------------------------------------|---------------------------|-------------|--------------------------------|---------------------|-------------------------------------|
|                                                                                                | 2018 <sup>(2)</sup>  | 2019              | 2020 <sup>(4)</sup> |                                     |                           |             | 2019 <sup>(4)</sup>            | 2020 <sup>(4)</sup> |                                     |
|                                                                                                |                      |                   | IND-AS 116          | IND-AS 116                          | 116 Impact <sup>(1)</sup> | Frozen GAAP |                                | IND-AS 116          |                                     |
|                                                                                                |                      |                   |                     | (U.S.\$ in millions) <sup>(2)</sup> |                           |             |                                |                     | (U.S.\$ in millions) <sup>(2)</sup> |
|                                                                                                |                      | (Rs. in millions) |                     |                                     | (Rs. in millions)         |             |                                | (Rs. in millions)   |                                     |
| Income                                                                                         |                      |                   |                     |                                     |                           |             |                                |                     |                                     |
| Revenue from operations .....                                                                  | 826,388              | 807,802           | 846,765             | 11,592                              | —                         | 846,765     | 616,578                        | 748,685             | 10,249                              |
| Other income <sup>(5)</sup> .....                                                              | 2,488                | 2,912             | 15,357              | 210                                 | —                         | 15,357      | 7,159                          | 5,589               | 77                                  |
|                                                                                                | 828,876              | 810,714           | 862,122             | 11,802                              | —                         | 862,122     | 623,737                        | 754,274             | 10,326                              |
| Expenses                                                                                       |                      |                   |                     |                                     |                           |             |                                |                     |                                     |
| Network operating expenses                                                                     | 197,520              | 223,900           | 196,305             | 2,687                               | 65,905                    | 262,210     | 144,795                        | 160,640             | 2,199                               |
| Access charges .....                                                                           | 90,446               | 93,521            | 107,395             | 1,470                               | —                         | 107,395     | 79,125                         | 87,872              | 1,203                               |
| License fee / spectrum charges (revenue share) .....                                           | 75,558               | 69,426            | 73,826              | 1,011                               | —                         | 73,826      | 53,257                         | 66,072              | 904                                 |
| Employee benefits expense..                                                                    | 39,771               | 37,975            | 35,137              | 481                                 | —                         | 35,137      | 25,617                         | 31,157              | 427                                 |
| Sales and marketing expenses .....                                                             | 45,275               | 41,277            | 34,236              | 469                                 | —                         | 34,236      | 24,901                         | 26,525              | 363                                 |
| Other expenses .....                                                                           | 77,027               | 83,514            | 57,332              | 785                                 | 3,069                     | 60,401      | 42,524                         | 46,021              | 630                                 |
|                                                                                                | 525,597              | 549,613           | 504,231             | 6,903                               | 68,974                    | 573,205     | 370,219                        | 418,287             | 5,726                               |
| Profit from operating activities before depreciation, amortization and exceptional items ..... | 303,279              | 261,101           | 357,891             | 4,899                               | (68,974)                  | 288,917     | 253,518                        | 335,987             | 4,600                               |
| Depreciation and amortization .....                                                            | 192,431              | 213,475           | 270,944             | 3,709                               | (42,793)                  | 228,151     | 202,329                        | 219,025             | 2,998                               |
| Finance costs .....                                                                            | 93,255               | 110,134           | 140,732             | 1,927                               | (23,818)                  | 116,914     | 99,261                         | 112,304             | 1,537                               |
| Finance income <sup>(5)</sup> .....                                                            | (12,540)             | (14,240)          | —                   | —                                   | —                         | —           | —                              | —                   | —                                   |

|                                                                           | Year ended March 31, |                   |                                     |                           |                |                  | Nine months ended December 31, |                                     |                |
|---------------------------------------------------------------------------|----------------------|-------------------|-------------------------------------|---------------------------|----------------|------------------|--------------------------------|-------------------------------------|----------------|
|                                                                           | 2018 <sup>(2)</sup>  | 2019              | 2020 <sup>(4)</sup>                 |                           |                |                  | 2019 <sup>(4)</sup>            | 2020 <sup>(4)</sup>                 |                |
|                                                                           |                      |                   | IND-AS                              |                           |                |                  |                                | IND-AS 116                          |                |
|                                                                           |                      |                   | IND-AS 116                          | 116 Impact <sup>(1)</sup> | Frozen GAAP    |                  |                                |                                     |                |
|                                                                           |                      |                   | (U.S.\$ in millions) <sup>(2)</sup> | (Rs. in millions)         |                |                  |                                | (U.S.\$ in millions) <sup>(2)</sup> |                |
|                                                                           |                      | (Rs. in millions) |                                     |                           |                |                  | (Rs. in millions)              |                                     |                |
| Non-operating expenses (net) .....                                        | 141                  | 1,894             | —                                   | —                         | —              | —                | —                              | —                                   | —              |
| Share of results of joint ventures and associates .....                   | (10,609)             | (3,556)           | 6,627                               | 91                        | —              | 6,627            | 5,384                          | 6,202                               | 85             |
| <b>Profit / (Loss) before exceptional items and tax</b>                   | <b>40,601</b>        | <b>(46,606)</b>   | <b>(60,412)</b>                     | <b>(828)</b>              | <b>(2,363)</b> | <b>(62,775)</b>  | <b>(53,456)</b>                | <b>(1,544)</b>                      | <b>(20)</b>    |
| Exceptional items (net) .....                                             | 7,931                | (29,288)          | 400,892                             | 5,488                     | —              | 400,892          | 332,304                        | 163,549                             | 2,239          |
| <b>Profit / (Loss) before tax from continuing operations .....</b>        | <b>32,670</b>        | <b>(17,318)</b>   | <b>(461,304)</b>                    | <b>(6,316)</b>            | <b>(2,363)</b> | <b>(463,667)</b> | <b>(385,760)</b>               | <b>(165,093)</b>                    | <b>(2,259)</b> |
| <b>Tax expense / (credit)</b>                                             |                      |                   |                                     |                           |                |                  |                                |                                     |                |
| Current tax .....                                                         | 18,230               | 19,391            | 17,932                              | 245                       | 4              | 17,936           | 14,911                         | 14,126                              | 193            |
| Deferred tax .....                                                        | (7,395)              | (53,584)          | (143,056)                           | (1,958)                   | (2)            | (143,058)        | (118,515)                      | 70,098                              | 960            |
| <b>Profit / (Loss) for the period from continuing operations .....</b>    | <b>21,835</b>        | <b>16,875</b>     | <b>(336,180)</b>                    | <b>(4,603)</b>            | <b>(2,365)</b> | <b>(338,545)</b> | <b>(282,156)</b>               | <b>(249,317)</b>                    | <b>(3,412)</b> |
| Profit/(Loss) from discontinued operations before tax .....               | —                    | —                 | 32,839                              | 450                       | (1,748)        | 31,091           | 27,400                         | 113,698                             | 1,556          |
| Tax expense/(credit) of discontinued operations .....                     | —                    | —                 | 3,301                               | 45                        | (902)          | 2,399            | 2,116                          | 3,131                               | 43             |
| <b>Profit / (loss) for the period from discontinued operations .....</b>  | <b>—</b>             | <b>—</b>          | <b>29,538</b>                       | <b>405</b>                | <b>(846)</b>   | <b>28,692</b>    | <b>25,284</b>                  | <b>110,567</b>                      | <b>1,514</b>   |
| <b>Profit / (loss) for the period .....</b>                               | <b>21,835</b>        | <b>16,875</b>     | <b>(306,642)</b>                    | <b>(4,198)</b>            | <b>(3,211)</b> | <b>(309,853)</b> | <b>(256,872)</b>               | <b>(138,750)</b>                    | <b>(1,898)</b> |
| <b>Other comprehensive income ('OCI') .....</b>                           |                      |                   |                                     |                           |                |                  |                                |                                     |                |
| Items to be reclassified to profit or loss:                               |                      |                   |                                     |                           |                |                  |                                |                                     |                |
| Net (losses) / gain due to foreign currency translation differences ..... | (7,181)              | (15,739)          | 4,814                               | 66                        | —              | 4,814            | 2,813                          | (10,625)                            | (145)          |
| Net (losses)/ gains on net investment hedge .....                         | (8,024)              | (1,754)           | (10,856)                            | (149)                     | —              | (10,856)         | (2,324)                        | 977                                 | 13             |
| Net (losses) / net gains on cash flow hedge .....                         | 809                  | (833)             | (109)                               | (1)                       | —              | (109)            | 27                             | —                                   | —              |

|                                                                     | Year ended March 31, |                 |                                     |                           |                |                  | Nine months ended December 31, |                                     |                |
|---------------------------------------------------------------------|----------------------|-----------------|-------------------------------------|---------------------------|----------------|------------------|--------------------------------|-------------------------------------|----------------|
|                                                                     | 2018 <sup>(2)</sup>  | 2019            | 2020 <sup>(4)</sup>                 |                           |                |                  | 2019 <sup>(4)</sup>            | 2020 <sup>(4)</sup>                 |                |
|                                                                     |                      |                 | IND-AS                              |                           |                |                  |                                | IND-AS 116                          |                |
|                                                                     |                      |                 | IND-AS 116                          | 116 Impact <sup>(1)</sup> | Frozen GAAP    |                  |                                |                                     |                |
|                                                                     |                      |                 | (U.S.\$ in millions) <sup>(2)</sup> |                           |                |                  |                                | (U.S.\$ in millions) <sup>(2)</sup> |                |
|                                                                     | (Rs. in millions)    |                 |                                     | (Rs. in millions)         |                |                  | (Rs. in millions)              |                                     |                |
| Net (losses) / net gains on fair value through OCI Investments..... | 129                  | (45)            | (108)                               | (1)                       | —              | (108)            | (107)                          | (124)                               | (2)            |
| Tax (charge) / credit .....                                         | (122)                | 5,428           | 2,883                               | 39                        | —              | 2,883            | 559                            | (436)                               | (6)            |
|                                                                     | <b>(14,389)</b>      | <b>(12,943)</b> | <b>(3,376)</b>                      | <b>(46)</b>               | <b>—</b>       | <b>(3,376)</b>   | <b>968</b>                     | <b>(10,208)</b>                     | <b>(140)</b>   |
| Items not to be reclassified to profit or loss:                     |                      |                 |                                     |                           |                |                  |                                |                                     |                |
| Re-measurement gains / (losses) on defined benefit plans .....      | 205                  | 47              | (76)                                | (1)                       | —              | (76)             | (110)                          | (119)                               | (2)            |
| Tax (charge) / credit .....                                         | (29)                 | (62)            | (41)                                | (1)                       | —              | (41)             | 58                             | 56                                  | 1              |
| Share of OCI of joint ventures and associates .....                 | 18                   | (12)            | 15                                  | —                         | —              | 15               | 4                              | (117)                               | (2)            |
|                                                                     | <b>194</b>           | <b>(27)</b>     | <b>(102)</b>                        | <b>(2)</b>                | <b>—</b>       | <b>(102)</b>     | <b>(48)</b>                    | <b>(180)</b>                        | <b>(3)</b>     |
| <b>Other comprehensive (loss) / gain for the year .....</b>         | <b>(14,195)</b>      | <b>(12,970)</b> | <b>(3,478)</b>                      | <b>(48)</b>               | <b>—</b>       | <b>(3,478)</b>   | <b>920</b>                     | <b>(10,388)</b>                     | <b>(143)</b>   |
| <b>Total comprehensive income/(loss) for the year ..</b>            | <b>7,640</b>         | <b>3,905</b>    | <b>(310,120)</b>                    | <b>(4,246)</b>            | <b>(3,211)</b> | <b>(313,331)</b> | <b>(255,952)</b>               | <b>(149,138)</b>                    | <b>(2,041)</b> |

Notes:

- (1) In addition to the impact of IND-AS 116, this column also includes the reclassification of Rs.2,599 million from depreciation and amortization to network operating expenses in relation to lit fiber.
- (2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts have been provided at a rate of U.S.\$1.00 = Rs. 73.05, which was the RBI Reference Rate as at December 31, 2020.
- (3) The audited financial information (including the nomenclature of financial statement captions) for Fiscal 2018 is derived from the comparative information in audited consolidated financial statements for Fiscal 2019.
- (4) Following the Indus Merger, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger Indus Towers entity as a discontinued operation rather than as a consolidated subsidiary. For periods prior to November 19, 2020, the Guarantor has reflected its equity interests in Bharti Infratel as a discontinued operation. As required by Ind AS, the Guarantor's interim financial statements for the nine months ended December 31, 2019, its statement of financial position as at March 31, 2020 and its statements of profit and loss for the fiscal year ended March 31, 2020 have been restated to report Bharti Infratel as a discontinued operation separately from the Guarantor's continuing operations. However, neither the Guarantor's statement of cash flow for the fiscal year ended March 31, 2020 nor its financial statements as at and for the fiscal years ended March 31, 2019 and 2018 have been restated to report the discontinued operations separately from continuing operations. Consequently, the Guarantor's restated statements of profit or loss for the fiscal year ended March 31, 2020 as presented herein (which are derived from the audited interim consolidated financial results for the nine months ended December 31, 2020) and for periods thereafter are not comparable with its statements of profit or loss for the fiscal year ended March 31, 2019 and 2018, as well as its previously issued statement of profit or loss for the fiscal year ended March 31, 2020. Similarly, the Guarantor's statement of financial position as at December 31, 2020 and restated statement of financial position as at March 31, 2020 as presented herein (which are derived from the audited interim condensed consolidated financial statements as at the nine months ended December 31, 2020), are not comparable to the Guarantor's statements of financial position as at March 31, 2019 and 2018.
- (5) Prior to April 1, 2020, "other income" comprised miscellaneous income and lease rentals, while "finance income" primarily comprised interest income on fixed and time deposits; gains on derivative financial instruments; interest and gain on securities held for trading; foreign exchange gains on reinstatements of foreign currency denominated assets and liabilities; and interest on loans. Starting from April 1, 2020, "finance income" has been reclassified under, and merged with, "other income" for better presentation of the Guarantor's financial information.

## The Guarantor's results of operations by segment

The following tables set forth the Guarantor's total revenues and EBITDA by product segment for the nine months ended December 31, 2019 and 2020 and the fiscal years ended March 31, 2019 and 2020.

|                                                             | Total Revenue                  |                                     |               | EBITDA <sup>(1)</sup>          |                                     |              |
|-------------------------------------------------------------|--------------------------------|-------------------------------------|---------------|--------------------------------|-------------------------------------|--------------|
|                                                             | Nine months ended December 31, |                                     |               | Nine months ended December 31, |                                     |              |
|                                                             | 2019                           | 2020                                |               | 2019                           | 2020                                |              |
|                                                             | (Rs. in millions)              | (U.S.\$ in millions) <sup>(2)</sup> |               | (Rs. in millions)              | (U.S.\$ in millions) <sup>(2)</sup> |              |
| Mobile Services India                                       | 330,135                        | 414,879                             | 5,679         | 118,764                        | 175,746                             | 2,406        |
| Mobile Services Africa.....                                 | 177,285                        | 212,615                             | 2,911         | 78,620                         | 96,729                              | 1,324        |
| South Asia.....                                             | 3,349                          | 3,264                               | 45            | 282                            | 253                                 | 3            |
| Airtel Business .....                                       | 98,569                         | 107,055                             | 1,466         | 29,176                         | 40,106                              | 549          |
| Homes Services .....                                        | 16,726                         | 17,333                              | 237           | 8,297                          | 10,089                              | 138          |
| Digital TV Services .....                                   | 23,204                         | 22,889                              | 313           | 16,311                         | 15,684                              | 215          |
| Others.....                                                 | 35                             | 39                                  | 1             | (572)                          | (855)                               | (12)         |
| Total segment revenue/EBITDA .....                          | <b>649,303</b>                 | <b>778,074</b>                      | <b>10,652</b> | <b>250,878</b>                 | <b>337,752</b>                      | <b>4,623</b> |
| Less: Inter-segment eliminations .....                      | 32,725                         | 29,389                              | 402           | 794                            | 2,195                               | 30           |
| Total segment revenue/EBITDA of continuing operations ..... | <b>616,578</b>                 | <b>748,685</b>                      | <b>10,250</b> | <b>250,084</b>                 | <b>335,557</b>                      | <b>4,593</b> |
| Discontinued operation: Tower Infrastructure Services ..... | 21,585                         | 17,563                              | 240           | 17,706                         | 13,440                              | 184          |
| Total revenue/EBITDA .....                                  | <b>638,163</b>                 | <b>766,248</b>                      | <b>10,490</b> | <b>267,790</b>                 | <b>348,997</b>                      | <b>4,777</b> |

Notes:

- (1) EBITDA unless otherwise specified, is defined as earnings / (loss) before interest, taxation, depreciation and amortization. It is not an IND-AS measure and is defined as profit from operating activities before depreciation, amortization and exceptional items.
- (2) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the nine months ended December 31, 2020 have been provided at a rate of U.S.\$1.00 = Rs. 73.05.

|                          | Total Revenue        |         |                                     |            |                                  |             | EBITDA <sup>(1)</sup> |        |                                     |            |                                     |             |
|--------------------------|----------------------|---------|-------------------------------------|------------|----------------------------------|-------------|-----------------------|--------|-------------------------------------|------------|-------------------------------------|-------------|
|                          | Year ended March 31, |         |                                     |            |                                  |             | Year ended March 31,  |        |                                     |            |                                     |             |
|                          | 2018                 | 2019    | 2020                                |            |                                  |             | 2018                  | 2019   | 2020                                |            |                                     |             |
|                          |                      |         |                                     | IND-AS 116 | IND-AS 116 Impact <sup>(2)</sup> | Frozen GAAP |                       |        |                                     | IND-AS 116 | IND-AS 116 Impact <sup>(2)(4)</sup> | Frozen GAAP |
|                          | (Rs. in millions)    |         | (U.S.\$ in millions) <sup>(3)</sup> |            | (Rs. in millions)                |             | (Rs. in millions)     |        | (U.S.\$ in millions) <sup>(3)</sup> |            | (Rs. in millions)                   |             |
| Mobile Services India... | 462,639              | 415,540 | 459,663                             | 6,292      | -                                | 459,663     | 150,899               | 94,225 | 169,542                             | 2,321      | (55,844)                            | 113,698     |
| Mobile Services Africa.  | 191,073              | 215,028 | 242,173                             | 3,315      | -                                | 242,173     | 66,429                | 83,631 | 107,261                             | 1,468      | (10,888)                            | 96,373      |
| South Asia.....          | 4,045                | 4,436   | 4,552                               | 62         | -                                | 4,552       | 8                     | 127    | 430                                 | 6          | (384)                               | 46          |
| Airtel Business .....    | 113,566              | 124,537 | 132,331                             | 1,812      | -                                | 132,331     | 42,474                | 40,645 | 42,663                              | 584        | 3,674                               | 46,337      |

|                                                                | Total Revenue        |                |                                     |                                  |                |                | EBITDA <sup>(1)</sup> |                |                                     |                                     |                 |                |
|----------------------------------------------------------------|----------------------|----------------|-------------------------------------|----------------------------------|----------------|----------------|-----------------------|----------------|-------------------------------------|-------------------------------------|-----------------|----------------|
|                                                                | Year ended March 31, |                |                                     |                                  |                |                | Year ended March 31,  |                |                                     |                                     |                 |                |
|                                                                | 2018                 | 2019           | 2020                                |                                  |                |                | 2018                  | 2019           | 2020                                |                                     |                 |                |
|                                                                |                      |                | IND-AS 116                          | IND-AS 116 Impact <sup>(2)</sup> | Frozen GAAP    |                |                       |                | IND-AS 116                          | IND-AS 116 Impact <sup>(2)(4)</sup> | Frozen GAAP     |                |
|                                                                | (Rs. in millions)    |                | (U.S.\$ in millions) <sup>(3)</sup> | (Rs. in millions)                |                |                | (Rs. in millions)     |                | (U.S.\$ in millions) <sup>(3)</sup> | (Rs. in millions)                   |                 |                |
| Tower Infrastructure Services .....                            | 66,284               | 68,185         | -                                   | -                                | -              | -              | 32,547                | 32,460         | -                                   | -                                   | -               | -              |
| Homes Services .....                                           | 25,265               | 22,391         | 22,451                              | 307                              | -              | 22,451         | 11,802                | 10,826         | 11,307                              | 155                                 | 709             | 12,016         |
| Digital TV Services .....                                      | 37,570               | 41,001         | 29,239                              | 400                              | -              | 29,239         | 14,226                | 15,722         | 19,959                              | 273                                 | (1,309)         | 18,650         |
| Others.....                                                    | 4,009                | 1,163          | 50                                  | 1                                | -              | 50             | (4,290)               | (3,560)        | (1,652)                             | (23)                                | (1,850)         | (3,502)        |
| Total segment revenue/EBITDA.....                              | 904,451              | 892,281        | 890,459                             | 12,189                           | -              | 890,459        | 314,095               | 274,076        | 349,510                             | 4,784                               | (65,890)        | 283,620        |
| Less: Inter-segment eliminations.....                          | 78,063               | 84,479         | 43,694                              | 598                              | -              | 43,694         | 9,611                 | 11,141         | 1,809                               | 25                                  | 3,084           | 4,893          |
| Total segment revenue/EBITDA of continuing operations ...      | 826,388              | 807,802        | 846,765                             | 11,591                           | -              | 846,765        | 304,484               | 262,935        | 347,701                             | 4,759                               | (68,975)        | 278,726        |
| Discontinued operation:<br>Tower Infrastructure Services ..... | -                    | -              | 28,625                              | 392                              | (1,297)        | 27,328         | -                     | -              | 23,355                              | 320                                 | 6,340           | 29,695         |
| <b>Total revenue/EBITDA</b>                                    | <b>826,388</b>       | <b>807,802</b> | <b>875,390</b>                      | <b>11,983</b>                    | <b>(1,297)</b> | <b>874,093</b> | <b>304,484</b>        | <b>262,935</b> | <b>371,056</b>                      | <b>5,079</b>                        | <b>(62,635)</b> | <b>308,421</b> |

Notes:

- (1) EBITDA unless otherwise specified, is defined as earnings / (loss) before interest, taxation, depreciation and amortization. It is not an IND-AS measure and is defined as profit from operating activities before depreciation, amortization and exceptional items.
- (2) Effective April 1, 2019, the Guarantor adopted IND-AS 116 on Leases using the modified retrospective method. Under this method, the Guarantor (lessee) recognize a lease liability at the present value of all of the remaining lease payments on April 1, 2019, and a right-of-use asset at its carrying amount as if IND-AS 116 had been applied since the commencement of the lease. Accordingly, this has resulted in a net decrease in retained earnings of Rs. 24,646 million (including the impact of deferred tax and other adjustments) as at April 1, 2019. Right-to-use assets are depreciated and the lease liabilities are reduced when paid, with the interest on the lease liabilities being recognized as finance costs. Further, as required under the modified retrospective method, the previous period information is not restated and hence, not comparable. The net impact of adopting this standard on the results and earnings per share is not material.
- (3) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the nine months ended December 31, 2020 have been provided at a rate of U.S.\$1.00 = Rs. 73.05.
- (4) In addition to the impact of IND-AS 116, this column also includes the reclassification of Rs. 2,599 million from depreciation and amortization to network operating expenses in relation to lit fiber (Rs. 424 million for mobile services India, Rs. 1,106 million for homes services, Rs. 453 million for mobile services Africa and Rs. 7,362 million for Airtel business and inter segment elimination of Rs (6,746) million).

See also “Selected Consolidated Financial and Operating Data of the Guarantor—The Guarantor’s results of operations by segment” for a reconciliation of the Guarantor’s segment results to EBITDA.

## Description of Principal Income Statement Items

*Revenue from operations* comprises revenue from the rendering of various services and the sale of goods to its customers and is shown net of inter-segmental transactions, discounts, process waiver, and VAT, service tax or duty.

*Other income*, prior to April 1, 2020, comprised miscellaneous income and lease rentals. Starting from April 1, 2020, “finance income” has been reclassified under, and merged with, the “other income” line item for better presentation of the Guarantor’s financial information. Accordingly, starting from April 1, 2020, “other income” also includes interest income on fixed and time deposits, gains on derivative financial instruments; interest and gain on securities held for trading.

*Network operating expenses* primarily comprises costs relating to access charges, including interconnection traffic for calls originating but not terminating on the Guarantor's network and roaming costs relating to services provided by other network operators to the Guarantor's customers in areas where the Guarantor does not provide service; network operation costs, including site lease, rental, fuel and security costs; employee costs; and selling, general and administrative expenses, which include customer acquisition costs, advertising and promotional costs and IT and customer care costs.

*Other expenses* comprise regulatory levies applicable to finance income in some of the geographies.

*Depreciation and amortization* comprises depreciation of fixed and tangible assets and the amortization of intangible assets. Depreciation is charged to the consolidated income statement on a straight-line basis over the useful lives of items of property and equipment. Amortization of intangible assets mainly includes the amortization of intangible assets such as license fees (including spectrum) and software on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

*Finance costs* primarily comprises interest and other costs incurred in connection with the borrowing of funds, and losses on derivative financial instruments and hedges and foreign exchange losses/gains on reinstatements of foreign currency denominated assets and liabilities.

*Share of results of joint ventures and associates* comprises the results of the associates and joint ventures incorporated in the Guarantor's consolidated financials using the equity method of accounting.

*Exceptional items* comprises items of income or expense within the consolidated statement of income 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 Guarantor.

*Tax expense / (credit)* includes tax payable on current period profit and income tax deferred on account of timing differences.

*Net losses due to foreign currency translation differences* comprises, adjustments resulting from the translation of the assets and liabilities of foreign operations into the reporting currency at the rate of exchange prevailing at the reporting date and translation of statement of comprehensive income at average exchange rates prevailing during the period.

## **Nine months ended December 31, 2020 compared to nine months ended December 31, 2019**

### **Revenue from operations**

The Guarantor's revenue from operations increased by Rs. 132,107 million, or 21.4%, to Rs. 748,685 million (U.S.\$10,249 million) in the nine months ended December 31, 2020 from Rs. 616,578 million in the nine months ended December 31, 2019. This increase was primarily due to an increase in network usage by 18.3% to 2,874 billion minutes in the nine months ended December 31, 2020 from 2,429 billion minutes in the nine months ended December 31, 2019 and an increase in mobile data traffic by 61% to 24,281 billion MBs in the nine months ended December 31, 2020 from 15,101 billion MBs in the nine months ended December 31, 2019.

### **B2C services:**

- *Mobile Services – India:* The Guarantor's mobile services operations in India contributed total revenue of Rs. 414,879 million (U.S.\$5,679 million) in the nine months ended December 31, 2020, an increase of 25.7% from Rs. 330,135 million for the nine months ended December 31, 2019. This increase was primarily due to an increase in monthly mobile data usage per customer by 27.5% to 16.2 GBs in the nine months ended December 31, 2020 from 12.7 GBs in the nine months ended December 31, 2019 and an increase in mobile data traffic by 60% to 23,334 billion MBs in the nine months ended December 31, 2020

from 14,568 billion MBs in the nine months ended December 31, 2019 and increase in volume of voice minutes by 17.8%.

- *Mobile Services – Africa:* The Guarantor’s mobile services operations in Africa contributed total revenue of Rs. 212,615 million (U.S.\$2,911 million) in the nine months ended December 31, 2020, an increase of 19.9% from Rs. 177,285 million for the nine months ended December 31, 2019. This increase was primarily due to an increase in customer base by 11% to 118.9 million in the nine months ended December 31, 2020 from 107.1 million in the nine months ended December 31, 2019, an increase in network usage by 31.3% to 238 billion minutes in the nine months ended December 31, 2020 from 181 billion minutes in the nine months ended December 31, 2019 and an increase in monthly mobile data usage per customer by 8.4% to 2,613 MBs in the nine months ended December 31, 2020 from 1,760 MBs in the nine months ended December 31, 2019.
- *South Asia:* The Guarantor’s mobile services operations in South Asia contributed total revenue of Rs. 3,264 million (U.S.\$45 million) in the nine months ended December 31, 2020, a decrease of 2.5% from Rs. 3,349 million for the nine months ended December 31, 2019. This resulted primarily from a decrease in customer base of 2.2%.
- *Home Services:* The Guarantor’s home services segment contributed total revenue of Rs. 17,333 million (U.S.\$237 million) in the nine months ended December 31, 2020, an increase of 3.6% from Rs. 16,726 million for the nine months ended December 31, 2019. This increase was primarily due to increase in customer base from 2.4 million as on December 31, 2019 to 2.8 million as on December 31, 2020.
- *Digital TV Services:* The Guarantor’s digital TV services segment contributed total revenue of Rs. 22,889 million (U.S.\$313 million) in the nine months ended December 31, 2020, a decrease of 1.4% from Rs. 23,204 million for the nine months ended December 31, 2019 due to a change in accounting policies pursuant to which the Guarantor deferred the activation, installation and rental revenue over the life of the customer. For illustration purposes, assuming such change in accounting policies had not occurred, and the activation, installation and rental revenue had been recognized at the point of sale or rendering such service, the Guarantor’s revenue for the nine months ended December 31, 2019 would have been Rs. 21,682 million, which reflects a revenue growth of 5.6% primarily due to the growth in the customer base by 9.6%.

#### **B2B services:**

- *Airtel Business:* The Guarantor’s Airtel Business segment contributed total revenue of Rs. 107,055 million (U.S.\$1,466 million) in the nine months ended December 31, 2020, an increase of 8.6% from Rs. 98,569 million for the nine months ended December 31, 2019. This increase was primarily due to an increase in data revenue.

#### **Network operating expenses**

The Guarantor’s network operating expenses increased by Rs. 15,845 million, or 10.9%, to Rs. 160,640 million (U.S.\$2,199 million) in the nine months ended December 31, 2020 from Rs. 144,795 million in the nine months ended December 31, 2019. This increase was primarily due to deployment of new sites resulting from the increase in investments incurred to strengthen the Guarantor’s network to cater for the growing customer base.

#### **EBITDA**

The Guarantor’s EBITDA increased by Rs. 85,473 million, or 34.2%, to Rs. 335,557 million (U.S.\$4,593 million) in the nine months ended December 31, 2020 from Rs. 250,084 million in the nine months ended December 31, 2019, while the Guarantor’s EBITDA Margin (i.e. EBITDA for the period divided by total



revenue for that period) increased to 44.8% in the nine months ended December 31, 2020 from 40.6% in the nine months ended December 31, 2019. These increases were primarily due to the factors set forth below:

***B2C services:***

- *Mobile Services – India:* EBITDA related to the Guarantor’s mobile services operations in India increased by Rs. 56,982 million, or 48%, to Rs. 175,746 million (U.S.\$2,406 million) in the nine months ended December 31, 2020 from Rs. 118,764 million in the nine months ended December 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) increased to 42.4% in the nine months ended December 31, 2020 from 36% in the nine months ended December 31, 2019 primarily due to higher revenue flow through as a result of growth in the customer base. This led to increased volumes of voice and data traffic and improved operational productivity of network cost. The Guarantor was also disciplined in its spending, including in customer service expense, marketing and advertising spend.
- *Mobile Services – Africa:* EBITDA related to the Guarantor’s mobile services operation in Africa increased by Rs. 18,109 million, or 23%, to Rs. 96,729 million (U.S.\$1,324 million) in the nine months ended December 31, 2020 from Rs. 78,620 million in the nine months ended December 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) increased to 45.5% in the nine months ended December 31, 2020 from 44.3% in the nine months ended December 31, 2019 primarily due to an increase in revenue led by an increase in customer base by 11% to 118.9 million which in turn propelled an increase in network usage, resulting in higher voice minutes and greater data traffic. Network and other operating cost has increased due to increased volume. In addition, the Guarantor has seen savings in marketing and customer service expense due to controlled spending.
- *South Asia:* EBITDA related to the Guarantor’s mobile services operations in Sri Lanka decreased by Rs. 29 million, or 10.3%, to Rs. 253 million (U.S.\$3 million) in the nine months ended December 31, 2020 from Rs. 282 million in the nine months ended December 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) decreased to 7.8% in the nine months ended December 31, 2020 from 8.4% in the nine months ended December 31, 2019 primarily due to a reduction in revenue flow through as a result of a reduced customer base partly which was offset by lower selling and distribution expense and marketing expense.
- *Home Services:* EBITDA related to the Guarantor’s home services segment increased by Rs. 1,792 million, or 21.6%, to Rs. 10,089 million (U.S.\$138 million) in the nine months ended December 31, 2020 from Rs. 8,297 million in the nine months ended December 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) increased to 58.2% in the nine months ended December 31, 2020 from 49.6% in the nine months ended December 31, 2019 primarily due to higher revenues as a result of a growth of the subscriber base by 0.4 million and lower network operating costs.
- *Digital TV Services:* EBITDA related to the Guarantor’s digital TV services segment decreased by Rs. 627 million, or 3.8%, to Rs. 15,684 million (U.S.\$215 million) in the nine months ended December 31, 2020 from Rs. 16,311 million in the nine months ended December 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) decreased to 68.5% in the nine months ended December 31, 2020 from 70.3% in the nine months ended December 31, 2019. Although the normalized revenue flow through of the segment has increased due to the growth in the subscriber base, higher network operating expenses and selling and distribution expenses has offset the revenue gains, resulting in the decrease in EBITDA for this segment.

**B2B services:**

- *Airtel Business*: EBITDA related to the Guarantor's Airtel Business segment increased by Rs. 10,930 million, or 37.5%, to Rs. 40,106 million (U.S.\$549 million) in the nine months ended December 31, 2020 from Rs. 29,176 million in the nine months ended December 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) increased to 37.5% in the nine months ended December 31, 2020 from 29.6% in the nine months ended December 31, 2019 primarily due to increased revenue, particularly data revenue, together with an improvement in operational productivity from lower network costs and improved realization from customers.

**Depreciation and amortization**

The Guarantor's depreciation and amortization increased by 8.3% to Rs. 219,025 million (U.S.\$2,998 million) in the nine months ended December 31, 2020 from Rs. 202,329 million in the nine months ended December 31, 2019. This increase was primarily due to the impact of sustained capital expenditure spending aimed at enhancing the Guarantor's 4G capacities.

**Finance costs**

The Guarantor's finance cost increased by 13.1% to Rs. 112,304 million (U.S.\$1,537 million) in the nine months ended December 31, 2020 from Rs. 99,261 million in the nine months ended December 31, 2019. This increase was primarily due to increase in interest expense on account of higher borrowings.

**Share of results of joint ventures and associates**

The Guarantor's loss from share of results of joint ventures and associates increased by Rs. 818 million, or 15.2%, to Rs. 6,202 million (U.S.\$85 million) in the nine months ended December 31, 2020 from Rs. 5,384 million in the nine months ended December 31, 2019. This increase was primarily due to increase in the Ghana share of loss in the joint venture.

**Exceptional items, net**

The Guarantor recorded net exceptional costs of Rs. 163,549 million (U.S.\$2,239 million) in the nine months ended December 31, 2020 relating primarily to due to charge on account of incremental provision and interest on licence fee and Spectrum Usage Charge (SUC) of Rs 107,444 million and charge on account of re-assessment of contractual / regulatory levies and taxes of Rs. 31,596 million, a Rs. 168,755 million, or 50.8%, decrease as compared to net exceptional costs of Rs. 332,304 million in the nine months ended December 31, 2019 relating primarily due to charge on account of license fee and SUC of Rs. 294,981 million.

**Tax expense / (credit)**

The Guarantor experienced a net income tax expense of Rs. 84,224 million (U.S.\$1,153 million) in the nine months ended December 31, 2020, a Rs. 187,828 million, or 181.3%, variation as compared net income tax credit of Rs. 103,604 million in the nine months ended December 31, 2019. The variation was mainly attributable to reversal of deferred tax assets on expiry of business losses and change in tax rate during the current period.

**Net gains/ losses due to foreign currency translation differences**

The Guarantor recorded a loss from exchange differences on translation of foreign operations of Rs. 10,625 million (U.S.\$145 million) in the nine months ended December 31, 2020, a Rs. 13,438 million, or 477.7%, variation compared to a gain of Rs. 2,813 million in the nine months ended December 31, 2019. This loss was primarily due to a depreciation of the U.S. dollar against the Indian Rupee during the period on positive U.S. dollar-denominated net assets. For more information on the Guarantor's accounting policies with respect to translation of foreign operations' financial statements, see note 2 of the Financial Statements for the year ended March 31, 2020 included elsewhere in this Offering Memorandum.

## **Fiscal year ended March 31, 2020 compared to fiscal year ended March 31, 2019**

In order to allow meaningful comparison to prior periods, the commentary and variances below for the fiscal year ended March 31, 2020 are presented without the application of IND-AS 116. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability of the Guarantor’s Company’s Financial Statements—Changes to Accounting Standards – IND-AS 116.*”

### **Revenue from operations**

The Guarantor’s revenue from operations increased by Rs. 38,963 million, or 4.8%, to Rs. 846,765 million (U.S.\$11,592 million) in the fiscal year ended March 31, 2020 from Rs. 807,802 million in the fiscal year ended March 31, 2019. This increase was primarily due to an increase in network usage by 8.5% to 3,332 billion minutes in the fiscal year ended March 31, 2020 from 3,070 billion minutes in the fiscal year ended March 31, 2019, an increase in customer base by 4.9% to 423 million customers in the fiscal year ended March 31, 2020 from 404 million customers in the fiscal year ended March 31, 2019.

### **B2C services:**

- *Mobile Services – India:* The Guarantor’s mobile services operations in India contributed total revenue of Rs. 459,663 million (U.S.\$6,292 million) in the fiscal year ended March 31, 2020, an increase of 10.6% from Rs. 415,540 million for the fiscal year ended March 31, 2019. This increase was primarily due to an increase in mobile data usage per customer by 39.1% to 13.6 GBs in the fiscal year ended March 31, 2020 from 9.8 GBs in the fiscal year ended March 31, 2019, an increase in customer base by 2.2% to 289 million customers in the fiscal year ended March 31, 2020 from 283 million customers in the fiscal year ended March 31, 2019, and an increase in mobile data traffic by 79.2% to 21,020 billion MBs in the fiscal year ended March 31, 2020 from 11,733 billion MBs in the fiscal year ended March 31, 2019.
- *Mobile Services – Africa:* The Guarantor’s mobile services operations in Africa contributed total revenue of Rs. 242,173 million (U.S.\$3,315 million) in the fiscal year ended March 31, 2020, an increase of 12.6% from Rs. 215,028 million for the fiscal year ended March 31, 2019. This increase was primarily due to an increase in customer base by 11.9% to 111 million in the fiscal year ended March 31, 2020 from 99 million in the fiscal year ended March 31, 2019, an increase in network usage by 20.6% to 250 billion minutes in the fiscal year ended March 31, 2020 from 207 billion minutes in the fiscal year ended March 31, 2019 and an increase in mobile data usage per customer by 81% to 711 billion MBs in the fiscal year ended March 31, 2020 from 393 billion MBs in the fiscal year ended March 31, 2019.
- *South Asia:* The Guarantor’s mobile services operations in South Asia contributed total revenue of Rs. 4,552 million (U.S.\$62 million) in the fiscal year ended March 31, 2020, an increase of 2.6% from Rs. 4,436 million for the fiscal year ended March 31, 2019. This resulted primarily from an increase in customer base of 13.2%.
- *Home Services:* The Guarantor’s home services segment contributed total revenue of Rs. 22,451 million (U.S.\$307 million) in the fiscal year ended March 31, 2020, an increase of 0.3% from Rs. 22,391 million for the fiscal year ended March 31, 2019. This increase was primarily due to increase in customer base by 6.3%.
- *Digital TV Services:* The Guarantor’s digital TV services segment contributed total revenue of Rs. 29,239 million (U.S.\$400 million) in the fiscal year ended March 31, 2020, a decrease of 28.7% from Rs. 41,001 million for the fiscal year ended March 31, 2019 due to a change in reporting effective from April 1, 2019 pursuant to the New Tariff Order (as defined herein). This led to content cost of Rs. 16,462 million becoming a pass through expense for the fiscal year ended March 31, 2020. Before the New Tariff Order came into effect, the Guarantor had considered total service provided to subscriber as gross revenue and

content cost paid to broadcasters was considered as operating expense. Another change in accounting policies lead to the deferment of activation, installation and rental revenue over the life of the customer. For illustration purposes, assuming the New Tariff Order were not in effect and change in accounting policies have not occurred then, the segment's revenue increased by Rs. 6,687 million, primarily led by an increase in subscriber base by 7.9%.

#### **B2B services:**

- *Airtel Business:* The Guarantor's Airtel Business segment contributed total revenue of Rs. 132,331 million (U.S.\$1,812 million) in the fiscal year ended March 31, 2020, an increase of 6.3% from Rs. 124,537 million for the fiscal year ended March 31, 2019. This increase was primarily due to increase in data revenue by 12.9% and increase in revenue from Nxtra by 27.6%.

#### **Accounting effects:**

- *Discontinued Operations:* The accounting effects from the Indus Merger and the resulting deconsolidation of Bharti Infratel from the Guarantor's consolidated financial statements contributed to a Rs. 28,625 million (U.S.\$392 million) decrease in the Guarantor's total revenue in the fiscal year ended March 31, 2020 as compared to the fiscal year ended March 31, 2019. For more information, see "*Presentation of Financial and Other Information—The Indus Merger – Discontinued Operations.*"

#### **Network operating expenses**

The Guarantor's network operating expenses increased by Rs. 38,310 million, or 17.1%, to Rs. 262,210 million (U.S.\$3,589 million) in the fiscal year ended March 31, 2020 from Rs. 223,900 million in the fiscal year ended March 31, 2019. This increase is in line with the growth in the customer base and increased demand for data. Voice minutes for the fiscal year ending March 31, 2020 increased by 8.5% and data traffic increased by 79.2%.

#### **EBITDA**

The Guarantor's EBITDA increased by Rs. 15,791 million, or 6%, to Rs. 278,726 million (U.S.\$3,816 million) in the fiscal year ended March 31, 2020 from Rs. 262,935 million in the fiscal year ended March 31, 2019, while the Guarantor's EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) increased to 32.9% in the fiscal year ended March 31, 2020 from 32.5% in the fiscal year ended March 31, 2019. These increases were primarily due to the factors set forth below:

#### **B2C services:**

- *Mobile Services – India:* EBITDA related to the Guarantor's mobile services operations in India increased by Rs. 19,473 million, or 20.7%, to Rs. 113,698 million (U.S.\$1,556 million) in the fiscal year ended March 31, 2020 from Rs. 94,225 million in the fiscal year ended March 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) increased to 24.7% in the fiscal year ended March 31, 2020 from 22.7% in the fiscal year ended March 31, 2019. The increase is primarily on account of the adoption of higher revenue flow through lead by the growth in the customer base by 2.2% and an increase in data consumption per customer by 39.1%. Operational productivity also improved, having a positive impact on EBITDA margin. Operational productivity also improved and had a positive impact on EBITDA margin lead by controlled spending on selling and distribution expenses and improved payment realisation from customers.
- *Mobile Services – Africa:* EBITDA related to the Guarantor's mobile services operation in Africa increased by Rs. 12,742 million, or 15.2%, to Rs. 96,373 million (U.S.\$1,319 million) in the fiscal year ended March 31, 2020 from Rs. 83,631 million in the fiscal year ended March 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) increased to 39.8% in the fiscal year ended March 31, 2020 from 38.9% in the fiscal year ended March 31, 2019. This marginal increase is

primarily due to the higher revenue flow through as a result of a 11.9% increase in customer base and improved operational productivity and efficiency as the scale of business increased.

- *South Asia:* EBITDA related to the Guarantor's mobile services operations in Sri Lanka decreased by Rs. 81 million, or 63.8%, to Rs. 46 million (U.S.\$1 million) in the fiscal year ended March 31, 2020 from Rs. 127 million in the fiscal year ended March 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) decreased to 1% in the fiscal year ended March 31, 2020 from 2.9% in the fiscal year ended March 31, 2019.
- *Home Services:* EBITDA related to the Guarantor's home services segment increased by Rs. 1,190 million, or 11%, to Rs. 12,016 million (U.S.\$164 million) in the fiscal year ended March 31, 2020 from Rs. 10,826 million in the fiscal year ended March 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) increased to 53.5% in the fiscal year ended March 31, 2020 from 48.3% in the fiscal year ended March 31, 2019. The increase is primarily due to higher revenue flow through as a result of the growth in the customer base by 6.3%. Network and other operating expenses increased in line with volume growth.
- *Digital TV Services:* EBITDA related to the Guarantor's digital TV services segment increased by Rs. 2,928 million, or 18.6%, to Rs. 18,650 million (U.S.\$255 million) in the fiscal year ended March 31, 2020 from Rs. 15,722 million in the fiscal year ended March 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) increased to 63.8% in the fiscal year ended March 31, 2020 from 38.3% in the fiscal year ended March 31, 2019. Due to a change in reporting effective April 1, 2019 pursuant to the New Tariff Order, the content cost which was previously part of gross revenue of Rs. 16,462 million became a pass through expense for the fiscal year ended March 31, 2020. Before the New Tariff Order came into effect, the Guarantor had categorized content cost as part of gross revenue which had been offset by content cost for expenses. Another change in accounting policies in the last quarter of fiscal year ending March 31, 2020 lead to the deferment of activation and installation revenue over the life of the customer. For illustration purposes, assuming the New Tariff Order were not in effect and such change in accounting policies had not occurred, the Guarantor's EBITDA margin would have increased to 66.1% in fiscal year ended March 31, 2020 from 64.1% in fiscal year ended March 31, 2019. This increase was a result of increased revenue flow through and optimization of operating expenses as the business expanded in scale along with controlled spending on selling and distribution expenses.

#### **B2B services:**

- *Airtel Business:* EBITDA related to the Guarantor's Airtel Business segment increased by Rs. 5,692 million, or 14%, to Rs. 46,337 million (U.S.\$634 million) in the fiscal year ended March 31, 2020 from Rs. 40,645 million in the fiscal year ended March 31, 2019, while EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) decreased to 35% in the fiscal year ended March 31, 2020 from 32.6% in the fiscal year ended March 31, 2019. The increase is primarily led by higher revenue flow through as a result of increased data revenue and greater realization from customers. The lower provision for doubtful debt was partly offset by the increase in network operating expenses driven by higher volumes.

#### **Accounting effects:**

- *Discontinued Operations:* The accounting effects from the Indus Merger and the resulting deconsolidation of Bharti Infratel from the Guarantor's consolidated financial statements contributed to a Rs. 29,695 million (U.S.\$407 million) decrease in the Guarantor's EBITDA for the fiscal year ended March 31, 2020 as compared to the fiscal year ended March 31, 2019. For more information, see "Presentation of Financial and Other Information—The Indus Merger – Discontinued Operations."

**Depreciation and amortization**

The Guarantor's depreciation and amortization increased by 6.9% to Rs. 228,151 million (U.S.\$3,123 million) in the fiscal year ended March 31, 2020 from Rs. 213,475 million in the fiscal year ended March 31, 2019. This increase was primarily due to the impact of sustained capital expenditure spending aimed at enhancing the Guarantor's 4G capacities.

Depreciation and amortization expenses associated with the Guarantor's operations in Africa increased by 13.9% to Rs. 35,573 million (U.S.\$487 million) in the fiscal year ended March 31, 2020 from Rs. 31,234 million in the fiscal year ended March 31, 2019. This increase was primarily due to the impact of capital expenditure additions during the period.

Depreciation and amortization expenses associated with the Guarantor's operations in South Asia decreased by 2.3% to Rs. 1,168 million (U.S.\$16 million) in the fiscal year ended March 31, 2020 from Rs. 1,196 million in the fiscal year ended March 31, 2019. This increase was primarily due to the continued capex investment.

Depreciation and amortization expenses associated with the Guarantor's operations in India increased by 5.7% to Rs. 191,409 million (U.S.\$2,620 million) in the fiscal year ended March 31, 2020 from Rs. 181,045 million in the fiscal year ended March 31, 2019. This increase was primarily due to the impact of continued capex investment.

**Finance costs**

The Guarantor's finance cost increased by 6.2% to Rs. 116,914 million (U.S.\$1,601 million) in the nine months ended March 31, 2020 from Rs. 110,134 million in the fiscal year ended March 31, 2019. This increase was primarily due an increase in interest expense on account of higher borrowings.

**Finance and other income**

The Guarantor's finance and other income decreased by Rs. 1,795 million, or 10.5%, to Rs. 15,357 million (U.S.\$210 million) in the fiscal year ended March 31, 2020 from Rs. 17,152 million in the fiscal year ended March 31, 2019. This decrease was primarily due to lower dividend income.

**Share of results of joint ventures and associates**

The Guarantor's loss from share of results of joint ventures and associates increased by Rs. 10,183 million, or 286.4%, to Rs. 6,627 million (U.S.\$91 million) in the fiscal year ended March 31, 2020 from a profit of Rs. 3,556 million in the fiscal year ended March 31, 2019. This decrease was primarily due to discontinued operations presentation for Indus Towers Limited for year ended March 31, 2020.

**Exceptional items**

The Guarantor recorded net exceptional costs of Rs. 400,892 million (U.S.\$5,488 million) in the fiscal year ended March 31, 2020 relating primarily due to creation of charge on account of licence fee and Spectrum usage charge ("SUC") of Rs. 303,687 million, charge on account of reassessment of regulatory cost and provision on account of rates of Rs. 56,420 million, a Rs. 430,180 million, or 1468.8%, increase as compared to net exceptional income of Rs. 29,288 million in the fiscal year ended March 31, 2019 relating primarily due to credit of re-assessment of levies, based on a recent pronouncement related to the manner of determination of such levies and settlement of litigation of Rs. 28,568 million during the fiscal year ended March 31, 2019.

**Tax expense / (credit)**

The Guarantor experienced a net income tax credit of Rs. 125,122 million (U.S.\$1,713 million) in the fiscal year ended March 31, 2020, a Rs. 90,929 million, or 265.9%, increase as compared net income tax credit of Rs. 34,193 million in the fiscal year ended March 31, 2019. The variation was mainly attributable to a higher loss in current year due to AGR provision.

**Net losses due to foreign currency translation differences**

The Guarantor recorded a gain from exchange differences on translation of foreign operations of Rs. 4,814 million (U.S.\$66 million) in the fiscal year ended March 31, 2020, a Rs. 20,553 million, or 130.6%, increase compared to a loss of Rs. 15,739 million in the fiscal year ended March 31, 2019. This gain was primarily due to the appreciation of the U.S. dollar against the Indian Rupee during the period on positive U.S. dollar-denominated net assets. For more information on the Guarantor's accounting policies with respect to translation of foreign operations' financial statements, see note 2 of the Financial Statements for the year ended March 31, 2020 included elsewhere in this Offering Memorandum.

**Fiscal year ended March 31, 2019 compared to fiscal year ended March 31, 2018****Revenue from operations**

The Guarantor's revenue from operations decreased 2.2% to Rs. 807,802 million (U.S.\$11,058 million) in the fiscal year ended March 31, 2019 from Rs. 826,388 million in the fiscal year ended March 31, 2018. This decrease was primarily due to a decline in the customer base to approximately 404 million for the fiscal year ended March 31, 2019, from 414 million for the fiscal year ended March 31, 2018.

**B2C services:**

- *Mobile Services – India:* The Guarantor's mobile services operations in India contributed total revenue of Rs. 415,540 million (U.S.\$5,688 million) in the fiscal year ended March 31, 2019, a decrease of 10.2% from Rs. 462,639 million for the fiscal year ended March 31, 2018. This resulted primarily from a decrease in ARPU.
- *Mobile Services – Africa:* The Guarantor's mobile services operations in Africa contributed total revenue of Rs. 215,028 million (U.S.\$2,944 million) in the fiscal year ended March 31, 2019, an increase of 12.5% from Rs. 191,073 million for the fiscal year ended March 31, 2018. This increase in revenues is primarily a result of total subscriber base growth of 10.7%, minutes of usage growth of 29.9%, data subscriber base growth of 20.4% with data usage growth of 65.3%. Trends in the underlying operations remained steady, primarily from the increase in voice and data usage due to the continued growth in the Guarantor's subscriber base in Africa.
- *South Asia:* The Guarantor's mobile services operations in South Asia contributed total revenue of Rs. 4,436 million (U.S.\$61 million) in the fiscal year ended March 31, 2019, an increase of 9.7% from Rs. 4,045 million for the fiscal year ended March 31, 2018. This resulted primarily from the increase in overall voice usage as well as due to increase in the Guarantor's subscriber base in South Asia, which increased by 14.1% to 2.6 million customers as at March 31, 2019.
- *Home Services:* The Guarantor's home services segment contributed total revenue of Rs. 22,391 million (U.S.\$307 million) in the fiscal year ended March 31, 2019, a decrease of 11.4% from Rs. 25,265 million for the fiscal year ended March 31, 2018. This decrease resulted primarily due to a decrease in ARPU.
- *Digital TV Services:* The Guarantor's digital TV services segment contributed total revenue of Rs. 41,001 million (U.S.\$561 million) in the fiscal year ended March 31, 2019, an increase of 9.1% from Rs. 37,570 million for the fiscal year ended March 31, 2018. This increase resulted primarily from growth in the Guarantor's digital TV subscriber base, which increased by 8.6% to 15.4 million customers as at March 31, 2019 compared to 14.2 million customers as at March 31, 2018.

**B2B services:**

- *Airtel Business:* The Guarantor's Airtel Business segment contributed total revenue of Rs. 124,537 million (U.S.\$1,705 million) in the fiscal year ended March 31, 2019, an increase of 9.7% from Rs. 113,566

million for the fiscal year ended March 31, 2018. The increase was primarily due to an increase in data revenue.

- *Tower Infrastructure Services:* The Guarantor's Tower Infrastructure Services segment contributed total revenue of Rs. 68,185 million (U.S.\$933 million) in the fiscal year ended March 31, 2019, an increase of 2.9% from Rs. 66,284 million for the fiscal year ended March 31, 2018. This resulted primarily from energy revenue, with an impact of sharing revenue declining due to co-location exits driven by operator consolidation. This drop was offset with 4G led additional demand, annual increments in the Guarantor's long term contracts with clients and exit charges received due to churn in co-locations.

### **Network operating expenses**

The Guarantor's network operating expenses increased 13.4% to Rs. 223,900 million (U.S.\$3,065 million) in the fiscal year ended March 31, 2019 from Rs. 197,520 million in the fiscal year ended March 31, 2018. This increase was primarily due to the deployment of new sites resulting from an increase in investments to strengthen the Guarantor's network.

### **EBITDA**

The Guarantor's EBITDA for the fiscal year ended March 31, 2019 was Rs. 262,935 million (U.S.\$3,599 million), a decrease of 13.6% from Rs. 304,484 million recorded in the fiscal year ended March 31, 2018, while its EBITDA Margin (i.e. EBITDA for the period divided by total revenue for that period) decreased in the fiscal year ended March 31, 2019 to 32.5% from 36.8% in the fiscal year ended March 31, 2018. These decreases were primarily the result of a decrease in gross revenue and increase in operating expense.

### **B2C services:**

- *Mobile Services – India:* EBITDA related to the Guarantor's mobile services operations in India decreased 37.6% to Rs. 94,225 million (U.S.\$1,290 million) in the fiscal year ended March 31, 2019 from Rs. 150,899 million in the fiscal year ended March 31, 2018, while EBITDA Margin decreased to 22.7% in the fiscal year ended March 31, 2019 from 32.6% in the fiscal year ended March 31, 2018. These decreases resulted primarily due to a decrease in revenue.
- *Mobile Services – Africa:* EBITDA related to the Guarantor's mobile services operations in Africa increased 25.9% to Rs. 83,631 million (U.S.\$1,145 million) in the fiscal year ended March 31, 2019 from Rs. 66,429 million in the fiscal year ended March 31, 2018, primarily due revenue increase by 12.5% and cost optimisation initiatives primarily focussed on redesign of processes and systems. EBITDA Margin on a reported currency basis increased to 38.9% in the fiscal year ended March 31, 2019 from 34.8% in the fiscal year ended March 31, 2018, primarily due to revenue growth coupled with operating efficiencies.
- *South Asia:* EBITDA related to the Guarantor's mobile services operations in South Asia increase 1487.5% to Rs. 127 million (U.S.\$2 million) in the fiscal year ended March 31, 2019 compared to EBITDA of Rs. 8 million in the fiscal year ended March 31, 2018, while EBITDA Margin was 2.9% in the fiscal year ended March 31, 2019 compared to 0.2% in the fiscal year ended March 31, 2018. These changes resulted primarily due to an increase in revenue.
- *Home Services:* EBITDA related to the Guarantor's home services segment decreased 8.3% to Rs. 10,826 million (U.S.\$148 million) in the fiscal year ended March 31, 2019 from Rs. 11,802 million in the fiscal year ended March 31, 2018. In addition, EBITDA Margin increased to 48.3% in the fiscal year ended March 31, 2019 from 46.7% in the fiscal year ended March 31, 2018, primarily due to a decrease in revenue resulting from low ARPU.
- *Digital TV Services:* EBITDA related to the Guarantor's digital TV services segment increased 10.5% to Rs. 15,772 million (U.S.\$215 million) in the fiscal year ended March 31, 2019 from Rs. 14,226 million in



the fiscal year ended March 31, 2018, while EBITDA Margin increased to 38.3% in the fiscal year ended March 31, 2019 from 37.9% in the fiscal year ended March 31, 2018.

**B2B services:**

- *Airtel Business:* EBITDA related to the Guarantor's Airtel Business segment decreased 4.3% to Rs. 40,645 million (U.S.\$556 million) in the fiscal year ended March 31, 2019 from Rs. 42,474 million in the fiscal year ended March 31, 2018 while EBITDA Margin decreased to 32.6% in the fiscal year ended March 31, 2019 from 37.4% in the fiscal year ended March 31, 2018. This decrease was primarily due to an increase in operating expenses, resulting from an increase in network expenses.
- *Tower Infrastructure Services:* EBITDA related to the Guarantor's Tower Infrastructure Services segment decreased by 0.3% to Rs. 32,460 million (U.S.\$444 million) in the fiscal year ended March 31, 2019 from Rs. 32,547 million in the fiscal year ended March 31, 2018, while EBITDA Margin decreased to 47.6% in the fiscal year ended March 31, 2019 from 49.1% in the fiscal year ended March 31, 2018. This decrease was primarily due to lower sharing revenue driven by operator consolidation led co-location churn.

**Depreciation and amortization**

The Guarantor's depreciation and amortization increased 10.9% to Rs. 213,475 million (U.S.\$2,922 million) in the fiscal year ended March 31, 2019 from Rs. 192,431 million in the fiscal year ended March 31, 2018. This slight increase was primarily due to the impact of sustained capital expenditures relating to enhancing the Guarantor's 4G capacities.

Depreciation and amortization expenses associated with the Guarantor's operations in Africa increased by 2.5% to Rs. 31,234 million (U.S.\$428 million) for the fiscal year ended March 31, 2019 from Rs. 30,480 million for the fiscal year ended March 31, 2018, primarily due to capital expenditure additions during the period.

Depreciation and amortization expenses associated with the Guarantor's operations in South Asia decreased by 6.3% to Rs. 1,196 million (U.S.\$16 million) for the fiscal year ended March 31, 2019 from Rs. 1,276 million for the fiscal year ended March 31, 2018.

Depreciation and amortization expenses primarily associated with the Company's operations in India increased by 12.7% to Rs. 181,045 million (U.S.\$2,478 million) for the fiscal year ended March 31, 2019.

**Finance costs**

The Guarantor's finance costs increased 18.1% to Rs. 110,134 million (U.S.\$1,508 million) in the fiscal year ended March 31, 2019 from Rs. 93,255 million in the fiscal year ended March 31, 2018. This increase was due to an increase in interest expense paid on borrowings associated with higher borrowings for fiscal year 2019.

**Finance income**

The Guarantor's finance income increased 13.6% to Rs. 14,240 million (U.S.\$195 million) in the fiscal year ended March 31, 2019 from Rs. 12,540 million in the fiscal year ended March 31, 2018. This increase was primarily due to an increase in income from Infratel.

**Share of results of joint ventures and associates**

The Guarantor's gain from share of results of joint ventures and associates was Rs. 3,556 million (U.S.\$49 million) in the fiscal year ended March 31, 2019, a decrease of 66.5% from a gain of Rs. 10,609 million in the fiscal year ended March 31, 2018, primarily due to a decrease in the Indus share of the joint venture, and an increase in Ghana and Bangladesh share of losses.

**Exceptional items**

The Guarantor recorded exceptional gain of Rs. 29,288 million (U.S.\$401 million) in the fiscal year ended March 31, 2019, mainly due to the creation of deferred tax asset in DTH and Nigeria, deconsolidation of Airtel Payment Bank Limited, credit pertaining to re-assessment of levies, based on a recent pronouncement related to the manner of determination of such levies, partially set off by charge on network re-farming and program upgrades and integration related costs pertaining to the business combinations consummated during the period.

The Guarantor recorded exceptional cost of Rs. 7,931 million in the fiscal year ended March 31, 2018, relating primarily to charges towards costs on network re-farming and upgrade programs, translation impact in Nigeria due to the transition to market based exchange rates and some additional regulatory levies, partially offset by gains towards divestment of subsidiary assets and gains on account of actualization impact of divestment of entity.

**Tax expense / (credit)**

The Guarantor's income tax expense changed 415.6% to credit of Rs. 34,193 million (U.S.\$469 million) in the fiscal year ended March 31, 2019 from expense of Rs. 10,835 million in the fiscal year ended March 31, 2018. The change was mainly attributable to a decrease in profit before tax.

**Net losses due to foreign currency translation differences**

The Guarantor recorded a loss from exchange differences on translation of foreign operations of Rs. 15,739 million (U.S.\$215 million) in the fiscal year ended March 31, 2019 compared to a loss of Rs. 7,181 million in the fiscal year ended March 31, 2018. For more information on the Guarantor's accounting policies with respect to translation of foreign operations' financial statements, see Note 2 of the Financial Statements for the year ended March 31, 2019.

**Liquidity and Capital Resources**

The Guarantor believes that liquidity is its most important financial risk to manage, particularly in light of the capital intensive nature of its operations. The Guarantor's principal source of funding has been, and is expected to continue to be, cash generated from operations, supported by funding from bank borrowings and the capital markets. In the fiscal years ended March 31, 2018, 2019 and 2020 and the nine months ended December 31, 2020, the Guarantor met its funding requirements, including capital expenditures, satisfaction of debt obligations, investments, taxes, other working capital requirements, dividends and other cash outlays, principally with funds generated from operations, equity issuances and proceeds from bond issuances in the capital markets as well as credit facility agreements with bank lenders.

The Guarantor focuses on ensuring that it has sufficient committed loan facilities to meet short-term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any existing restrictions on distributions. Management believes that the Guarantor's committed loan facilities and cash generation will be sufficient to cover its likely short-term cash requirements.

The Guarantor has an extensive capital expenditure program related to all aspects of its business, which it expects to fund through a combination of cash flow from operations and external borrowings. The Guarantor may also consider further issuances of equity or debt instruments or convertible securities or other equity linked securities as a means to fund its capital expenditure program, although it currently has no definite plans to do so. See "*—Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditure.*"

The Guarantor's principal sources of external financing include both secured and unsecured short-term and long-term facilities (in both rupees and other currencies), as well as proceeds from the issuance of its debt

securities. See “*Description of Other Indebtedness.*” The Guarantor is required to secure certain of its domestic borrowings, in line with established market practices in India. As at March 31, 2020, the Guarantor had total debt of Rs. 1,176,190 million (U.S.\$16,101 million), Rs. 281 million (U.S.\$4 million) of this was secured debt and Rs. 1,175,909 million (U.S.\$16,097 million) was unsecured debt. As at December 31, 2020, the Guarantor had total debt of Rs. 1,257,251 million (U.S.\$17,211 million), Rs. 3,897 million (U.S.\$53 million) of this was secured debt and Rs. 1,253,354 million (U.S.\$17,157 million) was unsecured debt.

Due to the international nature of the Guarantor’s operations and the multitude of currencies in which it earns revenues and cash flows, a significant portion of the Guarantor’s debt is denominated in currencies other than the Indian rupee. These include debt denominated in the respective local currencies of various geographies in which the Guarantor has operations (e.g., Nigerian Naira for its operations in Nigeria). As at March 31, 2020, 35.5% of the Guarantor’s total debt was denominated in currencies other than Indian Rupee, principally in U.S. dollars, Euros and Nigerian Naira. As at March 31, 2020, the Guarantor had total overdraft outstanding of Rs. 27,298 million (U.S.\$374 million). As at March 31, 2020, 35.5% of the Guarantor’s total debt was denominated in currencies other than Indian Rupee, principally in U.S. dollars, Euros and Nigerian Naira. As at December 31, 2020, the Guarantor had total overdraft outstanding of Rs. 25,969 million (U.S.\$355 million). See “—*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt and Debt Funding*” below.

In addition, the Guarantor had a negative working capital position as at December 31, 2020, and as at each of March 31, 2018, 2019 and 2020. Working capital is defined as current assets minus current liabilities.

As at December 31, 2020, the Guarantor had cash and cash equivalents of Rs. 98,345 million (U.S.\$1,346 million). The Guarantor seeks, in normal circumstances, to maintain a substantial cash and cash equivalents balances to provide it with financial and operational flexibility. The Guarantor’s cash is placed in bank fixed deposits, certificates of deposit, GoI securities, bonds issued by corporates with high credit ratings and debt mutual funds.

In the Guarantor’s principal place of operations, India, exchange controls restrict the conversion of rupees into and from other currencies, primarily for capital account convertibility. The restrictions are not expected to have any material effect on the Guarantor’s ability to meet its on-going obligations in respect of the Securities.

### **Cash Flow Analysis**

The following table sets forth the Guarantor’s cash flow data for the periods indicated.

|                                                                                     | Nine months ended December 31, |                                     |              |
|-------------------------------------------------------------------------------------|--------------------------------|-------------------------------------|--------------|
|                                                                                     | 2019                           | 2020 <sup>(1)</sup>                 |              |
|                                                                                     | (Rs. in millions)              | (U.S.\$ in millions) <sup>(2)</sup> |              |
| Net cash inflow from operating activities .....                                     | 265,836                        | 362,082                             | 4,957        |
| Net cash (outflow) from investing activities .                                      | (303,054)                      | (88,015)                            | (1,205)      |
| Net cash inflow/(outflow) from financing activities.....                            | 83,922                         | (295,587)                           | (4,046)      |
| <b>Net increase/(decrease) in cash and cash equivalents during the period .....</b> | <b>46,704</b>                  | <b>(21,520)</b>                     | <b>(295)</b> |
| <b>Balance as at the beginning of the period..</b>                                  | <b>53,793</b>                  | <b>130,539</b>                      | <b>1,787</b> |
| Effect of exchange rate changes on cash and cash equivalents .....                  | 3,447                          | (4,522)                             | (62)         |
| <b>Balance as at the end of the period .....</b>                                    | <b>103,944</b>                 | <b>104,497</b>                      | <b>1,430</b> |

Note:

| Nine months ended December 31, |                                     |
|--------------------------------|-------------------------------------|
| 2019                           | 2020 <sup>(1)</sup>                 |
| (Rs. in millions)              | (U.S.\$ in millions) <sup>(2)</sup> |

- (1) Financial information relating to the Guarantor's consolidated statement of cash flow for the fiscal year ended March 31, 2020 has been derived from the Guarantor's audited consolidated financial statements as at and for the fiscal year ended March 31, 2020, and does not reflect the effect of the Indus Merger and the resulting presentation of Indus Towers as a discontinued operation. For more information, see "Presentation of Financial and Other Information—The Indus Merger–Discontinued Operations".
- (2) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the nine months ended December 31, 2020 have been provided at a rate of U.S.\$1.00 = Rs. 73.05.

| Year ended March 31,                                                               |                |                   |                                     |                       |          |                |
|------------------------------------------------------------------------------------|----------------|-------------------|-------------------------------------|-----------------------|----------|----------------|
|                                                                                    | 2018           | 2019              | 2020 <sup>(1)</sup>                 |                       |          |                |
|                                                                                    |                |                   | IND-AS 116                          | IND-AS 116            | Frozen   |                |
|                                                                                    |                |                   |                                     | Impact <sup>(2)</sup> | GAAP     |                |
|                                                                                    |                |                   | (U.S.\$ in millions) <sup>(3)</sup> |                       |          |                |
|                                                                                    |                | (Rs. in millions) |                                     | (Rs. in millions)     |          |                |
| Net cash inflow from operating activities.....                                     | 298,538        | 197,880           | 181,287                             | 2,482                 | (53,568) | 127,719        |
| Net cash (outflow) from investing activities.....                                  | (279,676)      | (285,009)         | (304,919)                           | (4,174)               | (9,279)  | (314,198)      |
| Net cash inflow/(outflow) from financing activities.....                           | 19,205         | 94,638            | 191,444                             | 2,621                 | 62,847   | 254,291        |
| <b>Net increase/(decrease) in cash and cash equivalents during the period ....</b> | <b>38,067</b>  | <b>7,509</b>      | <b>67,812</b>                       | <b>928</b>            | <b>—</b> | <b>67,812</b>  |
| <b>Balance as at the beginning of the period .....</b>                             | <b>(9,880)</b> | <b>28,468</b>     | <b>53,793</b>                       | <b>736</b>            | <b>—</b> | <b>53,793</b>  |
| Effect of exchange rate changes on cash and cash equivalents.....                  | 281            | 1,338             | 8,934                               | 122                   | —        | 8,934          |
| <b>Balance as at the end of the period ....</b>                                    | <b>28,468</b>  | <b>37,315</b>     | <b>130,539</b>                      | <b>1,787</b>          | <b>—</b> | <b>130,539</b> |

Note:

- (1) Financial information relating to the Guarantor's consolidated statement of cash flow for the fiscal year ended March 31, 2020 has been derived from the Guarantor's audited consolidated financial statements as at and for the fiscal year ended March 31, 2020, and does not reflect the effect of the Indus Merger and the resulting presentation of Indus Towers as a discontinued operation. For more information, see "Presentation of Financial and Other Information—The Indus Merger–Discontinued Operations".
- (2) Effective April 1, 2019, the Guarantor adopted IND-AS 116 on Leases using the modified retrospective method. Under this method, the Guarantor (lessee) recognize a lease liability at the present value of all of the remaining lease payments on April 1, 2019, and a right-of-use asset at its carrying amount as if IND-AS 116 had been applied since the commencement of the lease. Accordingly, this has resulted in a net decrease in retained earnings of Rs. 24,646 million (including the impact of deferred tax and other adjustments) as at April 1, 2019. Right-to-use assets are depreciated and the lease liabilities are reduced when paid, with the interest on the lease liabilities being recognized as finance costs. Further, as required under the modified retrospective method, the previous period information is not restated and hence, not comparable. The net impact of adopting this standard on the results and earnings per share is not material.
- (3) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the nine months ended December 31, 2020 have been provided at a rate of U.S.\$1.00 = Rs. 73.05.

In order to allow meaningful comparison to prior periods, the commentary and variances below for the fiscal year ended March 31, 2020 are presented without the application of Ind-AS 116.

### ***Operating Activities***

Net cash inflow from operating activities was Rs. 362,082 million (U.S.\$4,957 million) for the nine months ended December 31, 2020 compared to Rs. 265,836 million for the nine months ended December 31, 2019, representing a Rs. 96,246 million positive net cash variation. This net cash variation was primarily due to increased cash flow contributed by the Guarantor's overall operations, which experienced increased cash flow generated by continued increases in the Guarantor's overall subscriber base.

Net cash inflow from operating activities was Rs. 127,719 million (U.S.\$1,748 million) for the fiscal year ended March 31, 2020 compared to Rs. 197,880 million for the fiscal year ended March 31, 2019, representing a Rs. 70,161 million negative net cash variation. This net cash variation was primarily due to a decrease in working capital.

Net cash inflow from operating activities was Rs. 197,880 million (U.S.\$2,709 million) for the fiscal year ended March 31, 2019 compared to Rs. 298,538 million for the fiscal year ended March 31, 2018, representing a Rs. 100,658 million negative net cash variation. This net cash variation was primarily due to a decrease in working capital and lower profits.

### ***Investing Activities***

Net cash outflow from investing activities was Rs. 88,015 million (U.S.\$1,205 million) for the nine months ended December 31, 2020 compared to Rs. 303,054 million for the nine months ended December 31, 2019, representing a Rs. 215,039 million positive net cash variation. This net cash variation was primarily due to cash inflows from sale of short term mutual fund investments during the current period.

Net cash outflow from investing activities was Rs. 314,198 million (U.S.\$4,301 million) for the fiscal year ended March 31, 2020 compared to Rs. 285,009 million for the fiscal year ended March 31, 2019, representing a Rs. 29,189 million negative net cash variation. This net cash variation was primarily due to purchase of short term mutual fund investments partially offset by higher cash used for purchase of property, plant and equipment and intangibles in last year.

Net cash outflow from investing activities was Rs. 285,009 million (U.S.\$3,902 million) in the fiscal year ended March 31, 2019 compared to Rs. 279,676 million in the fiscal year ended March 31, 2018, representing a Rs. 5,333 million negative net cash variation. This net cash variation was primarily due to an increase in cash used in purchase of property, plant and equipment and intangible assets, partially offset by decrease in purchase of short term mutual fund investments.

### ***Financing Activities***

Net cash outflow from financing activities was Rs. 295,587 million (U.S.\$4,046 million) for the nine months ended December 31, 2020 compared to net cash inflow of Rs. 83,922 million for the nine months ended December 31, 2019, representing a Rs. 379,509 million negative net cash variation. This net cash variation was primarily due to amounts received from an equity share rights issue during the previous period and cash used for repayment of borrowings during the current period.

Net cash inflow from financing activities was Rs. 254,291 million (U.S.\$3,481 million) for the fiscal year ended March 31, 2020 compared to net cash inflow of Rs. 94,638 million for the fiscal year ended March 31, 2019. Net cash inflow in the fiscal year ended March 31, 2020 was higher primarily on account of Rs. 248,759 million raised from issuance of equity shares to existing shareholders through an equity share rights issue, Rs. 143,055 million raised through issuance of equity shares, Rs. 70,456 million raised from issuance of convertible bonds, Rs. 57,144 million raised from issuance of equity shares in one of the Guarantor's subsidiary to non-controlling interests and Rs. 71,370 million raised from issuance of perpetual bonds. These effects were partially offset by net repayment of borrowing in the amount of Rs. 179,553 million, interest and other finance charges amounting Rs. 90,469 million and net payment towards derivatives in the amount of Rs. 41,517 million.

Net cash inflow from financing activities was Rs. 94,638 million (U.S.\$1,296 million) in the fiscal year ended March 31, 2019 compared to net cash inflow from financing activities of Rs. 19,205 million in the fiscal year ended March 31, 2018, representing a Rs. 75,433 million positive net cash variation. This net cash variation was primarily due to Rs. 105,883 million in net proceeds from borrowings and Rs. 104,341 million raised from the issuance of equity shares to non-controlling interests in one of the Guarantor's subsidiaries. These effects were partially offset by payment of interest and other finance charges totalling Rs. 76,171 million and Rs. 46,617 million in dividends paid to shareholders and minority shareholders of one of the Guarantor's subsidiaries.

### Capital Expenditure

The Guarantor's operations are capital intensive and the Guarantor requires significant maintenance capital expenditure as well as additional capital spending to support its growth and development strategy.

The table below sets forth the Guarantor's capital expenditures, including for intangible assets such as licenses, spectrum bandwidth and software, for the periods stated.

|                                          | <b>Capital<br/>Expenditures</b> |
|------------------------------------------|---------------------------------|
|                                          | <i>(Rs. in<br/>millions)</i>    |
| Year ended March 31, 2018.....           | 274,714                         |
| Year ended March 31, 2019.....           | 327,931                         |
| Year ended March 31, 2020.....           | 197,462                         |
| Nine months ended December 31, 2020..... | 167,088                         |

The following tables summarize the Guarantor's capital expenditures, including for intangible assets, by segment for the fiscal years ended March 31, 2018, 2019 and 2020 and the nine months ended December 31, 2020.

|                                    | <b>For the year ended March 31,</b> |             |             |                                               | <b>For the nine months ended<br/>December 31,</b> |             |                                               |
|------------------------------------|-------------------------------------|-------------|-------------|-----------------------------------------------|---------------------------------------------------|-------------|-----------------------------------------------|
|                                    | <b>2018</b>                         | <b>2019</b> | <b>2020</b> |                                               | <b>2019</b>                                       | <b>2020</b> |                                               |
|                                    | <i>(Rs. in millions)</i>            |             |             | <i>(U.S.\$ in<br/>millions<sup>(1)</sup>)</i> | <i>(Rs. in millions)</i>                          |             | <i>(U.S.\$ in<br/>millions<sup>(1)</sup>)</i> |
| Mobile Services – India .....      | 198,280                             | 235,770     | 108,373     | 1,484                                         | 89,208                                            | 105,562     | 1,445                                         |
| Mobile Services – South Asia.....  | 2,066                               | 1,228       | 1,513       | 21                                            | 1,244                                             | 2,093       | 29                                            |
| Mobile Services – Africa .....     | 28,366                              | 50,846      | 45,417      | 622                                           | 27,929                                            | 29,972      | 410                                           |
| Homes Services .....               | 11,129                              | 8,931       | 5,589       | 77                                            | 4,755                                             | 7,680       | 105                                           |
| Airtel Business.....               | 14,263                              | 18,986      | 26,058      | 357                                           | 8,380                                             | 12,699      | 174                                           |
| Digital TV Services .....          | 10,277                              | 8,791       | 10,512      | 144                                           | 7,998                                             | 9,153       | 125                                           |
| Tower Infrastructure Services..... | 11,307                              | 9,107       | —           | —                                             | —                                                 | —           | —                                             |
| Others .....                       | 267                                 | 41          | —           | —                                             | —                                                 | —           | —                                             |
| Unallocated.....                   | 6,257                               | —           | —           | —                                             | —                                                 | —           | —                                             |
| Eliminations/ adjustments.....     | (7,498)                             | (5,769)     | —           | —                                             | —                                                 | (71)        | (1)                                           |

|                                              | For the year ended March 31, |                   |                |                                      | For the nine months ended December 31, |                |                                      |
|----------------------------------------------|------------------------------|-------------------|----------------|--------------------------------------|----------------------------------------|----------------|--------------------------------------|
|                                              | 2018                         | 2019              | 2020           |                                      | 2019                                   | 2020           |                                      |
|                                              |                              |                   |                | (U.S.\$ in millions <sup>(1)</sup> ) |                                        |                | (U.S.\$ in millions <sup>(1)</sup> ) |
|                                              |                              | (Rs. in millions) |                |                                      | (Rs. in millions)                      |                |                                      |
| <b>Total from continuing operations.....</b> | <b>274,714</b>               | <b>327,931</b>    | <b>197,462</b> | <b>2,703</b>                         | <b>139,514</b>                         | <b>167,088</b> | <b>2,287</b>                         |
| Tower Infrastructure                         | —                            | —                 | 8,720          | 119                                  | 5,783                                  | 4,472          | 61                                   |
| <b>Total</b>                                 | <b>274,714</b>               | <b>327,931</b>    | <b>206,182</b> | <b>2,822</b>                         | <b>145,297</b>                         | <b>171,560</b> | <b>2,349</b>                         |

Note:

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the nine months ended December 31, 2020 have been provided at a rate of U.S.\$1.00 = Rs. 73.05

The Guarantor expects to fund its budgeted capital expenditures principally through a combination of cash from operations and external borrowings. The figures in the Guarantor's capital expenditure plans are based on management's estimates and have not been appraised by an independent organization. Since capital commitments that have been approved but not committed to contract may be subject to change, and because the Guarantor may from time to time determine to undertake additional capital projects, actual capital expenditures in future years may be more or less than the amounts shown above. There can be no assurance that the Guarantor will execute its capital expenditure plans as contemplated at or below estimated costs.

### Contractual Obligation for Spectrum

The Guarantor is an active participant in the periodic spectrum auctions held in India.

The following table shows the Guarantor's contractual payment obligations by maturity for the spectrum licenses it won in the October 2016 and April 2015 auctions.

#### October 2016 auction

|                     | As of December 31, 2020 |              |                   |                      |         |
|---------------------|-------------------------|--------------|-------------------|----------------------|---------|
|                     | Less than<br>1 Year     | 1 to 2 Years | 2 to 5 Years      | More than<br>5 years | Total   |
|                     |                         |              | (Rs. in millions) |                      |         |
| Annual payment..... | —                       | 12,550       | 37,649            | 112,947              | 163,146 |
| Interest .....      | —                       | 12,550       | 34,572            | 38,613               | 85,735  |
| Principal.....      | —                       | —            | 3,077             | 74,334               | 77,411  |

#### April 2015 auction

|                     | As of December 31, 2020 |              |                   |                      |         |
|---------------------|-------------------------|--------------|-------------------|----------------------|---------|
|                     | Less than<br>1 Year     | 1 to 2 Years | 2 to 5 Years      | More than<br>5 years | Total   |
|                     |                         |              | (Rs. in millions) |                      |         |
| Annual payment..... | —                       | 35,921       | 107,764           | 287,370              | 431,055 |

**As of December 31, 2020**

|                | <b>Less than<br/>1 Year</b> | <b>1 to 2 Years</b> | <b>2 to 5 Years</b> | <b>More than<br/>5 years</b> | <b>Total</b> |
|----------------|-----------------------------|---------------------|---------------------|------------------------------|--------------|
|                | (Rs. in millions)           |                     |                     |                              |              |
| Interest ..... | —                           | 35,921              | 97,124              | 95,734                       | 228,779      |
| Principal..... | —                           | —                   | 10,640              | 191,636                      | 202,276      |

As of December 31, 2020, the Guarantor had total spectrum deferred payment liability of Rs. 433,493 million (U.S.\$5,934 million). For more information relating to the Guarantor's contingent liabilities in relation to the Supreme Court's adjusted gross revenue judgment, see "Risk Factors—*Factors Affecting the Guarantor's Results of Operations and Financial Condition—Supreme Court litigation in relation to the payment of license and spectrum usage claims.*"

On January 6, 2021, the DoT issued a Notice Inviting Application to conduct a spectrum auction, which is expected to take place in March 2021. The Guarantor expects to participate in the March 2021 spectrum auction, and it may be required to incur high capital expenditures and undertake additional indebtedness in connection therewith. For information, see "Risk Factors—*Risks Relating to the Guarantor's Business—The Guarantor's telecommunications licenses, permits and frequency allocations are subject to finite terms and any failure or delay in renewal of licenses could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.*"

### **Debt and Debt Funding**

The Guarantor runs a centralized treasury function. The Guarantor has stable relationships with a large variety of debt providers, principally commercial banks. In addition, the Guarantor raises money in the capital markets through the issue of debt securities. For more details of the Guarantor's outstanding debt, see "Description of Other Indebtedness."

As at March 31, 2020, after taking into account the effect of interest rate swaps, 75.3% of the Guarantor's total debt carried a fixed interest rate. As at March 31, 2020, the proportion of the Guarantor's total debt that was short-term debt was 22.6% and the ratio of secured debt to unsecured debt was less than 0.1%. The Guarantor's debt obligations as at March 31, 2018, 2019 and 2020 are set forth below:

### **Non-Current Borrowings**

|                                                        | <b>As at March 31,</b> |             |             |                                     |
|--------------------------------------------------------|------------------------|-------------|-------------|-------------------------------------|
|                                                        | <b>2018</b>            | <b>2019</b> | <b>2020</b> | <b>2020</b>                         |
|                                                        | (Rs. in millions)      |             |             | (U.S.\$ in millions) <sup>(1)</sup> |
| <b>Secured</b>                                         |                        |             |             |                                     |
| Term loans .....                                       | 16,836                 | 1,403       | -           | -                                   |
| Vehicle loans.....                                     | 29                     | 10          | 1           | 0                                   |
| Total.....                                             | 16,865                 | 1,413       | 1           | 0                                   |
| Less: current portion .....                            | (14,498)               | (1,386)     | (1)         | 0                                   |
| Less: Interest accrued but not due.....                | (111)                  | (24)        | -           | -                                   |
| Total secured loans, net of current portion debt ..... | 2,256                  | 3           | -           | -                                   |



| As at March 31,                                                 |                |                   |                  |                                     |
|-----------------------------------------------------------------|----------------|-------------------|------------------|-------------------------------------|
|                                                                 | 2018           | 2019              | 2020             | 2020                                |
|                                                                 |                | (Rs. in millions) |                  | (U.S.\$ in millions) <sup>(1)</sup> |
| <b>Unsecured</b>                                                |                |                   |                  |                                     |
| Liability component of a foreign currency convertible bond      | -              | -                 | 69,856           | 956                                 |
| Term loans .....                                                | 71,011         | 175,551           | 222,746          | 3,049                               |
| Non-convertible bonds <sup>(1)</sup> .....                      | 389,558        | 253,741           | 259,486          | 3,552                               |
| Non-convertible debenture .....                                 | 30,068         | 32,322            | 32,342           | 443                                 |
| Deferred payment liability .....                                | 455,602        | 466,191           | 458,892          | 6,282                               |
| Finance Lease obligation .....                                  | 48,831         | 47,721            | -                | -                                   |
| <b>Total</b> .....                                              | <b>995,070</b> | <b>975,526</b>    | <b>1,043,322</b> | <b>14,282</b>                       |
| Less: current portion .....                                     | (119,848)      | (70,346)          | (98,363)         | (1,347)                             |
| Less: interest accrued but not due .....                        | (28,058)       | (32,729)          | (34,167)         | (468)                               |
| <b>Total unsecured loans, net of current portion debt</b> ..... | <b>847,164</b> | <b>872,451</b>    | <b>910,792</b>   | <b>12,468</b>                       |
| <b>Total</b> .....                                              | <b>849,420</b> | <b>872,454</b>    | <b>910,792</b>   | <b>12,468</b>                       |

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the fiscal year ended March 31, 2020 have been provided at a rate of U.S.\$1.00 = Rs. 73.05.

### Current borrowings and current maturities of long-term borrowings

| As at March 31,                              |              |                   |            |                                     |
|----------------------------------------------|--------------|-------------------|------------|-------------------------------------|
|                                              | 2018         | 2019              | 2020       | 2020                                |
|                                              |              | (Rs. in millions) |            | (U.S.\$ in millions) <sup>(1)</sup> |
| <b>Secured</b>                               |              |                   |            |                                     |
| Term loans .....                             | —            | —                 | —          | —                                   |
| Bank overdraft .....                         | 5,060        | 1,682             | 280        | 4                                   |
| <b>Total</b> .....                           | <b>5,060</b> | <b>1,682</b>      | <b>280</b> | <b>4</b>                            |
| Add: current portion of long term debt ..... | 14,498       | 1,386             | 1          | 0                                   |

| As at March 31,                                          |                |                   |                |                                     |
|----------------------------------------------------------|----------------|-------------------|----------------|-------------------------------------|
|                                                          | 2018           | 2019              | 2020           | 2020                                |
|                                                          |                | (Rs. in millions) |                | (U.S.\$ in millions) <sup>(1)</sup> |
| Total secured loans, including current portion debt..... | 19,558         | 3,068             | 281            | 4                                   |
| <b>Unsecured</b>                                         |                |                   |                |                                     |
| Term loans .....                                         | 76,816         | 193,988           | 114,692        | 1,570                               |
| Bank overdraft .....                                     | 14,358         | 23,124            | 27,018         | 370                                 |
| Commercial paper .....                                   | 33,507         | 91,826            | 25,173         | 345                                 |
| Add: current portion of long term debt .....             | 119,848        | 70,346            | 98,363         | 1,347                               |
| Less: interest accrued but not due .....                 | (172)          | (523)             | (129)          | (2)                                 |
| <b>Total</b> .....                                       | <b>263,914</b> | <b>381,829</b>    | <b>265,398</b> | <b>3,633</b>                        |

Note:

- (1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the fiscal year ended March 31, 2020 have been provided at a rate of U.S.\$1.00 = Rs. 73.05.

The Guarantor's secured loans are secured by charges over various fixed assets and other assets in certain overseas subsidiaries.

The Guarantor had total overdraft outstanding of Rs. 25,969 million (U.S.\$355 million) as at December 31, 2020.

The following table sets forth information with regard to the Guarantor's total debt by currency, in terms of fixed or floating rate as at March 31, 2020. The details below are gross of debt origination costs and fair value adjustments with respect to the hedged risk:

| Currency of borrowings as at March 31, 2020 |                   |                          |                       |
|---------------------------------------------|-------------------|--------------------------|-----------------------|
|                                             | Total Borrowings  | Floating rate borrowings | Fixed rate borrowings |
|                                             | (Rs. in millions) |                          |                       |
| Indian rupee .....                          | 756,571           | 220,320                  | 536,251               |
| U.S. Dollar .....                           | 331,590           | 64,328                   | 267,262               |
| Euro .....                                  | 67,805            | -                        | 67,805                |
| Central African CFA Franc .....             | 6,130             | -                        | 6,130                 |
| West African CFA Franc .....                | 4,389             | -                        | 4,389                 |
| Others .....                                | 7,126             | 5,613                    | 1,513                 |
| <b>Total</b> .....                          | <b>1,173,611</b>  | <b>290,261</b>           | <b>883,350</b>        |

The Guarantor's loan agreements and other debt arrangements contain a number of covenants that could potentially affect its ability to draw down funds, grant security interests and effect other transactions. These covenants are generally similar to covenants contained in loan agreements and debt arrangements of similarly situated issuers, and include cross-default provisions, negative pledge provisions and limitations on certain sale-and-leaseback transactions. In addition, the Guarantor's term loan facilities contain a number of financial covenants. See "*Description of Other Indebtedness*."

### **Maturity of Borrowings**

The table below summarizes the maturity profile of the Guarantor's borrowings based on contractual undiscounted payments. The details given below are gross of debt origination cost and fair value adjustments with respect to the hedged risk.

| <b>Maturity</b>                  | <b>As at March 31,</b> |                  |                                     |
|----------------------------------|------------------------|------------------|-------------------------------------|
|                                  | <b>2019</b>            | <b>2020</b>      | <b>2020</b>                         |
|                                  |                        |                  | (U.S.\$ in millions) <sup>(1)</sup> |
|                                  | (Rs. in millions)      |                  |                                     |
| Within one year.....             | 382,037                | 265,528          | 3,635                               |
| Between one and two years.....   | 139,628                | 148,738          | 2,036                               |
| Between two and five years ..... | 302,569                | 279,559          | 3,827                               |
| Over five years.....             | 432,915                | 487,647          | 6,676                               |
| <b>Total</b> .....               | <b>1,257,149</b>       | <b>1,181,472</b> | <b>16,173</b>                       |

### **Hedge of net investment in foreign operations and cash flows**

Some of the Guarantor's entities use derivative financial instruments (e.g. foreign currency forwards, options, swaps) to manage their exposure to foreign exchange and price risk. Further, the Guarantor designates certain derivative financial instruments (or its components) as hedging instruments for hedging the exchange rate fluctuation risk attributable to a recognised item ('Cash flow hedge'). The effective portion of changes in the fair value of derivative financial instruments (or its components) that are designated and qualify as cash flow hedges, are recognised in other comprehensive income and held as cash flow hedge reserve ('CFHR') – within other components of equity. Any foreign exchange gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income, net of income taxes, to offset the change in the value of the net investment being hedged.

During the fiscal year ended March 31, 2020, the Guarantor formally designated, for accounting purposes, certain Euro borrowings as a hedge against net investments in subsidiaries in four African countries where the local currency is pegged to the Euro. A foreign exchange gain of Rs. 4,814 million (U.S.\$66 million) was recognized against other comprehensive income in the fiscal year ended March 31, 2020, compared to a loss of Rs. 15,739 million in the fiscal year ended March 31, 2019. A foreign exchange loss of Rs. 10,625 million (U.S.\$145 million) was recognized against other comprehensive income during the nine months ended December 31, 2020, compared to gain of Rs. 2,813 million in the nine months ended December 31, 2019 pertaining to such hedges.

### **Off Balance Sheet Arrangements and Contingent Liabilities**

The Guarantor has disclosed certain contingent liabilities as per Ind AS 37 in its Financial Statements. The Guarantor's total amount of contingent liabilities as of December 31, 2020 is Rs. 153,496 million (U.S.\$2,101 million). See Note 22 to the Guarantor's Financial Statements for the fiscal year ended March 31, 2020 included

elsewhere in this Offering Memorandum. As of December 31, 2020, except as disclosed in Note 22 to the Guarantor's Financial Statements for the fiscal year ended March 31, 2020, the Guarantor had no other contingent liabilities or off-balance sheet arrangements.

### **Quantitative and Qualitative Disclosure about Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency rate risk, interest rate risk and other price risks, such as equity risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

The sensitivity analyses in the following sections relate to the Guarantor's position as of December 31, 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on the carrying value of post-employment benefit obligations, provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of comprehensive income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at December 31, 2020.
- The Guarantor's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Guarantor uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage its exposures to foreign exchange fluctuations and interest rate.

### **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Guarantor transacts business both in Indian Rupees and in currencies other than Indian Rupee, which is primarily in U.S. dollars. The Guarantor has obtained foreign currency loans and has imported equipment and is therefore exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. dollars. The Guarantor may use foreign exchange option contracts, swap contracts or forward contracts towards hedging operational exposures resulting from changes in foreign currency exchange rates exposure. These foreign exchange contracts, carried at fair value, have varying maturities depending upon the primary host contract requirement and the Guarantor's risk management strategy.

#### ***Foreign currency sensitivity***

The following table demonstrates the sensitivity to reasonably possible changes in the exchange rates for U.S. dollars, Euros, Swiss Francs and other currencies, with all other variables held constant, of the Guarantor's profit before tax (due to changes in the fair value of monetary assets and liabilities, including foreign currency derivatives). The impact on the Guarantor's equity is due to change in the fair value of intra-group monetary items that form part of net investment in foreign operation and other foreign currency monetary items designated as a hedge of net investment in foreign operations or cash flow hedge of a highly probable forecast transactions.

**Currency of borrowings as at  
March 31, 2020**

|                   | <b>Change in<br/>currency<br/>exchange rate</b> | <b>Effect on<br/>profit before<br/>tax</b> | <b>Effect on<br/>Equity (OCI)</b> |
|-------------------|-------------------------------------------------|--------------------------------------------|-----------------------------------|
|                   |                                                 | <i>(Rs. in millions)</i>                   |                                   |
| U.S. Dollar ..... | +5%                                             | (8,017)                                    | (10,567)                          |
|                   | -5%                                             | 8,017                                      | 10,567                            |
| Euro .....        | +5%                                             | (2,696)                                    | (681)                             |
|                   | -5%                                             | 2,696                                      | 681                               |
| Others.....       | +5%                                             | (174)                                      | -                                 |
|                   | -5%                                             | 174                                        | -                                 |

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Guarantor's exposure to the risk of changes in market interest rates relates primarily to the Guarantor's debt obligations with floating interest rates. The Guarantor enters into interest rate swaps and options, where it agrees with other parties to exchange, at specified intervals, the difference between the fixed contract rate interest amounts and the floating rate interest amounts calculated by reference to the agreed notional principal amounts. These swaps are undertaken to hedge underlying debt obligations. As at March 31, 2020, after taking into account the effect of interest rate swaps, 75.3% of the Guarantor's borrowings were at a fixed rate of interest, compared to 71.3% as of March 31, 2019.

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on the floating rate portion of the Guarantor's loans and borrowings, after considering the impact of interest rate swaps.

**Currency of borrowings as at  
March 31, 2020**

|                    | <b>Increase/<br/>decrease in<br/>basis points</b> | <b>Effect on<br/>profit before<br/>tax</b> |
|--------------------|---------------------------------------------------|--------------------------------------------|
|                    |                                                   | <i>(Rs. in millions)</i>                   |
| Indian Rupee ..... | +100                                              | (2,166)                                    |
|                    | -100                                              | 2,166                                      |
| U.S. Dollar .....  | +25                                               | (161)                                      |
|                    | -25                                               | 161                                        |
| Others.....        | +100                                              | (56)                                       |
|                    | -100                                              | 56                                         |

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Most of the Guarantor's in-country floating interest rate loans use "bank rate/Marginal Cost of Lending Rate" benchmarks, and the interest on these loans does not change except at "re-set" intervals, typically three to nine

months apart. A bank rate benchmark is a rate that is specific to the lending bank, rather than the London Interbank Offered Rate (“LIBOR”) or other commonly used benchmarks, and is dependent on the lending bank’s own asset and liability portfolio, internal cost of funds, which generally moves with India’s larger interest rate environment.

The Guarantor maximizes use of customer payments received and excess cash by investing in relatively liquid assets such as various debt instruments and debt mutual funds. These are also susceptible to market price risk, mainly arising from changes in interest rates, which may impact the return and value of such investments.

### Price Risk

The Guarantor’s investments, mainly in debt mutual funds and bonds, are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Guarantor does not believe it is exposed to any significant price risk. For more details, please see *“Risks Relating to the Securities and the Issue—Subsequent changes in market interest rates may adversely affect the value of the Securities.”*

### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Guarantor is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits or investments with banks and financial institutions, foreign exchange transactions and other financial instruments.

### Trade Receivables

Customer credit risk is managed by each business unit subject to the Guarantor’s established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 14-day to 30-day terms except in the case of balances due from trade receivables in the Airtel Business segment, which are generally on 7-day to 90-day credit terms. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. The Guarantor believes it has limited concentration of credit risk as its customer base is widely distributed both economically and geographically. As at March 31, 2019 and 2020, the aging analysis of trade receivables was as follows:

|                                          | Neither<br>past<br>due nor<br>impaired<br>(including<br>unbilled) | Past due but not impaired |                  |                  |                  |        |
|------------------------------------------|-------------------------------------------------------------------|---------------------------|------------------|------------------|------------------|--------|
|                                          |                                                                   | Less than<br>30 days      | 30 to 60<br>days | 60 to 90<br>days | Above 90<br>days | Total  |
|                                          |                                                                   | (Rs in millions)          |                  |                  |                  |        |
| Trade Receivables as at March 31, 2019.. | 12,548                                                            | 12,109                    | 6,765            | 5,183            | 6,401            | 43,006 |
| Trade Receivables as at March 31, 2020.. | 11,891                                                            | 16,860                    | 7,128            | 6,402            | 3,777            | 46,058 |

The requirement for impairment is analyzed at each reporting date.

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Guarantor’s treasury function in accordance with Board-approved policy. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Guarantor monitors ratings, credit spreads and financial strength on at least a quarterly basis. Based on its on-going assessment of counterparty risk, the Guarantor adjusts its exposure to various counterparties.

## Liquidity Risk

Liquidity risk is the risk that the Guarantor may not be able to meet its present and future financial obligations without incurring unacceptable losses.

The Guarantor's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and debentures. The Guarantor also focuses on diversifying its financing with sources such as bilateral loans with various banks, commercial papers and bond issuances in the domestic and international capital markets.

The table below summarizes the maturity profile of the Guarantor's financial liabilities based on contractual undiscounted payments as at March 31, 2019 and 2020:

| As of March 31, 2020                                    | Carrying amount  | On demand     | Less than 6 months | 6 to 12 months | 1 to 2 years   | More than 2 years | Total            |
|---------------------------------------------------------|------------------|---------------|--------------------|----------------|----------------|-------------------|------------------|
| <i>(Rs. in millions)</i>                                |                  |               |                    |                |                |                   |                  |
| Interest bearing borrowings <sup>(1)(2)</sup> .....     | 1,210,463        | 20,406        | 161,779            | 115,322        | 168,813        | 1,263,802         | 1,730,122        |
| Lease liabilities .....                                 | 306,091          | -             | 36,827             | 49,520         | 74,869         | 246,008           | 407,224          |
| Other financial liabilities <sup>(1)</sup> .....        | 201,480          | 29,238        | 93,008             | 37,460         | 39,553         | 2,872             | 202,131          |
| Trade payables <sup>(2)</sup> .....                     | 250,199          | -             | 250,199            | -              | -              | -                 | 250,199          |
| <b>Financial liabilities (excluding derivatives)...</b> | <b>1,968,233</b> | <b>49,644</b> | <b>541,813</b>     | <b>202,302</b> | <b>283,235</b> | <b>1,512,682</b>  | <b>2,589,676</b> |
| Derivative liabilities .....                            | 860              | -             | 319                | 239            | -              | 302               | 860              |
| <b>Total.....</b>                                       | <b>1,969,093</b> | <b>49,644</b> | <b>542,133</b>     | <b>202,541</b> | <b>283,235</b> | <b>1,512,984</b>  | <b>2,590,536</b> |

Notes:

- (1) Includes contractual interest payment based on the interest rate prevailing at the end of the reporting period and adjustment for the impact of interest rate swaps over the tenor of the borrowings.
- (2) Interest accrued but not due has been included in interest bearing borrowings and excluded from trade and other payables.

| As of March 31, 2019                                    | Carrying amount  | On demand     | Less than 6 months | 6 to 12 months | 1 to 2 years   | More than 2 years | Total            |
|---------------------------------------------------------|------------------|---------------|--------------------|----------------|----------------|-------------------|------------------|
| <i>(Rs. in millions)</i>                                |                  |               |                    |                |                |                   |                  |
| Interest bearing borrowings <sup>(1)(2)</sup> .....     | 1,287,702        | 24,802        | 309,374            | 158,297        | 207,658        | 1,104,386         | 1,804,517        |
| Other financial liabilities <sup>(1)</sup> .....        | 188,518          | 2,622         | 114,247            | 10,649         | 9,804          | 51,196            | 188,518          |
| Trade payables <sup>(2)</sup> .....                     | 280,031          | -             | 280,031            | -              | -              | -                 | 280,031          |
| <b>Financial liabilities (excluding derivatives)...</b> | <b>1,756,251</b> | <b>27,424</b> | <b>703,652</b>     | <b>168,946</b> | <b>217,462</b> | <b>1,155,582</b>  | <b>2,273,066</b> |
| Derivative assets .....                                 | 3,531            | -             | 50                 | 39             | 4              | 3,438             | 3,531            |
| Derivative liabilities .....                            | (13,568)         | -             | (10,651)           | (2,112)        | (149)          | (656)             | (13,568)         |
| <b>Net derivatives.....</b>                             | <b>(10,037)</b>  | <b>-</b>      | <b>(10,601)</b>    | <b>(2,073)</b> | <b>(145)</b>   | <b>2,782</b>      | <b>(10,037)</b>  |

Notes:

- (1) Includes contractual interest payment based on the interest rate prevailing at the end of the reporting period and adjustment for the impact of interest rate swaps over the tenor of the borrowings.
- (2) Interest accrued but not due as of March 31, 2019 has been included in interest bearing borrowings and excluded from trade and other payables.

The disclosed derivative financial instruments in the above table represent fair values of the instrument. However, those amounts may be settled gross or net.

### Seasonality

The Guarantor's revenue from operations in India and South Asia are typically lower during the monsoon season, which usually falls in the second quarter of the fiscal year. The Guarantor's revenue from operations in Africa are typically lower during the fourth quarter of the fiscal year, during which there are fewer festivals and holidays as well as fewer reporting days overall compared to the third quarter.

### Summary of Significant Accounting Policies, Estimates and Forthcoming Changes

The Guarantor's summary of significant accounting policies, estimates and forthcoming changes is set out in notes 2, 3 and 4 of the Financial Statements for the year ended March 31, 2020 included elsewhere in this Offering Memorandum.

### Key Performance Indicators

The following table sets forth the Guarantor's Company's key performance indicators as at and for the nine months ended December 31, 2020:

|                                                              | As at and for<br>nine months<br>ended<br>December<br>31, 2020 |
|--------------------------------------------------------------|---------------------------------------------------------------|
| <b>Mobile Services India</b>                                 |                                                               |
| <b>Voice</b>                                                 |                                                               |
| Minutes on the network ( <i>in millions</i> )                | 2,606,011                                                     |
| <b>Data</b>                                                  |                                                               |
| Data Customer Base ( <i>in thousands</i> )                   | 174,742                                                       |
| Of which 4G data customers ( <i>in thousands</i> )           | 165,629                                                       |
| Total MBs on the network ( <i>million MBs</i> )              | 23,333,539                                                    |
| Data usage per customer ( <i>MBs</i> )                       | 16,610                                                        |
| <b>Homes Services</b>                                        |                                                               |
| Homes Customers ( <i>in thousands</i> )                      | 2,793                                                         |
| Net additions ( <i>in thousands</i> )                        | 379                                                           |
| <b>Digital TV Services</b>                                   |                                                               |
| Digital TV Customers ( <i>in thousands</i> )                 | 17,872                                                        |
| Net additions ( <i>in thousands</i> )                        | 1,260                                                         |
| Monthly Churn (%)                                            | 1.4%                                                          |
| Census Towns ( <i>numbers</i> )                              | 7,907                                                         |
| Non-census Towns and Villages ( <i>numbers</i> )             | 791,672                                                       |
| Population Coverage (%)                                      | 95.4%                                                         |
| Optic Fibre Network ( <i>R KMs</i> )                         | 314,459                                                       |
| Homes Services- Cities covered ( <i>numbers</i> )            | 219                                                           |
| Airtel Business - Submarine cable systems ( <i>numbers</i> ) | 7                                                             |



|                                      | As at and for<br>nine months<br>ended<br>December<br>31, 2020 |
|--------------------------------------|---------------------------------------------------------------|
| <b>Digital TV Services</b>           |                                                               |
| Districts Covered ( <i>numbers</i> ) | 639                                                           |
| Coverage (%)                         | 99.8                                                          |

## THE GUARANTOR'S BUSINESS

### Overview

The Guarantor is a leading provider of telecommunications services with operations in 18 countries across Asia and Africa. Based on TRAI reported revenue, for the three months ended September 30, 2020, the Guarantor has a revenue market share of approximately 32.9% calculated on the basis of gross revenue and it ranks second in overall revenue market share in India. Further, as at December 31, 2020, the Guarantor served an aggregate of approximately 458 million customers globally.

The Guarantor provides telecommunication services under wireless and fixed line technology, national and international long-distance connectivity, broadband, VSAT and digital TV services, and integrated solutions to its enterprise customers. All these services are rendered under a unified brand “Airtel.” “Airtel Money” (known as “Airtel Payments Bank” in India) extends the Guarantor’s product portfolio to further its financial inclusion agenda and offers convenience of payments and money transfers through mobile phones over secure and stable platforms in India and across all 14 countries in Africa. Globally, the Guarantor operates with a fibre network covering over 360,000 route km (“Rkm”) and in India, the Guarantor’s national long distance infrastructure provides a pan-India reach with 314,459 Rkms of optical fiber as of December 31, 2020.

For the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020, the Guarantor’s total consolidated revenue was Rs. 826,388 million, Rs. 807,802 million, Rs. 846,765 million (U.S.\$11,592 million), Rs. 616,578 million and Rs. 748,685 million (U.S.\$10,249 million), respectively. The Guarantor’s consolidated net income for the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020, was Rs. 21,835 million, Rs. 16,875 million, Rs. (336,180) million (U.S.\$(4,602) million), Rs. (282,156) million and Rs. (249,317) million (U.S.\$(3,413) million), respectively. The Guarantor’s consolidated EBITDA for the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020 was Rs. 304,484 million, Rs. 262,935 million, Rs. 347,701 million (U.S.\$4,760 million), Rs. 250,084 million and Rs. 335,557 million (U.S.\$4,594 million), respectively. The Guarantor’s EBITDA margin for the fiscal years ended March 31, 2018, 2019 and 2020, and the nine months ended December 31, 2019 and 2020 was 36.9%, 32.6%, 41.1%, 40.6% and 44.8%, respectively. As at March 31, 2018, 2019 and 2020 and December 31, 2020, the Guarantor’s total assets were Rs. 2,505,816 million, Rs. 2,751,975 million, Rs. 3,607,790 million (U.S.\$49,388 million) and Rs. 3,344,480 million (U.S.\$45,783 million), respectively.

### History

The Guarantor was founded and promoted by Bharti Telecom Limited, a company incorporated under the laws of India. The Guarantor was incorporated on July 7, 1995 in Delhi, India for the purpose of promoting telecommunications services.

The Guarantor obtained its certificate of commencement of business on January 18, 1996. The Guarantor filed a prospectus dated February 7, 2002, in respect of an initial public offering of its equity shares of face value of Rs. 10 each. Such equity shares were listed on BSE, NSE and the Delhi Stock Exchange pursuant to the IPO, and were subsequently delisted from the Delhi Stock Exchange with effect from October 13, 2004.

### Competitive Strengths

The Guarantor believes that the following factors contribute to its strong competitive position:

### ***Presence in large and attractive markets***

The Guarantor is present in the Indian, South Asian and African markets, which are markets in the midst of rapid digitization where demand for telecommunication services is expected to rise as these economies expand and penetration of telecommunication services increase.

Given India's population size of approximately 1.3 billion people, the telecommunication industry in India has experienced varying levels of growth in voice and data traffic respectively. According to TRAI, the total number of wireless and wireline subscribers in India region increased from 996.5 million for the year ended March 31, 2015 to 1,171.8 million for the year ended March 31, 2020. According to TRAI, the subscriber distribution is quite skewed in India and is characterised by high urban tele-density and low rural tele-density. Rising rural income provides a significant opportunity for the telecommunications industry and the Guarantor believes that it benefits from strong growth potential in rural and semi-urban markets. According to the TRAI, the overall telecommunications penetration in India, represented by the number of telephones per 100 people, was 86.4%, of which urban penetration was 140.6% and rural penetration was 58.9% as of October 31, 2020. According to Omdia, India's mobile subscriber base has increased from 489 million subscribers in 2017 to 646 million subscribers in 2019, and is expected to reach 775 million subscribers by 2023. In addition, the number of mobile internet subscribers has increased from 402 million subscribers in 2017 to 671 million subscribers in 2019, and is expected to reach 896 million subscribers by 2023. Finally, the number of 4G subscribers has increased from 242 million subscribers in 2017 to 605 million subscribers in 2019, and is expected to reach 768 million subscribers by 2023. For the three months ended September 30, 2020, the Guarantor ranked second in the telecommunications market in India, with a revenue market share of approximately 33%, compared to 31.4% for the six months ended September 30, 2019 according to TRAI.

Mobile services have also become a platform of choice for creating, distributing and consuming innovative digital solutions in Africa. Mobile devices are now the primary means through which a large number of internet users in sub-Saharan Africa access the internet. The opportunity in mobile services is further supported by the lack of legacy fixed broadband infrastructure in Sub-Saharan Africa and the increasing affordability of smartphones in emerging markets, particularly in Africa. The African mobile market, specifically Sub-Saharan Africa, is characterised by low but increasing mobile connectivity. According to Omdia, Africa's mobile subscriber base has increased from 271 million subscribers in 2017 to 442 million subscribers in 2019, and is expected to reach 791 million subscribers by 2023. In addition, the number of mobile internet subscribers has increased from 423 million subscribers in 2017 to 641 million subscribers in 2019, and is expected to reach 988 million subscribers by 2023. Finally, the number of 4G subscribers has increased from 40 million subscribers in 2017 to 123 million subscribers in 2019, and is expected to reach 376 million subscribers by 2023. For the nine months ended December 31, 2020, approximately 40%, 36% and 24% of the Guarantor's revenue in Africa originated from Nigeria, East Africa and Francophone Africa, respectively.

### ***Established leadership position and large subscriber base***

The Guarantor is a leading provider of telecommunications services with operations in 18 countries across Asia and Africa. Based on TRAI reported revenue, for the three months ended September 30, 2020, the Guarantor had a revenue market share of approximately 33% calculated on the basis of gross revenue and ranked second in overall revenue market share in India. As of October 31, 2020, the Guarantor had 330.3 million customers with a subscriber market share of 28.68% according to TRAI.

According to TRAI, the Guarantor was the largest operator in six telecommunication circles in terms of the number of mobile telecommunication subscribers as of October 31, 2020 – namely, Bihar, Jammu and Kashmir, Karnataka, North East, Tamil Nadu and Uttar Pradesh East – the second largest operator in six telecommunication circles – namely, Andhra Pradesh, Assam, Himachal Pradesh, Orissa, Punjab and Rajasthan – and the third largest operator in eight telecommunication circles – namely, Delhi, Gujarat, Kolkata, Madhya Pradesh, Maharashtra, Mumbai, West Bengal and Uttar Pradesh West. According to TRAI, as of September 30,

2020, the Guarantor was the third largest operator in the digital TV service business and as of November 30, 2020, the Guarantor was the second largest wired broadband service provider.

The Guarantor believes that its established leadership position allows it to capitalize on any growth opportunities in the future.

***Extensive telecommunication infrastructure built out to support future growth***

During the nine months ended December 31, 2019 and December 31, 2020, customers spent 2,212.65 billion minutes and 2,606.1 billion minutes, respectively, on the Guarantor's network in India, and consumed 14,567,514 million megabytes and 23,333,539 million megabytes, respectively, from its network in India. The Guarantor continues to invest in building data capabilities to provide an excellent network to its customers, and had approximately 298,014, 417,613 and 503,883 mobile broadband base stations at the end of fiscal year 2018, 2019 and 2020, adding approximately 205,869 mobile broadband base stations in the last two years. The consolidated capital expenditure investment for the year ended March 31, 2020 was Rs. 197,462 million (U.S.\$2,703 million), which represented 23.3% of revenue for the year ended March 31, 2020. As of December 31, 2020, the Guarantor had an aggregate of 1,731.40 MHz of unpaired spectrum (including the 142.50 MHz of unpaired spectrum acquired from Tata with effect from July 1, 2019) across the 22 telecommunication circles.

The Guarantor is addressing capacity at hotspots by deploying a combination of Massive Multiple-Input Multiple-Output ("MIMO") technology and sector splitting. The Guarantor is deploying small cells in high traffic areas. The Guarantor has also largely reallocated its 900 MHz band spectrum in selected circles for use in 4G services, which the Guarantor believes will provide deeper in-building 4G coverage for better VoLTE and data experience. The Guarantor has further completed the reallocation of its 2,100 MHz band spectrum for use in 4G services.

In order to cater for the exponential growth in data demand, the Guarantor has been investing in fiber, backhaul and transmission. The Guarantor's optical fiber cable transmission network, both owned and through indefeasible rights of use arrangements with other telecommunication operators, extends to approximately 314,459 Rkms in India as of December 31, 2020. Given the significant growth in data consumption, the need for more extensive fiber network is becoming critical. The Guarantor has established a dedicated fiber company, Telesonic Networks Limited, which the Guarantor expects to provide the requisite India based fiber network. These investments resulted in Airtel winning four awards in the Opensignal Report for September 2020 in the categories of video experience, games experience, voice app experience and download speed experience.

As of December 31, 2020, the Guarantor's global fiber network runs across 360,000 Rkms, covering 50 countries and five continents, which, while serving its enterprise solutions business, also enables the Guarantor to bring data closer to India and reduce latency for its customers. At the Indian Mobile Congress 2019, the Guarantor demonstrated live the 5G network. The ultra-low latency of the 5G network provides new opportunities for various industries, as it enables time and cost efficiency. On January 28, 2021, the Guarantor became India's first telecom provider to successfully test, demonstrate and orchestrate a live 5G service over a commercial network. Using a spectrum sharing, the Guarantor was able to operate 5G and 4G concurrently within the same spectrum block. This has demonstrated the future readiness the Guarantor's network across the radio, core and transport domains.

As of December 31, 2020, the Guarantor had 208,606 network towers in India, of which 207,360 towers are mobile broadband towers. In Africa, as of December 31, 2020, the Guarantor had 24,693 network towers, of which 22,998 towers are mobile broadband towers.

***Extensive distribution and service network***

The Guarantor maintains an extensive sales and distribution network covering both rural and urban geographies across India, with over 1 million retail outlets taking its range of product offerings to end consumers. These

outlets are serviced by over 10,000 distribution partners. Retail outlets are digitally empowered to sell Airtel services to the customers using “*Mitra Application*.”

The Guarantor believes its exclusive retail footprint is a key differentiator, including for supporting high value subscribers and products such as mobile internet. The Guarantor’s exclusive retail footprint is an integral part of its customer acquisition and engagement strategy, designed to bring the Airtel brand closer to its customers.

The Guarantor also has a growing digital distribution presence through the *Airtel Thanks* app which comprises of three different aspirational tiers, namely the silver, gold and platinum tiers. The digital distribution channel is cost-efficient compared to traditional channels and enhances customer experiences. The Guarantor’s distribution reach is further expanded by over 9,000 dedicated promoters who promote Airtel products in device selling outlets. As at December 31, 2020, *My Airtel* application had over 61 million subscribers.

***Experienced management team with strong execution track record and backed by global investors***

The Guarantor believes that it benefits significantly from having an experienced management team, including Mr. Sunil Bharti Mittal, its Chairman, Mr. Gopal Vittal, its Managing Director and Chief Executive Officer (India and South Asia) and Mr. Badal Bagri, the Guarantor’s Chief Financial Officer (India and South Asia) and other management personnel.

The Guarantor’s management team has been involved in the telecommunication industry in India for a significant period. During this time, the Guarantor’s management team has developed sector-specific knowledge and operational expertise and an in-depth understanding of the key opportunities and risks associated with its business. Their expertise in the industry is reflected in the Guarantor’s ability to maintain its position as a leading telecommunication operator in India, despite significant competition and new entrants in the market. The Guarantor has capitalized on the emerging opportunities and completed the acquisitions of Bharti Digital Networks Limited and Telenor India. On July 1, 2019, the Guarantor also successfully completed the merger of the consumer mobile businesses of Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited with the Guarantor’s business. Further, the Guarantor successfully completed the merger of Bharti Infratel with Indus Towers on November 19, 2020. See “—*The Guarantor’s Business—Business Operations—The Indus Merger*” for further information. The combined company is named Indus Towers Limited and has remained listed on the Indian stock exchanges. The Guarantor believes that the experience of its management provides the Guarantor with an advantage in commercial negotiations with suppliers and customers, identifying cost and operational efficiencies, anticipating and avoiding potential execution roadblocks, completing expansion and roll out plans on time and within budget.

In the third quarter of fiscal year 2019, six leading global investors, including Warburg Pincus, Temasek, SingTel and SoftBank Group International, invested U.S.\$1.25 billion in Airtel Africa Plc, the Guarantor’s subsidiary and its holding entity of the Africa operations, through a primary equity issuance. Further, Qatar Investment Authority, the sovereign wealth fund of the State of Qatar, has invested U.S.\$200 million through a primary equity issuance in Airtel Africa Plc. In June 2019, the Guarantor also concluded the initial public offering of Airtel Africa Plc on the London Stock Exchange and a secondary listing on the Nigerian Stock Exchange and raised net IPO proceeds of U.S.\$680 million. During the fiscal year ended March 31, 2020, the Guarantor raised Rs. 215 billion of additional long term financing through a combination of a qualified institutional placement of equity shares and a foreign currency convertible bond offering to foreign investors.

The Guarantor believes that the knowledge and expertise generated by the experience of its management team will prove to be a crucial advantage as it looks to expand and develop its business. The Guarantor also maintains strong corporate governance practices.

### ***Strong brand presence***

The Guarantor offers its services under its flagship brand “Airtel” which is widely recognized in India, Sri Lanka and Africa, where the Guarantor operates. The Guarantor supports the “Airtel” brand with extensive market research and a focused marketing strategy in India, Sri Lanka and Africa, including national and regional television advertisement campaigns as well as campaigns in mixed-media and over-the-top media platforms, including print, outdoor and digital. The Guarantor believes that the strength of its brand “Airtel” and its advertising campaigns have contributed significantly to its strong market position, subscriber growth and loyalty and have helped it to further fortify the “Airtel” brand.

The Guarantor believes that it has been able to strengthen its brand equity through its segmented marketing strategies that the Guarantor creates with the help of external marketing and advertising agencies across geographies and demographic variables. In 2018, the Guarantor launched the campaign “*Sab Kuch Try Karo, Fir Sahi Chuno*” and in 2019, it launched “*Sahi Chuno, Quality Chuno*” campaign, both of which demonstrate the Guarantor’s confidence in its product offerings. The Guarantor further strengthened its customer rewards program through the *Airtel Thanks* program that offers a range of rewards to customers based on ARPU. Further, the Guarantor’s marketing strategy in India focusses on customers at a district level, which allows it to prioritize, track and develop performance on a micro level. The Guarantor does so by dividing the Indian market into 244 priority districts based on their economic potential (4G market size of district), capital efficiency (revenue per tower of district) and brand affinity (Airtel 4G share in district).

The focus of the Guarantor’s communication is to highlight the benefits of its products and services to its customers. Further, the Guarantor’s strong brand presence is backed by an extensive distribution footprint in India and Africa across rural and urban areas. The Guarantor also has a growing digital distribution presence through the *Airtel Thanks* application.

The Guarantor’s brand excellence has been widely recognized. It was honored in the categories of “*Best Brand Loyalty Marketing Campaign*” and “*Excellence in CSR – Best Organization Transformation*” at the “Asian Customer Engagement Forum and Awards” in 2017. The Guarantor ranked second in the “*Brand Finance India 100 (2018)*”, an annual report on the most valuable Indian brands. The Guarantor also ranked fourth in the “*BrandZ Top 75 Most Valuable Indian Brands 2018 and 2019*” reports. Airtel has been consistently rated as the Indian telecom network with the fastest download speeds by multiple global platforms such as Opensignal, including best video experience, lower latency and highest downlink throughputs. The Guarantor has also been consistently recognised by Opensignal as the network providing India’s best video and gaming experience. Through this, the Guarantor has extended its network positioning from being the fastest network to providing best video experience, to differentiate itself from its competition.

### **Strategy**

The key elements of the Guarantor’s strategy is:

#### ***Growth of 4G subscriber market share in the mobile telecommunication industry***

The Guarantor operates in the highly competitive mobile telecommunication industry in India, which has grown significantly in recent years. According to TRAI, the Guarantor was one of the leading mobile telecommunication operators in India in terms of number of mobile telecommunication subscribers as of October 31, 2020. The Guarantor intends to leverage such position to increase its market share of the primary 4G SIM slot through attractive bundled pricing plans, partnerships with content companies for bundling their services with the Guarantor’s services and an increase in upgrades through device partnerships and offers. For example, in fiscal year 2018, the Guarantor launched “*Mera Pehla Smartphone*” initiative to introduce affordable 4G smartphones bundled with the Airtel mobile network in the Indian market. The Guarantor intends to consider more such opportunities to grow its share of high ARPU customers.

The Guarantor also launched a loyalty program “Airtel Thanks” to ensure customers have an incentive to upgrade to higher value plans by providing various offers and benefits. The “Airtel Thanks” program is a structured rewards program launched in fiscal year 2019 that is designed to deliver exclusive benefits and rewards to Airtel Mobile customers. The loyalty platform feeds on real-time events in a customer’s lifecycle. The analytics of the platform runs real time mapped to each customer profile backed with an open API that is tied to partnership with 3<sup>rd</sup> party service provider for any provisional billing. The platform is integrated with a scalable model of own subscription engine and provisional billing engine for prompt activation of any service.

Further, the Guarantor has also adopted various measures to lock-in post-paid customers through initiatives such as handset security, free music and TV, free Amazon prime membership, data roll-over, affordable financial services, among others, beyond the traditional services.

In Africa, the Guarantor aims to increase its mobile revenue market share through increasing its smartphone network, data penetration, introduction of new products and addition of quality customers.

***Invest in the Guarantor’s telecommunication network to enhance user experience and deliver a differentiated value proposition to the Guarantor’s customers***

The Guarantor is focused on delivering premium, high-speed and reliable telecommunication services to its customers. It has successfully grown its aggregate telecommunication customer base from approximately 357 million as of March 31, 2016 to approximately 458 million as of December 31, 2020 and intend to continue to retain its existing customer base and grow its market share by offering high speed and reliable mobile telecommunication services at competitive prices and providing high-quality customer support services.

During this period, the Guarantor’s data customer base grew from approximately 58 million as of March 31, 2016 to over 175 million as of December 31, 2020 in India. The Guarantor’s consolidated capital expenditures amounted to Rs. 139,514 million and Rs. 167,088 million (U.S.\$2,287 million) for the nine months ended December 31, 2019 and 2020, respectively.

The Guarantor intends to enhance its telecommunication network user experience by improving its network quality through digitization and using more self-healing and self-evolving networks using newer generation technologies. For example, to further strengthen its 4G network, the Guarantor has upgraded the 3G services in 19 telecom circles including Kolkata, Haryana, Punjab, Gujarat, Kerala, Mumbai, Madhya Pradesh, Maharashtra, Orissa, Karnataka, Delhi, Uttar Pradesh West, Tamil Nadu, Bihar, West Bengal, Rajasthan, Uttar Pradesh East, Jammu and Kashmir, Himachal Pradesh and has re-farmed the 900 MHz and 2100 MHz bands to expand its 4G capacity. The Guarantor has deployed L900 and L2100 technology to complement its existing 4G services. The re-farming of 3G spectrum for 4G will boost the network’s capacity, ensure wider availability of Airtel 4G and significantly improve coverage inside buildings and outdoors, especially during intracity and intercity transit for 4G smartphone customers.

The Guarantor had renewed and enhanced its on-going relationship by signing a multi-year agreement with Nokia in 2020 to deploy Nokia’s SRAN solution across 9 circles in India, helping to boost its network capacity, in particular 4G, and improve customer experience. The rollout, will also lay the foundation for providing 5G connectivity in the future and will see approximately 300,000 radio units deployed across several spectrum bands, including 900MHz, 1800MHz, 2100MHz and 2300MHz, and is expected to be completed by 2022. On January 28, 2021, the Guarantor became India’s first telecom provider to successfully test, demonstrate and orchestrate a live 5G service over a commercial network. Using a spectrum sharing, the Guarantor was able to operate 5G and 4G concurrently within the same spectrum block. This has demonstrated the future readiness the Guarantor’s network across the radio, core and transport domains.

On August 10, 2020, the Guarantor became the first private mobile operator to launch “Ultra-Fast 4G” services in Andaman and Nicobar with the inauguration of the fiber link between Chennai and Port Blair, integrating the seven islands of the Andaman and Nicobar archipelago into the Guarantor’s 4G network.

In addition, the Guarantor has launched *Airtel Wi-Fi Calling*, a Voice-Over Wi-fi service, which is designed to enhance voice calling experience for Airtel smartphone customers while indoors. The service is currently live in all circles except Jammu & Kashmir and across all broadband providers. There will be no extra charge for Airtel Wi-Fi Calling. The Guarantor believes that these investments would enable it to maintain its continued excellence in customer experience and network quality. As per the Opensignal October 2019 Report and Opensignal Report September 2020, Airtel has been rated as the network with the fastest download speed experience and also winner in terms of video experience on the network.

While the Guarantor utilizes various advanced technologies to deliver its services and operate its network, the Guarantor intends to continue to invest in its network and technology infrastructure in order to improve its existing technology systems and implement advanced technology systems that may be developed. This will enable the Guarantor to continue to deliver high quality, market leading and competitive service offerings, which will drive its growth.

***Focus on developing high growth revenue streams such as apps with digital media content, enterprise, broadband, digital TV and mobile payment bank (“MPS”) businesses, among others***

The Guarantor intends to rapidly grow the Homes Services business and to expand digital TV services business. Accordingly, the Guarantor has been investing in increasing its subscribers to accelerate the broadband business.

Pursuant to the Ministry of Information and Broadcasting’s digitization plans, DTH operators are likely to benefit from a rising subscriber base and higher market penetration. Innovations in paid TV services and migration from standard definition to high definition boxes have increased consumption of smart TVs and high definition services, offering more opportunities to service operators like the Guarantor.

Strong economic growth, aided by a shift to digital and on-demand business models with a growing need for anytime anywhere connectivity for enterprises and the GoI’s push for digitization, are fueling demand for telecommunication services from enterprises. The Guarantor’s enterprise strategy is to increase its share of wallet of existing customers and gain new customers by launching new enterprise platforms, thereby increasing its revenue market share. Small and medium-sized enterprises (“SMEs”) are increasing with digital India and start up India initiatives. The Guarantor enables emerging enterprises and start-ups through understanding their business needs and offering specific vertical value propositions. The Guarantor is committed to working toward strengthening its digital and technological offerings and capabilities, and intends to continue to adopt the ready business solution approach entitling SMEs to scale faster and enhance their operational efficiencies, making their business responsive to customers.

In January 2021, the Guarantor successfully tested, demonstrated and orchestrated a live 5G service over a commercial network in Hyderabad, India using its existing liberalized spectrum in the 1800 MHz band through the non-standalone network technology. During this event, the Guarantor seamlessly operated 5G and 4G concurrently within the same spectrum block. This demonstration has demonstrated the future readiness of the Guarantor’s network across various domains, including radio, core and transport. The Guarantor’s 5G is capable of delivering 10x speeds, 10x latency and 100x concurrency when compared to existing technologies. Specifically, in Hyderabad, users have been able to download a full-length movie within seconds using the Guarantor’s 5G network. The full impact of the 5G experience in terms of speeds, latency and concurrency, however, is expected to be felt only after adequate spectrum is available and the necessary Government approvals have been received.



Airtel Digital TV and Aakash Educational Services Limited (Aakash) launched India's first dedicated TV channels for medical and engineering entrance exams preparation. The initiative gives Airtel DTH customers affordable access to Aakash's test preparation content on the TV screen in a highly interactive format. In particular, it benefits students in smaller towns and villages, who have limited access to broadband internet. Airtel Digital TV and Vedantu announced an innovative partnership to make quality education accessible to students across India by leveraging the deep reach of Airtel. Under the partnership, two dedicated DTH channels – Vedantu Masterclasses – are available exclusively to millions of Airtel Digital TV customers, catering to students from classes 6 to 10 and classes 11 to 12, respectively, and covering both mathematics and science subjects.

Airtel Business announced the launch of its customer advisory board with the objective of making its customers equal stakeholders in its product development journey. The board will have representation from Airtel's main enterprise customers cutting across a diverse set of industries and sectors, and are expected to meet at regular intervals to deliberate and offer counsel on customer issues and emerging technology trends to help Airtel Business align its innovation roadmap to the strategic requirements of its customers and create the right solutions for the market. The advisory board will also provide Airtel's key enterprise customers an early view of the advanced capabilities that the Guarantor may be building.

Wynk Music is India's leading music streaming application, with 46 million monthly active users in October 2019, according to AppAnnie. It has hosted live online concerts on Navratri, Diwali, and New Year over its new platform Wynk Stage. This allows users and India's top artists to connect digitally and celebrate safely as India practices social distancing norms as part of its measures to mitigate the effects of the COVID-19 pandemic. These concerts set a new industry benchmark with more than 100,000 concurrent users.

To protect Airtel customers from the growing incidents of online payment frauds, APBL launched "Airtel Safe Pay" – India's safest mode for making digital payments. With "Airtel Safe Pay", Airtel customers are able to make UPI or Netbanking based payments through APBL. "Airtel Safe Pay" leverages Airtel's "telco exclusive" strength of network intelligence to provide an additional layer of payment validation compared to the industry norm of two-factor authentication. This offers a higher level of protection from potential frauds such, as phishing, stolen credentials or passwords, and even phone cloning that catches customers unaware.

Airtel launched the Gigabit Wi-Fi Experience. Its customers can enjoy 1 Gbps data speeds over Wi-Fi. The Airtel Xstream Fiber Rs 3,999 plan now comes with a complimentary 1 Gbps Wi-Fi router to go with unlimited data quota and massive bundled content. Its 4x4 Wi-Fi router enables 1 Gbps Wi-Fi coverage across homes and small offices. The Guarantor believe this will unlock a great experience for online gaming and animation and for work or study from home with large number of concurrently connected devices.

Amazon joined hands with Airtel for the first roll-out of Prime Video Mobile Edition, making high quality entertainment accessible to Airtel customers. Prime Video Mobile Edition is a single-user mobile-only plan created especially for a mobile-first country like India.

### ***Focus on digitization and cost optimization***

The Guarantor is focused on disciplined investment and prudent cost controls. Cost optimization is an integral part of its growth strategy to deliver shareholder value. The Guarantor aims to deliver savings in operating expenses through targeted cost saving programs with a range of initiatives across different functions. These include zero based budgeting with fresh look at all cost items to avoid redundant costs, focused initiatives on reducing low utilization sites, simplifications to reduce waste and drive efficiency in administrative costs. The Guarantor also periodically negotiates appropriate contracts including outsourcing arrangements and annual maintenance contracts with its technology and equipment vendors. Among other elements of its optimized cost structure, it outsources various non-core supplies, service and support functions in discrete parcels to multiple specialized providers, while retaining a high-level of centralized reporting and control. The Guarantor also

engages in new requests for proposal processes at the end of such contract terms, to allow it to re-evaluate the cost and performance of each active network partner or vendor, and to form new partnerships or vendor relationships, as necessary. The Guarantor also seeks to minimize its dependence on any single network provider by working with multiple vendors.

In addition, the Guarantor extensively focuses on network cost optimization programs, such as indoor to outdoor conversions of sites leading to reduction in energy cost, and off-net to on-net link conversion for enterprise customers leading to lower bandwidth charges.

The Guarantor uses technology to drive down costs, including through infrastructure sharing, adopting disruptive technologies, use of increased automation, including customer service automation and the use of digital tools and interfaces such as chatbots and webchats with its customers (as well as executive dashboards for account summaries and individual products, including through its *Airtel Thanks* application), and digitization, such as through its “*Green Bill*” initiative, which has resulted in lowering its billing costs, product and communication simplification, improved predictive analytics and reduced travel and outbound tele-calling. In addition, the Guarantor continues to expand “Project Leap” with sustained investments targeted towards building data capacities and the 4G network across the country. The Guarantor expanded its 4G services and other technological investments aimed to enhance consumer experience to Andaman and Nicobar Islands as well as to Lakshadweep Islands.

In Africa, the Guarantor aims to ensure cost optimization through ensuring greater utilization of assets that are already deployed and expenses that are already incurred. In addition, the Guarantor also focus on controlling and saving costs through measures, such as moving away from offline channels to online distribution, and churn reduction. With high fixed costs, operating leverage will play out on new revenue streams and it aims to ensure that incremental EBITDA earned on incremental revenue generated is greater than the existing EBITDA margin.

#### ***Focus on deleveraging and maintaining financial flexibility***

The Guarantor’s aggregate net debt (defined as the sum of current and non-current borrowings (including lease liabilities) less investments and cash & cash equivalents), current portion of long-term debt and lease liabilities minus cash and cash equivalents) amounted to Rs. 989,036 million, Rs. 1,123,989 million, Rs. 1,188,817 million (U.S.\$16,274 million) and Rs. 1,476,936 million (U.S.\$20,218 million) as of March 31, 2018, 2019 and 2020 and December 31, 2020, respectively. As of December 31, 2020, the Guarantor’s net debt to EBITDA ratio was 4.4, including lease obligations. The Guarantor’s debt profile is spread across local and overseas sources of funds to mitigate interest rate risks and to create natural hedges. The Guarantor has a healthy currency mix of debt having issued U.S.\$, EUR and CHF denominated bonds in the international debt capital markets as well as debt in local currencies including INR, XAF, UGX, RWF, NGN, LKR and XOF. Under the Guarantor’s risk management policy that has been approved by the Board, the Guarantor may continue to enter into hedging and derivative transactions to reduce the interest rate and current fluctuation risk. The Guarantor remains focused on maintaining a healthy leverage ratio and deleveraging through a mix of strategic and organic initiatives.

As part of the Guarantor’s strategic initiatives, it concluded a rights issue of approximately 1,134 million fully paid up equity shares that raised Rs. 249,390 million in May 2019 and utilized the proceeds materially towards deleveraging its balance sheet. In June 2019, the Guarantor also concluded the initial public offering of Airtel Africa Plc on the London Stock Exchange and the Nigerian Stock Exchange and raised net proceed of U.S.\$680 million. Prior to the initial public offering (“**IPO**”) of Airtel Africa plc, it raised U.S.\$1.45 billion through a pre-IPO placement to certain investors between October 2018 and January 2019. Between 2015 and 2018, the Guarantor sold shares in Bharti Infratel for an aggregate amount of over U.S.\$2.1 billion. The Guarantor raised Rs. 16,238 million through a stake sale in its DTH business to Warburg Pincus. The Guarantor realized approximately U.S.\$3 billion in Airtel Africa Plc through tower sale in eight countries and divestment of

operations in two countries. In addition, on January 15, 2020, the Guarantor raised U.S.\$2,000,000,000 through a qualified institutional placement (“**QIP**”). The Guarantor has raised approximately U.S.\$13.3 billion of equity capital since September 2014. Additionally, the Issuer raised a total of U.S.\$750 million through an issuance of perpetual securities in October 2019, and on February 12, 2020, it issued a further U.S.\$250 million of perpetual securities to be consolidated and form a single series with the perpetual securities issued in October 2019. The Guarantor raised an additional U.S.\$1,000,000,000 through an issue of foreign currency convertible bonds (“**FCCB**”) on January 17, 2020.

The Guarantor aims to maintain an efficient capital structure with high balance sheet flexibility. It seeks to continue to manage its borrowing costs with a focus on cost effective financing and refinancing structures, including its repayment tenors and the balance between its fixed and floating rate instruments. The Guarantor will continue to maintain a measured and careful balance between fixed and floating rate debt.

Airtel Africa Plc maintains a reasonably conservative policy in respect of liquidity and leverage. In line with this principle, and as pursuant to its dividend policy in Africa, “surplus” cash is to be distributed to its respective shareholders, subject to leverage thresholds.

## **Recent Developments**

### ***COVID-19***

On March 11, 2020, the World Health Organization (“**WHO**”) declared COVID-19 as a global pandemic. In response, national, regional and local governmental authorities, including in India and other South Asian and African countries where the Guarantor operates, have taken extraordinary and wide-ranging actions to contain and combat the outbreak and spread of COVID-19. These measures have included border controls and significant restrictions on movement and economic activity, such wide ranging restrictions on travel and public gatherings, including the closing of offices, businesses, schools, retail stores and other public venues, and by instituting curfews or quarantines. These restrictions, as well as the dangers posed by the novel coronavirus, produced a significant reduction in mobility during the first half of 2020, have caused disruption in global economic activity across a number of geographies and markets, including global supply chain disruptions and shortages.

Although the impacts of the COVID-19 pandemic on the Guarantor’s operations have been isolated and limited, certain of these measures have, and are expected to continue to have, an indirect effect. The telecommunications industry in India was deemed an essential service and allowed to remain in operation through the lockdown periods, and the Guarantor continued to provide its telecommunications services to its customers during the COVID-19 pandemic. The telecommunications industry proved resilient and essential for companies and consumers, as the industry facilitated valuable activities such as remote working, e-schooling and virtual entertainment. The COVID-19 pandemic resulted in a considerable increase in internet traffic and a correlated decrease in mobile services usage as a means of overcoming connectivity challenges while gatherings were prohibited and residents were either required or advised to stay at home. As a result, COVID-19 positively impacted the Guarantor’s business, as people worked remotely, leading to an increase in calls, data usage, video-conferencing and other services requested by business customers. The Guarantor has also been able to capture increased demand for data services that it provides via its broadband and postpaid mobile connectivity businesses.

In addition, flight cancellations and travel restrictions reduced the mobility of the Guarantor’s international and regional workforce, resulting in operational disruptions to the Guarantor’s planned workforce rotations and delays in the Guarantor’s ability to mobilize on sites of newly awarded contracts. Addressing the disruptions caused by COVID-19 has also required the Guarantor’s senior management team and staff to devote time and resources to address the impact of the pandemic on the Guarantor’s businesses.

The COVID-19 pandemic has created new challenges in maintaining the health and safety of the Guarantor's employees. One of the Guarantor's top priorities is the health and well-being of its employees, partners and customers. The Guarantor established several measures to proactively identify and manage the challenges presented by the pandemic, with a focus on protecting its people, working closely with its key stakeholders to ensure operational continuity and preparing its business for future scenarios that may result from COVID-19. These measures have included, primarily:

- The Guarantor established a "war room" to closely supervise all developments relating to the COVID-19 pandemic, with daily meetings chaired by the CEO to monitor safety of employees and review the Guarantor's network, customer service and business performance.
- The Guarantor has sought to maintain its network and engineering operating centers as well as data centers operating with minimal workforce on-site, with most of the workforce working remotely.
- The Guarantor activated several new retail channels to provide customers with additional outlets to top-up their prepaid mobile phones during the lockdown, such as pharmacies, groceries, bank ATMs and post offices. The Guarantor also carried out several marketing campaigns to educate and encourage its customers to use digital channels to top-up their prepaid mobile phones.
- The Guarantor extended COVID-19 insurance coverage to all its associates and partners.
- The Guarantor has provided all sanitation essentials to the Guarantor's workforce on the field.
- All of the Guarantor's retail stores are maintaining social distancing norms, restricting number of customers inside the store at any time.
- While the Guarantor has opened up its offices, maintaining high levels of hygiene standards and precautions, the Guarantor has kept the attendance as voluntary, enabling a large part of its workforce to continue operating from home.

Although the Guarantor currently cannot reasonably estimate the ultimate impact of the COVID-19 pandemic on its business, the Guarantor believes that an increased need for data connectivity as a result of the COVID-19 pandemic has driven and will continue to drive increased data usage and, consequently, may result in the further growth of the telecommunications industry.

For more information, see *"Risk Factors—Risks Relating to the Guarantor's Business—The Guarantor's business and operations, and that of its customers and suppliers, have been and may continue to be adversely affected by the COVID-19 pandemic or other similar outbreaks, particularly if the economies of the countries in which it operates are affected for a significant amount of time"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting the Guarantor's Results of Operations and Financial Condition—COVID-19."*

#### ***Bharti Hexacom NCD Issuance***

On January 21, 2021, the Guarantor's subsidiary, Bharti Hexacom Limited issued 15,000 listed, unsecured, rated, redeemable, non-convertible debentures, of face value of Rs. 1 million, at a coupon rate of 6% per annum, payable annually, at par aggregating to Rs. 15,000 million on a private placement basis. These non-convertible debentures will mature on January 19, 2024.

#### ***5G Capabilities***

On January 28, 2021, the Guarantor became India's first telecom provider to successfully test, demonstrate and orchestrate a live 5G service over a commercial network. Using a spectrum sharing, the Guarantor was able to operate 5G and 4G concurrently within the same spectrum block. This has demonstrated the future readiness the Guarantor's network across the radio, core and transport domains.

### ***Ghana Divestment***

The Guarantor is currently in advanced stages of discussions for conclusion of the arrangements for the transfer of AirtelTigo on a going concern basis to the government of Ghana; accordingly, the Guarantor has voluntarily taken an additional charge of Rs. 4,713 million in its profit and loss statement for the nine months ended December 31, 2020.

### ***Acquisition of stake in Bharti Telemedia from Warburg Pincus***

On February 17, 2021, the Guarantor announced in filings to the Stock Exchanges, that it will acquire 102,040,000 shares (representing a 20% equity stake) in its DTH unit, Bharti Telemedia Limited (“**Bharti Telemedia**”) from Lion Meadow Investment Ltd., an affiliate of Warburg Pincus for a total consideration of approximately Rs. 31,260 million (U.S.\$430 million) which will be discharged primarily via an issuance of up to 36,469,913 equity shares of the Guarantor through preferential allotment basis at a price of Rs. 600 per share and, subject to adjustment, up to Rs. 10,378 million (U.S.\$143 million) in cash.

The Guarantor’s Board of Directors has provided its approval for the aforesaid transaction on February 17, 2021 and completion of the preferential allotment by the Guarantor is conditional on approval by the Guarantor’s shareholders in the extraordinary general meeting. The proposed transaction is part of the Guarantor’s strategy to align the shareholding of its customer facing products, services and businesses under the same holding group. Upon completion, the acquisition will provide the Guarantor with full control and ownership over Bharti Telemedia.

### ***Reorganization of the Guarantor’s business and shareholding structure***

The Guarantor’s Board of Directors, in its meeting held on February 17, 2021, has constituted a ‘Special Committee of Directors’ to consider and evaluate options for reorganization of the Guarantor’s business and shareholding structure and its various subsidiaries to achieve flexibility and sharper focus for its digital and non-telecom businesses to enable any unlocking of enhanced value for its stakeholders. The Special Committee of Directors will provide its recommendations to the Guarantor’s Board of Directors for its consideration and/or approval.

### **Business Operations**

The Guarantor is a provider of telecommunication services with operations in 18 countries across South Asia and Africa. It served approximately 458 million customers globally as of December 31, 2020. The Guarantor retains a diversified service portfolio which includes mobile, voice and data solutions, using 2G, 3G and 4G technologies, fixed line services, broadband services, digital TV services and an integrated suite of telecommunication solutions for its enterprise customers.

The Guarantor also provides long-distance connectivity in India, Africa and the rest of the world. All these services are rendered under a unified brand “airtel”. “Airtel Money” in Africa and “Airtel Payments Bank” in India aligns the Guarantor’s product portfolio with its financial inclusion agenda, offering the convenience of banking services, payments and money transfers on mobile phones and through its banking correspondents over secure and stable platforms across all 14 countries in Africa and in India. The Guarantor’s product suite includes consumer services (comprising mobility, home broadband and DTH), enterprise services (comprising voice, data and subsea cables, data centers and cloud) and digital services (comprising Wynk Music, Airtel Xstream, its Airtel Thanks application and Airtel Payments Bank).

## **India**

### ***B2C Services***

- ***Mobile Services (India):*** These services include pre-paid and post-paid wireless voice services, international roaming and interconnect revenue paid to the Guarantor by other telecommunications providers. It also includes data communications services, including 2G, 3G and 4G data services, and other VAS for mobile subscribers.
- ***Homes Services:*** The Guarantor provides fixed line telephone and broadband services for homes in 219 cities across India. These services include broadband internet and local, national and international long-distance telephone services provided through wire-line connectivity to the subscriber. The end-user equipment is connected through Fiber to the Home (“**FTTH**”) and copper cables for Digital Subscriber Line (“**DSL**”) from main network equipment (i.e., MSAN/OLT) to the subscriber’s premises. Fixed telephone lines, broadband (via FTTH and DSL) services are provided to homes while fixed telephone line, internet leased line and multi-protocol label switching services are provided to offices.
- ***Digital TV Services:*** These services comprise television programming provided via a digital signal and received on a digital set top box and related services, which are provided under the Guarantor’s DTH platform. Features include high-definition HD digital TV services with 3D capabilities and Dolby surround sound, choice of packages comprising different channels, interactive features such as on-demand viewing, and a choice of set top boxes, including an HD recorder box, which may be instructed to record programs via a mobile handset or the internet.

### ***Airtel B2B Services***

***Airtel Business:*** Airtel Business is India’s leading provider of information communication technology services with a network spanning across India, USA, Europe, Africa, the Middle East, Asia Pacific and other South Asian countries. The Guarantor Business services over 1,200 customers globally as well as 2,000 large businesses and 500,000 medium/small businesses across India. The Guarantor Business offers a diverse portfolio of products and services covering voice, data, collaboration, work-from-home solutions, cloud, data centre, security, IoT, network integration, managed services, enterprise mobility and digital media. Through its diverse portfolio, the Guarantor continues to enhance capabilities in digital service delivery capabilities, with a key focus on enhanced end-user experience, round-the-clock infrastructure availability and service quality.

### ***South Asia (except India)***

In Sri Lanka, the Guarantor operates across 25 administrative districts with distribution network of over 51,500 retailers. It offers 3.5G services across major towns in Sri Lanka.

## **Africa**

The Guarantor operates in 14 countries across Africa, namely Nigeria, Chad, Congo B, Democratic Republic of Congo, Gabon, Madagascar, Niger, Kenya, Malawi, Seychelles, Tanzania, Uganda, Zambia and Rwanda.

In Africa, the Guarantor offers a comprehensive offering targeting the full spectrum of subscribers, from high value to mass market. The Guarantor’s voice services include local, national and international calls made within its footprint and internationally. The mobile voice business line also includes interconnect revenue, which is paid to the Guarantor by other telecommunications operators when their customers utilize the Guarantor’s network for interconnection purposes. Mobile data services comprise 3G and 4G data services, messaging (SMS) and other VAS for mobile subscribers, which may be bundled with the Guarantor’s voice service offerings. The Guarantor Money offers mobile banking opportunities to customers in all of the Guarantor’s 14 African countries of operation. Given the low penetration of traditional banking services in the Guarantor’s

countries of operation, Airtel Money provides an opportunity for the Guarantor to extend financial services and products to underserved populations.

The following sets out certain metrics about the Guarantor's offerings in Africa:

|                                 | Nine months ended December 31, |      |              |       |      |              |
|---------------------------------|--------------------------------|------|--------------|-------|------|--------------|
|                                 | 2019                           |      |              | 2020  |      |              |
|                                 | Voice                          | Data | Mobile Money | Voice | Data | Mobile Money |
| <b>Airtel Africa</b>            |                                |      |              |       |      |              |
| Subscriber base (millions)..... | 107.1                          | 32.9 | 16.6         | 118.9 | 40.6 | 21.5         |
| ARPU (U.S.\$).....              | 1.6                            | 2.4  | 1.7          | 1.5   | 2.5  | 1.7          |
| Revenue (U.S.\$ millions).....  | 1,459                          | 677  | 228          | 1,537 | 842  | 291          |

\* *Pre inter-segment elimination*

Further details relating to the Guarantor's business segments are provided below.

### Mobile Services

The Guarantor's mobile operations are at the core of its business. While voice communication services will remain a significant revenue generator for the medium-term, the Guarantor expects its mobile data and mobile money business lines to be increasingly significant drivers of revenue growth in the longer term. The Guarantor's customer bases as of March 31, 2018, March 31, 2019 and March 2020, and December 31, 2019 and December 31, 2020 were 414 million, 404 million, 423 million, and 419 million and 458 million, respectively. Total minutes on network for the year ended March 31, 2018, March 31, 2019 and March 31, 2020 were 2,159 billion, 3,070 billion and 3,332 billion, respectively, and for the nine months ended December 31, 2019 and December 31, 2020 were 2,429 billion and 2,874 billion. Further, the data consumed (in MB) by the Guarantor's customers for the year ended March 31, 2018, March 31, 2019 and March 31, 2020 was 4,174 billion, 12,162 billion and 21,789 billion, respectively, and for the nine months December 31, 2019 and December 31, 2020 was 5,753 billion and 8,795 billion approximately.

As at December 31, 2020, Airtel Payments Bank has a total user base of 107 million and active users in payments bank of 22 million.

### India

The Guarantor offers 2G, 3G and 4G wireless services in India. As at October 31, 2020, the Guarantor had 330.3 million mobile subscribers, which represents a customer market share of 28.68%, according to TRAI. The Guarantor had an active mobile customer base of 308 million as of December 31, 2020, as compared to 283.0 million customers as of December 31, 2019. The Guarantor has experienced sustained growth in its 4G subscriber base, representing 123.8 million, 136.3 million and 165.6 million subscribers as of December 31, 2019, March 31, 2020 and December 31, 2020, respectively. The Guarantor's mobile services offerings include post-paid, pre-paid, roaming, internet and other value added services through its extensive sales and distribution network covering more than 1 million retail outlets.

As at December 31, 2020, the Guarantor's network covered 7,907 census towns and 791,672 non-census towns and villages in India, covering a geographic area in which approximately 95.4% of the country's population is located. As of December 31, 2020, the Guarantor holds spectrums across various spectrum bands (800MHz, 900MHz, 1800MHz, 2100MHz and 2300MHz) aggregating to the total of 1,731.40 MHz of unpaired spectrum (including the 142.50 MHz of unpaired spectrum acquired from Tata with effect from July 1, 2019) across the 22 licensed service areas, and hold approximately 27.6% share of spectrum at a pan India level.

The Guarantor's spectrum acquisition strategy aims at enhancing its position in India's fast growing data segment. In 2018, the Department of Telecommunications ("DoT") granted its approval for the Guarantor's acquisition of Telenor India and transferred all assets and liabilities belonging to the Indian unit of Norway's Telenor to the Guarantor. The acquisition will boost the Guarantor's 4G spectrum holdings, fortify its network capacity and augment its revenue.

In 2019, the Guarantor also completed the amalgamation of Bharti Digital Networks Private Limited effective from July 1, 2019. On February 6, 2020, the Guarantor received final approval of the merger from the DoT. These acquisitions have strengthened the Guarantor's spectrum portfolio and are in line with the Guarantor's commitment to expanding its network.

#### ***South Asia (except India)***

The Guarantor began its mobile services offering in Bangladesh in November 2010. In 2017, the Guarantor merged its business operations in Bangladesh with Robi Axiata Limited, a joint venture between the Malaysia-based company Axiata Group Berhad and the Guarantor, in which it acquired a 25% equity interest in the entity. The Guarantor's stake in Robi Axiata Limited increased to 31.3% in June 9, 2020. Following the IPO of Robi Axiata Limited on December 10, 2020, the Guarantor's shareholding was diluted to 28.18%.

#### ***Africa***

As at December 31, 2020, the Guarantor was active in 14 countries in Africa with a total subscriber base in Africa of approximately 118.9 million customers. In July 2019, the Guarantor concluded the initial public offering of Airtel Africa Plc on the London Stock Exchange and a secondary listing on the Nigerian Stock Exchange and raised net IPO proceeds of U.S.\$680 million. The Guarantor has established its Africa headquarters in the United Kingdom.

The Guarantor is focused on the strategic divestment of its tower operations across its footprint in order to focus on its core subscriber-facing operations. The Guarantor has divested more than 9,400 tower sites across Nigeria, Uganda, Zambia, Kenya, DRC, Niger, Congo and Rwanda since 2014. As at December 31, 2020, the Guarantor had a tower portfolio of over 24,000 towers.

As at December 31, 2020, the mobile services offering through Airtel Africa Plc included approximately 119 million customers across the 14 African countries in which the Guarantor has operations. Africa Airtel has also launched mobile money commerce services in 14 African countries including a new MyAirtel selfcare app in April 2020. Airtel Nigeria is currently offering mobile money services in partnership with a licensed bank.

As part of the Guarantor's strategy to leverage the opportunity to extend banking services to underserved populations and increase non-voice revenue, the Guarantor has rolled out Airtel Money across 14 countries in Africa. The Guarantor believes Airtel Money offers mobile banking opportunities to many customers in Africa who may not utilize traditional banking services and those in rural areas who may not have access to such services. The Guarantor has undertaken marketing and educational campaigns in Africa to ensure customers are aware of and understand its Airtel Money service. The Guarantor's mobile money service, Airtel Money, is growing its customer base across Africa. The total customer base using the Airtel Money platform increased by 29% to 21.5 million as at December 31, 2020 as compared to 16.6 million as at December 31, 2019. The Guarantor also facilitates access to microloans from third-party loan providers in certain countries and intend to roll this service out across its footprint. Where available, Airtel Money subscribers can dial the Airtel Money USSD code for instant access to loans from the Guarantor's third-party partners. The Guarantor provides its loan partners with certain permitted customer data, for use in assessing an applicant's creditworthiness and in ultimately making a lending decision. Airtel Kenya launched mobile money interoperability on April 10, 2018. Customers of the operator are now able to seamlessly transfer or receive money across networks for no extra charge.



The Guarantor is in the process of implementing Airtel Money Virtual Card Number (“VCN”) services. VCN refers to soft (non-plastic) equivalents of debit or pre-paid scheme cards for online merchant payments. The VCN will be linked with a customer’s Airtel Money wallet as a source of funds, providing customers an additional channel to access their funds from their Airtel Money wallet. The card will supplement the existing pay bill and merchant payment solutions and enhance customers’ e-commerce experience. The Guarantor expects VCN services will provide a global platform for Airtel Money and further enhance the market perception that MFS are a viable alternative or supplement to traditional banking facilities.

On October 9, 2019, Africa Airtel announced a partnership with Master-card, which will give Mobile Money customers the ability to make online payments globally with their Mobile Money Master-card virtual card. The partnership was further expanded in September 2020 with the launch of a pay-on-demand payment platform, aimed at driving the digital economy across Africa by enabling digital access to everyday products and services for under-served consumers and micro, small and medium enterprises.

In August 2020, Airtel Africa announced a strategic partnership with Standard Chartered Bank to co-create new, innovative products aimed at enhancing the accessibility of financial services for customers in Africa. Airtel Africa’s Airtel Money customers will be able to make real-time online deposits and withdrawals from Standard Chartered bank accounts, receive international money transfers directly to their wallets, and access savings products, amongst other services.

### **Homes Services**

The Guarantor’s homes services business segment offers a range of services including fixed line telephone services providing local, national and international long distance voice connectivity, as well as broadband internet access.

To extend the Guarantor’s reach into Tier 2 and Tier 3 towns, the Guarantor has entered into unique partnerships with Local Cable Operators to provide high speed broadband connections to residents. As at December 31, 2020, the Guarantor provided homes services in 219 cities in India. The Guarantor’s homes services business segment had 2.79 million customers as at December 31, 2020, representing a growth of 18.7% as compared to 2.35 million customers as at December 31, 2019.

The Guarantor’s homes services business segment focuses on developing its services in cities with high revenue potential, such as New Delhi, Mumbai, Kolkata and Chennai. In Fiscal Year 2020, the Guarantor enhanced its customer experience with the launch of the ultra-fast broadband offering – *Airtel XStream Fibre*, which offered speeds up to 1 Gbps. It was combined with unlimited landline calling benefits along with exclusive access to *Airtel Thanks* offers. In the second quarter of Fiscal Year 2021, the Guarantor launched Truly Unlimited plans which offered unlimited data to its customers across price plans. The Guarantor also believes there is potential to grow its homes services business segment in smaller towns across India and have focused on investing in its partnerships with local cable operators in such towns.

The revenue from homes services business segment was Rs. 17,333 million (U.S.\$237 million) for the nine months ended December 31, 2020, Rs. 22,451 million (U.S.\$307 million) for the fiscal year ended March 31, 2020 and Rs. 22,391 million for the fiscal year ended March 31, 2019.

### **Digital TV Services**

Through the Guarantor’s “Airtel Digital TV” service launched in October 2008, the Guarantor is one of the operators to provide DTH services in India. The Guarantor currently offers both standard and high definition digital TV services with 3D capabilities and Dolby surround sound. The Guarantor currently offers a total of 648 channels including 85 HD channels (including 3 HD SVOD services), 60 SVOD services, 6 international channels and 3 interactive services.

As at December 31, 2020, Airtel Digital TV reached 17.9 million customers, an increase of 9.8% as compared to 16.3 million as on December 31, 2019. The Guarantor is focused on increasing its DTH distribution presence across India, and had coverage in 639 districts in India as at December 31, 2020. The Guarantor distributes the majority of its DTH service offerings through its mobile services retail outlets.

The Guarantor has also invested in technologies to improve signal quality and consistency. In addition, it has launched “*Airtel Pocket TV*”, a mobile application which enables customers to watch TV programs while on the move. The Guarantor was also the first to release feature films on a digital TV platform. In 2017, “*Airtel Internet TV*” won the “*Tech Peripheral of the Year*” award at the NEXA NDTV Gadget Guru Awards. In September 2019, the Guarantor launched “*Airtel Xstream Fibre*” which is an ultra-fast broadband connection that will benefit both home and business establishments. The Guarantor also launched its converged digital entertainment play: Airtel Xstream, which offers a range of connected devices, applications and services. As part of the Airtel Xstream device portfolio, the Guarantor launched an android based OTT smart stick and an Android based 4k Hybrid Smart Box that offers satellite TV and OTT content. The Guarantor also launched Airtel Xstream app, which is a revamped version of Airtel TV app (earlier Airtel Pocket TV). The revenue from digital TV services business segment was Rs. 22,889 million (U.S.\$313 million) for the nine months ended December 31, 2020, as compared to Rs. 29,239 million (U.S.\$400 million) for the fiscal year ended March 31, 2020 and Rs. 41,001 million for the fiscal year ended March 31, 2019.

### **Airtel Business**

The Guarantor’s Airtel Business is India’s leading provider of information communication technology services, with a network spanning across India, USA, Europe, Africa, the Middle East, Asia Pacific and other countries in South Asia. It serves over 1,200 customers globally as well as 2,000 large businesses and 500,000 medium/small businesses across India. The Guarantor Business offers a diverse portfolio of products and services covering voice, data, collaboration, work-from-home solutions, cloud, data centre, cyber security, IoT, network integration, managed services, enterprise mobility and digital media across a range of industries. To align more closely with its customer needs, Airtel Business also offers vertical-specific solutions across a range of industries in India. Through its diverse portfolio, the Guarantor continues to enhance capabilities in digital service delivery capabilities, with a key focus on enhanced end-user experience, round-the-clock infrastructure availability and service quality.

Airtel Enterprise Hub is a one-stop digital platform offering self-care services to enterprise and small and medium business customers. The Guarantor Business’ customers can seamlessly access services including bill payments and account management on a single interface with a single sign-in.

Global Business, the international business of Airtel Business, offers an integrated suite of global and local connectivity solutions, spanning voice and data to the carriers, telecommunication providers, OTTs, large multinationals and content owners globally. Its international infrastructure includes the ownership of seven submarine cable systems and it also has a capacity of 27 other cables across various geographies.

Global Business’s global network covers over 360,000 Rkms (including IRU) across 50 countries and five continents, seven international cables and 65 global points of presence. It also provides direct terrestrial connectivity in South Asian countries, Myanmar and China, helping to accelerate India’s emergence as a preferred transit hub.

Global Business leverages the direct presence of Airtel Mobile’s operations in 16 countries across Asia and Africa, offering mobile solutions (international toll-free service, signalling hubs and messaging) along with managed services and SatCom solutions. Global Business also provides advanced consumer solutions such as IoT to global customers.

The revenue from Airtel business segment was Rs. 107,055 million (U.S.\$1,466 million) for the nine months ended December 31, 2020, as compared to Rs. 132,331 million (U.S.\$1,812 million) for the fiscal year ended March 31, 2020 as compared to Rs. 124,537 million for the fiscal year ended March 31, 2019.

### ***The Indus Merger***

On April 25, 2018, Bharti Infratel and Indus Towers announced their intention to merge and create a pan-India tower company operating across all 22 telecom service areas (the “**Indus Merger**”). The Indus Merger received approval from the Competition Commission of India, Securities and Exchange Board of India and the NCLT. The Department of Telecommunications’ approval for foreign direct investment was received on February 21, 2020. On August 31, 2020, Bharti Infratel’s Board of Directors provided its authorization to proceed with the Indus Merger. The certified copy of the NCLT order approving the Indus Merger was allowed for filing with the Registrar of Companies on October 22, 2020. Subsequent to the filing of the NCLT orders by the respective companies, the merger of Bharti Infratel and Indus Towers was completed effective on November 19, 2020. The merged entity, which fully owns the combined businesses of Bharti Infratel and Indus Towers, has changed its name on December 10, 2020 to Indus Towers and has continued to be listed on the NSE and BSE stock exchanges.

Immediately following the Indus Merger, the Guarantor’s 53.5% shareholding in Bharti Infratel was reduced to 36.7% in the merged Indus Towers entity, with other significant shareholders being the Vodafone Group, Vodafone-Idea and Providence. Therefore, with effect from the effective date of the Indus Merger, November 19, 2020, the Guarantor no longer holds a controlling stake in Bharti Infratel, and the Guarantor began accounting for its equity interests in the post-merger, combined Indus Towers under the equity method of accounting rather than as a consolidated subsidiary. On December 2, 2020 and December 28, 2020, the Guarantor acquired an additional stake of 4.935180% and 0.064816%, respectively, in the merged Indus Towers entity, increasing its equity stake from 36.7% to 41.7%, as it currently stands on the date of this Offering Memorandum.

The post-merger Indus Towers entity is a leading provider of passive infrastructure and offer services, which include setting up, operating and maintaining wireless communication towers. Indus Towers provides these services on a non-discriminatory basis to all telecommunication service providers in India. See “*Risk Factors—Risks Relating to the Guarantor’s Business—The Guarantor is exposed to risks associated with the passive infrastructure services business through its Indus Merger joint venture, including regulatory and market risks, which could materially and adversely affect the Guarantor’s results of operations*” for further information.

### **Engineering / IT Platforms**

The Guarantor is a highly digital organization with deep emphasis on using technology to provide a brilliant customer experience and deep insights for its businesses. The Guarantor has over the years adopted a diversified approach towards developing and maintaining its business and enterprise IT and engineering systems. A large part of Digital Airtel is based on deep technology platforms that are developed in-house by its diverse engineering talent in Airtel XLabs. Most of these are based on the latest open source technologies and built for the Guarantor’s large scale and volumes. Airtel XLabs also leverages a lot of deep machine learning and AI technologies in order to build deep business and consumer insights and allow for a personalized experience for the Guarantor’s customers.

The Guarantor’s digital platforms have extensive reach and are focused on both serving customers and building new technology-led revenue streams.

## **Network Partners and Joint Ventures**

### ***Strategic Equity Partners***

Immediately following the Indus Merger, the Guarantor held a 36.7% equity interest in Indus Towers (which merged with, and into, Bharti Infratel effective as of November 2020), a leading provider passive infrastructure and offer services, with other significant shareholders being the Vodafone Group, Vodafone-Idea and Providence. These services include setting up, operating and maintaining wireless communication towers. Towers comprise the non-active components of a wireless telecommunications infrastructure network, including the tower structure, shelters, industrial air conditioners, diesel generators, batteries, switch mode power supplies and voltage stabilizers. Indus Towers provides these services on a non-discriminatory basis to all telecommunication service providers in India. On December 2, 2020 and December 28, 2020, the Guarantor acquired an additional stake of 4.935180% and 0.064816%, respectively, in the merged Indus Towers entity, increasing its equity stake from 36.7% to 41.7%, as it currently stands on the date of this Offering Memorandum. As at December 31, 2020, Indus Towers operated 131,332 towers in 15 telecommunication circles, and had 240,672 co-locations for a sharing ratio of 1.83. See “—*The Guarantor’s Business—Business Operations—The Indus Merger*” for further information.

The Guarantor has a strategic alliance with SingTel which has enabled the Guarantor to further enhance and expand its telecommunications networks in India to provide quality service to its customers. As at December 31, 2020, SingTel held approximately 31.93% of the Guarantor’s shares through direct and indirect ownership.

In addition, the Guarantor continues to retain a strategic relationship with its subsidiary, Airtel Africa Plc, which was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange and the Nigeria Stock Exchange and on the Official Trading List of the Nigerian Stock Exchange in July 2019. See “—*The Guarantor’s Business—Strategy—Focus on deleveraging and maintaining financial flexibility.*”

### ***Equipment and Technology Partners***

The Guarantor has strategic partnerships in all areas including equipment and technology, building upon the unique outsourcing business models that it has pioneered. The Guarantor believes its business models have enabled it to partner with global leaders who share its objective of co-creating innovative and tailor made solutions for the markets in which the Guarantor operates.

### ***Engineering/ IT Partners***

Airtel also uses key partners to provide some telecom and technology products and services. The Guarantor has deep partnerships with technology companies like Amdocs, Oracle, Ab Initio, IBM, VMWare, Avaya, HP etc. The Guarantor engages with these partners on a need basis and on a shorter term contracts. This is in contrast to the earlier engagement model where there was a very high dependence on a select few system integrators and OEMs and avoids any lock-ins for a longer duration, giving the flexibility to change if needed. The Guarantor also uses a lot open source software so this approach has allowed it to deploy and run, with agility and efficiency, its various engineering and IT systems including but not limited to, operations support systems (“OSS”), business support systems (“BSS”), financial systems, reporting and analytics across India and Sri Lanka.

### ***Customer Care Partners***

The Guarantor’s call center partners are Wipro, Accenture, BPO convergence and Cogent, amongst others, providing a strong customer experience through dedicated contact center operations. The Guarantor’s existing call center technology partners are Avaya, Verint and Cisco, providing tech infrastructure, interactive voice response and call routing and handling technology.

### **Content and Value Added Partners**

The Guarantor works with globally recognized organizations such as Comviva, OnMobile, Google and Spice Digital, among others, providing each of its customers with a unique experience in value added services. The Guarantor has revenue sharing agreements in place with most of these content partners.

One of the Guarantor's key technological investments was the creation of a content provisioning platform that could provide its customers access to premium content from providers such as Amazon Prime, Netflix, Hotstar and Zee5. In 2018, Netflix announced an expansion of their partnership with the Guarantor in India through which subscribers of select Airtel Postpaid and V-Fiber Home Broadband plans would receive a complimentary Netflix subscription for three months. Subsequent to the three months subscription, the subscribers would be able to pay for their Netflix subscription seamlessly, using their Airtel postpaid or home broadband bill. The expanded partnership strengthens the Guarantor's differentiated and digital content portfolio while giving Netflix access to a wider pool of customers. In November 2018, the Guarantor announced a content partnership with an on-demand video streaming platform, Hoichoi, to offer Bengali digital content to Airtel Xstream users. The Guarantor announced a partnership with global content leader Lionsgate (the international premium subscription platform from Starz) to bring premium content from Lionsgate Play to Airtel subscribers in India. The partnership will give Airtel customers access to a deep portfolio of critically acclaimed and beloved Lionsgate feature film content. This content will be available on the Airtel Xstream app and web platforms. The Guarantor also announced a partnership with CuriosityStream, an award-winning global media company that provides best-in-class factual entertainment content, to offer its content on Airtel Xstream Mobile app, web and TV platform. The Guarantor is the first partner to bring CuriosityStream to India, directly to viewers.

In January 2021, the Guarantor partnered with Amazon to launch its first mobile-only video plan (Prime Video Mobile Edition) in India, making high quality entertainment accessible to the Guarantor's customers. As part of the launch, the Guarantor's customers can enjoy Prime Video membership at a deeply discount price or can purchase the subscription as part of a pre-paid bundle.

### **Network Partners**

The Guarantor's network partners include active network partners, passive infrastructure services partners and IT partners. The active network partners supply, implement, integrate, deploy and maintain the Guarantor's mobile network. The passive infrastructure services partners provide and maintain passive infrastructure at sites such as towers, shelters and other equipment needed to provide energy to the Guarantor's mobile equipment. IT partners provide services related to the Guarantor's customer-facing and internal IT requirements.

The Guarantor continues to expand network capacity and take actions for enhancing user experience. It has completed the conversion of 3G spectrum to 4G spectrum, and has split the sector technology for 4G to increase network capacity and improve the user experience. The Guarantor is using four spectrum bands for 4G network. In September 2017, the Guarantor announced the deployment of massive MIMO (pre-5G technology) with four partners and the first round of deployment was started in Bangalore and Delhi and is now being expanded to all circles.

### **Active Network Partners**

The key agreements with the active network partners include equipment supply contracts and service contracts. The equipment supply contracts cover the supply of hardware, software and other electronic equipment required to set up and expand the Guarantor's mobile network. The service contracts provide for the designing, implementation, integration, deployment and maintenance of the equipment deployed under the equipment supply contracts.

The Guarantor has minimized its dependence on any single network partner to provide critical network services by obtaining ownership of equipment deployed by its network partners under the equipment supply contracts

and utilizing GSM, 3G or 4G technology that can be set up and maintained with standardized components, allowing equipment installed by one partner to be integrated, expanded and maintained by another competing partner. This enables the Guarantor to enter into short-term, non-exclusive contracts with network partners and separate service contracts from equipment supply contracts. The Guarantor engages in a new request-for-proposal process at the end of each contract term, which allows the Guarantor to continually re-evaluate the cost and performance of each active network partner and form new partnerships as necessary.

The Guarantor works with its network partners to purchase network equipment and capacity on an actual need basis, rather than at a box rate basis for installed equipment which set capacity amounts that may or may not reflect actual requirements.

#### ***Fiber Network Partners***

In Africa, the Guarantor engages reputed vendors to lease shared fiber capacity or to build fiber capacity that is exclusive to the Guarantor to cater to both mobile data as well as fixed enterprise data customers. These vendors provide expertise in building and maintaining fiber networks and generally have an existing, multinational presence in Africa. For ongoing maintenance of the Guarantor's enterprise equipment, such as routers, the Guarantor engages either the OEM or local market maintenance vendors with expertise in the relevant equipment. The Guarantor believes that these partnerships allow it to efficiently access sufficient fiber capacity while leveraging the expertise of third-party vendors to maintain the relevant equipment and fiber, thereby allowing it to focus on customer facing activities in relation to its products and services.

#### ***Passive Infrastructure Partners***

Passive infrastructure includes the telecommunication site to install the active network equipment, the passive infrastructure located at each such site, including but not limited to the tower, shelter, diesel generator sets, air conditioners and electrical power and civil works.

In India, passive infrastructure services for the Guarantor's mobile network are provided primarily by Indus Towers, a leading provider of passive infrastructure and offer services which merged with, and into, Bharti Infratel effective as of November 2020 and as it currently stands on the date of this Offering Memorandum, 41.7% owned by the Guarantor, as well as by ATC Towers, an independent provider of passive telecom infrastructure services in India. The Guarantor has entered into master service agreements with Indus Towers and ATC Towers. These master service agreements are long term and are reviewed periodically. Infrastructure services at individual site are typically for a minimum period of five years and can be voluntarily terminated prior to expiration of its term for a pre-determined mutually agreed exit fee. If the master service agreement is to be terminated, all service orders / agreements made under it should be pre-terminated. In relation to infrastructure services at the site, the Guarantor pays monthly charges along with energy charges. If additional mobile network operator(s) share the same passive infrastructure services, the Guarantor's charges gets reduced according to the terms of the master service agreement, based on the number of operators sharing the passive infrastructure services. As of December 31, 2020, the Guarantor had contracted mainly with both ATC Towers and Indus Towers for passive infrastructure services to be provided in all telecommunication circles of India.

In Africa, the Guarantor entered into master service agreements with Ericsson and Nokia Siemens Networks Pvt. Limited for the maintenance of its passive infrastructure.

#### **Licenses and Regulations**

The operation of telecommunications networks and the provision of related services are regulated to varying degrees by national, state, regional or local governmental and/or regulatory authorities. Operating licenses of the Guarantor and its subsidiaries specify the services they can offer and the frequency spectrum they can utilize for wireless operations. These licenses are subject to review, interpretation, modification or termination by the relevant authorities. The operating licenses are generally renewable upon expiration. However, there is no

assurance that they will be renewed or that any renewal on new terms will be commercially acceptable to the Guarantor and its subsidiaries. See *“Risk Factors—Risks Relating to the Guarantor’s Business—The telecommunications market is highly regulated and changes in laws, regulations or governmental policy could potentially adversely affect the Guarantor’s business, prospects, financial condition, cash flows and results of operations”* and *“Risk Factors—Risks Relating to the Guarantor’s Business—the Guarantor’s telecommunications licenses, permits and frequency allocations are subject to finite terms and any failure or delay in renewal of licenses could adversely affect the Guarantor’s business, prospects, financial condition, cash flows and results of operations”*.

The Guarantor holds mobile network licenses and access spectrum in all 22 mobile telecommunication circles. The band wise spectrum holding (in unpaired terms) as of December 31, 2020 is as follows:

1. 800 & 900 MHz Band - 255.3 MHz
2. 1800 MHz Band - 566.1 MHz
3. 2100 MHz Band - 340.0 MHz
4. 2300 MHz Band - 570.0 MHz

The total quantum of spectrum as of December 31, 2020 was 1,731.40 MHz (including the 142.50 MHz of unpaired spectrum acquired from Tata with effect from July 1, 2019 in 800 MHz, 1800 MHz and 2100 MHz bands).

The Guarantor inherited a number of licenses across its various African operations when it acquired Zain Africa B.V., primarily relating to authorization by local authorities to use frequency spectrum, operate public telecommunications networks and offer public telecom services. The Guarantor currently holds multiple licenses in Africa, permitting the Guarantor to offer telecom, broadband and mobile money services across its footprint in Africa.

### **Customers and Distribution Network**

The Guarantor serves customers across numerous constituencies through its Indian and international networks, including individuals, small and medium enterprises, large companies, other carriers and governments. As at December 31, 2020, the Guarantor served an aggregate of over 458 million customers globally. In India, the Guarantor has the second largest wireless services customer base, with approximately 330.3 million mobile subscribers as at October 31, 2020. In Africa, the Guarantor’s subscriber base comprised 118.9 million customers as at December 31, 2020.

The Guarantor believes its strong distribution network is a critical part of its business and a key reason for its large customer base. As at December 31, 2020, the Guarantor had over 1 million retail outlets in India and over 51,500 retail outlets in Sri Lanka offering its products, many of which have established relationships with the Guarantor. As the Guarantor have done in India, Airtel Africa is developing a wide distribution presence in Africa, introducing convenient services such as electronic recharge options as well as augmenting its distribution base to increase customer access to its services. As at December 31, 2020, the Guarantor’s network in India covered 7,907 census towns and 791,672 non-census towns and villages in India, covering a geographic area in which approximately 95.4% of the country’s population is located.

### **Employees**

While the Guarantor strives to provide its customers with a variety of services, it believes its employees across all segments and markets contribute to one Airtel. The Guarantor’s total number of employees in India was 14,274 as at December 31, 2020 and 15,872 as at March 31, 2020 (excluding the Indus Towers joint venture and other joint ventures). In Africa (excluding joint venture in Ghana) and South Asia (excluding India), the

Guarantor's total number of employees as at December 31, 2019 was 3,286 and as at December 31, 2020 was 3,498.

The Guarantor seeks to attract the highest quality engineering and management graduates. The Guarantor enables its employees to participate in development training programs throughout their employment, with a strong mix of self-initiated learning and nominations for developmental work.

The Guarantor continues to invest in its employees to upgrade their skills and competencies through the Guarantor's integrated digital learning solution which provides its employees with access to over 10,000 courses across platforms.

### **Trademarks**

The Guarantor owns numerous trademarks that are used in respect of various goods and services across various territories. The general policy adopted by the Guarantor is to seek protection for all the trademarks being used in order to ensure that exclusivity is maintained over these trademarks. Furthermore, in order to ensure the competitive advantage granted by these exclusive rights, the Guarantor also regularly monitors and take action against any third parties that may seek to adopt similar trademarks.

The Guarantor's principal brand name AIRTEL and the Airtel logo are registered marks in India. In addition to India, the mark AIRTEL has also been granted registration across various jurisdictions including the United State of America, UK, The European Union, Singapore, Malawi, Rwanda, Uganda, Kenya, Mozambique and Madagascar. The trademark AIRTEL has also been recognized as a well-known trademark by several authorities across India, ensuring that the mark is granted a higher level of protection across all classes of goods and services including those which are considered dissimilar.

### **Competition**

#### **India**

The Indian wireless industry is hyper competitive. Before consolidation, the sector consisted of eight value players (Aircel, Airtel, BSNL/ MTNL, Tata, Idea, Reliance Communications, Telenor and Vodafone). After the consolidation in the sector, the Guarantor's primary competitors are operators such as RJIO, Vodafone Idea and BSNL/MTNL. The Guarantor competes with all these operators in the wireless market space. In addition, to facilitate greater competition, the regulator launched nationwide Mobile Number Portability ("MNP") in January 2011.

The Guarantor operates in the international and national long-distance segments, where barriers to entry are low and licenses are available at relatively low prices. While a number of operators have been awarded licenses, the Guarantor's primary competitors in this segment include Tata Communications, BSNL and Reliance Jio, as well as specialized operators such as SIFY, with the other licensees using their long-distance licenses primarily to carry their own traffic. Smaller operators, however, do not own their have fibers to carry their traffic and continue to lease traffic capacity from the larger operators such as the Guarantor.

In the DTH segment, the Guarantor's current competitors include Dish TV Videocon Limited, Tata Sky and Sun Direct. While the entry barriers to this segment are relatively low, the constraining factor remains the availability of appropriate band transponder capacity in satellites with footprint over India.

The Guarantor, along with its competitors, may also be subject to competition from providers of new telecommunication services as a result of technological developments and the convergence of various telecommunication services. For example, Internet-based services, such as Google Voice, WhatsApp, Yahoo Voice and Skype, allow users to make calls, send Short Messaging Service ("SMS") and offer other advanced features such as the ability to route calls to multiple handsets and access to Internet services.



## ***International***

### ***Africa***

The Sub-Saharan African mobile landscape is dominated by a few large multinational operators competing against smaller regional players across different markets. Key players include Airtel, MTN (competing with Airtel in Congo B, Nigeria, Rwanda, Uganda and Zambia), Vodacom (competing with Airtel in DRC, Kenya, and Tanzania), Orange (competing with Airtel in DRC, Madagascar and Niger), Tigo (competing with Airtel in Chad and Tanzania) and Maroc Telecom (competing with Airtel in Gabon and Niger)

### ***South Asia***

The Guarantor competes with three key operators in Sri Lanka. The Guarantor's total number of market subscribers in Sri Lanka was 2.9 million as at December 31, 2020 as compared to 2.9 million as at March 31, 2020, 2.6 million as at March 31, 2019, and 2.3 million subscribers as at March 31, 2018. The Guarantor provides 3.5G services across major towns in Sri Lanka.

The Guarantor's primary competitors in Sri Lanka are Dialog, Mobitel and Hutch.

## **African Regulations**

The Guarantor operates in 14 countries in Africa and are subject to various regulators in each of these jurisdictions, including country specific telecommunications, environmental, tax and corporate governance regulators. While there is some public discussion of harmonizing the telecommunications regulations of some neighboring jurisdictions, the regulatory environment is highly fragmented and requires the Guarantor's subsidiaries to coordinate locally.

The Guarantor believes that African regulators are becoming increasingly stringent in setting norms and requirements for coverage and quality of service. The telecommunications sector continues to face pressure for additional taxes and levies from regulators as the telecommunication sector is now increasingly being perceived as a source of revenue for these economies.

## **Real Property**

While the Guarantor owns or leases various properties for its corporate operations, the Guarantor also obtains passive infrastructure services that allow it to install active equipment on the towers of IPs under commercial agreements.

## **Insurance**

The Guarantor has insurance coverage through third-party insurers, which it considers adequate to cover all normal risks (including business interruption) associated with the operation of its respective businesses.

## MANAGEMENT

### Board of Directors

The Board is responsible for the management and administration of the Guarantor's affairs, and the Board (and any committee which it appoints) is vested with all of the powers of the Guarantor. Directors are not required to hold any of the Guarantor's equity shares. The Board currently consists of 11 directors out of which two Directors are Executive Directors and nine Directors are Non-Executive Directors, including six Independent Directors.

All the directors except the Chairman and independent directors are subject to retirement by rotation. Of those directors, one third must retire at each annual general meeting. If eligible, such directors may offer themselves for re-election.

As at December 31, 2020, the Board consisted of the following members:

| Name                  | Age | Position                                         | Original Date of Appointment |
|-----------------------|-----|--------------------------------------------------|------------------------------|
| Sunil Bharti Mittal   | 63  | Chairman                                         | July 7, 1995                 |
| Gopal Vittal          | 54  | Managing director and CEO (India and South Asia) | February 1, 2013             |
| Rakesh Bharti Mittal* | 65  | Non-executive director                           | January 07, 2016             |
| Chua Sock Koong       | 63  | Non-executive director                           | May 7, 2001                  |
| Tao Yih Arthur Lang   | 48  | Non-executive director                           | October 27, 2020             |
| Craig Edward Ehrlich  | 65  | Independent director                             | April 29, 2009               |
| Dinesh Kumar Mittal   | 67  | Independent director                             | March 13, 2014               |
| Manish Kejriwal       | 52  | Independent director                             | September 26, 2012           |
| Shishir Priyadarshi   | 63  | Independent director                             | February 4, 2015             |
| V.K. Viswanathan      | 70  | Independent director                             | January 14, 2014             |
| Kimsuka Narasimhan    | 56  | Independent director                             | March 30, 2019               |

*\* Director since July 7, 1995 until September 26, 2012 and re-appointed as Director since January 7, 2016.*

The following are the members of the Board of Directors:

#### Sunil Bharti Mittal, Chairman

Sunil Bharti Mittal is the Founder and Chairman of Bharti Enterprises, one of India's leading conglomerates with diversified interests in telecom, insurance, real estate, agri and food, in addition to other ventures. Bharti has joint ventures with several global leaders: SingTel, SoftBank, AXA, and Del Monte, amongst others.

Bharti Airtel, the flagship company of Bharti Enterprises, is a global telecommunications company with operations in 18 countries across South Asia and Africa.

Sunil has been the pioneer of the mobile revolution in India. At a time when mobile telecom was considered inaccessible for the masses, Bharti Airtel revolutionized the business model to offer affordable voice and data

services. Starting from operations in one Indian city in 1994, to a presence across 18 countries today, Bharti Airtel has transformed the quality of lives of millions of people globally, providing connectivity and digital empowerment. The company continues to focus on driving data as the ensuing growth frontier and is leading the rollout of next generation data networks across India and Africa.

Sunil is a recipient of the Padma Bhushan, one of India's highest civilian honors, awarded to individuals for demonstrating distinguished services of high order. He has also been awarded Harvard Business School's Alumni Achievement Honor – the utmost honor accorded by the institute to its alumni. He is the recipient of GSMA's prestigious Chairman award, besides being decorated with numerous industry honors. Sunil has been conferred Honorary Doctorates by several leading universities in India and Europe.

Sunil serves on many international bodies and think tanks. He served as Chairman of the International Chamber of Commerce (ICC) from June 2016 to June 2018. He was also the Chairman of GSM Association (GSMA) from Jan 2017 to Dec 2018. He is a member of the International Business Council-WEF, a Commissioner of the Broadband Commission, a member of the Global Board of Advisors at the Council on Foreign Relations (CFR), a Trustee at the Carnegie Endowment for International Peace (CEIP) and on the Board of Qatar Foundation Endowment. From 2007 to 2008, he also served as President of the Confederation of Indian Industry (CII), the premier industry body in India. Sunil has served on the board of several multinational companies including Unilever PLC, Standard Chartered Bank PLC and SoftBank Corp.

Sunil is closely associated with spearheading the Indian industry's global trade, collaboration and policy - he has served on the Prime Minister of India's Council on Trade and Industry. He is also a member of the India-US, India-UK and India-Japan, India-Sweden CEO Forums. He is Co-Chair of the India-Africa Business Council.

Deeply associated with the cause of education, Sunil is on Harvard University's Global Advisory Council and the Governing Board of the Indian School of Business. He has also served on the Board of Dean's Advisors at Harvard Business School and the Board of Trustees of Qatar's Education Above All Foundation.

Sunil believes that a responsible corporate has a duty to give back to the community in which it operates. This belief has resulted in Bharti Foundation, which operates nearly 200 Satya Bharti Schools as well as supports over 800 government schools under Quality Support Program to ensure holistic education for over 275,000 under-privileged children in rural India. Sunil was ranked among the Top 25 Philanthropists in the World in 2009 by the Barron's Magazine.

### **Gopal Vittal, Managing Director and CEO (India and South Asia)**

Gopal Vittal is currently the Managing Director & Chief Executive Officer (India & South Asia) of Bharti Airtel Limited. In his role as CEO, he is responsible for defining and delivering the business strategy and providing overall leadership for Airtel's India & South Asia operations.

Under the leadership of Mr. Vittal, Airtel had achieved a life-time high revenue market share. The Guarantor was recognized as the second most valuable brand in the country. In 2018, Airtel was also ranked 10th 'Best Company to Work for' and the 'Best Employer in Telecom' in India. In the last six years, he has strengthened the operation while driving transformation of the telco to be a strong digital services player.

Mr. Vittal was previously with Bharti Enterprises where he was the Group Director, Special Projects (April 2012 - Feb 2013). In this capacity, he worked towards formulating and supporting Airtel's International strategy and data expansion. He also held the post of Director, Marketing at Bharti Airtel (2006-08).

In addition, Mr. Vittal has also been with Hindustan Unilever for over 20 years. He led several national and global assignments across sales, marketing and general management. In his last four years he was the Head of the U.S.\$3.5 Home and Personal Care Business driving accelerated growth from 5% to 15%.

Mr. Vittal is an alumnus of Madras Christian College and has completed his MBA from IIM, Kolkata.

**Rakesh Bharti Mittal, Non-executive Director**

Rakesh Bharti Mittal is Vice-Chairman of Bharti Enterprises, one of India's leading business groups with interests in telecom, agri-food business, financial services, realty, and communication & media devices.

Bharti Airtel, the flagship company of Bharti Enterprises, is a global telecommunications company with operations in 18 countries across South Asia and Africa. Bharti has joint ventures with several global leaders: Vodafone, Singtel, AXA, Del Monte, SoftBank, and Brightstar.

Rakesh is the Chairman of Bharti AXA Life Insurance, Bharti AXA General Insurance and FieldFresh Foods. He is also a Non-Executive Director of Bharti Airtel and Managing Director of Bharti Realty Limited.

Rakesh served as the President of CII for the year 2018-19. He has been the Chair of several CII Councils and Committees at the National level.

Rakesh is the Co-Chair of the India-Uzbekistan Business Council. He is a member of the India-UK CEO Forum, India-Japan Business Leaders' Forum, India Pakistan Joint Business Forum (IPJBF), Founders Circle - Brookings India and the Indian Council for Research on International Economic Relations (ICRIER) and a member of the Board of Governors of Indian Institute of Corporate Affairs (IICA). Rakesh is also a member of the Governing Board of Centre for Policy Research (CPR) and Member of the Advisory Board of Pranab Mukherjee Foundation. Rakesh also serves as a member of the Economic Advisory Council – Government of Haryana. In the past, he served as a member of Agricultural and Processed Food Products Export Development Authority (APEDA), Society of Indian Council of Agricultural Research (ICAR), the National Food Processing Development Council (NFPDC), MoFPI, Government of India and member of the India-Canada CEOs Forum. Rakesh also served as the Honorary Consul for the Republic of Sierra Leone in India from 2014 to 2020.

A passionate advocate of right to good education, Rakesh serves on Boards of several educational institutions. He is a member of All India Board of Studies for Post-Graduate Education and Research in Engineering & Technology (AIB-PGERT), a member of the Board of Indian School of Business (ISB), the Chairman of the Advisory Council of the Bharti Institute of Public Policy at ISB Mohali and a member of the Board of Trustees of Reimagining Higher Education Foundation (RHEF). Rakesh is the Co-Chairman of the Advisory Board of Bharti School of Telecommunication Technology & Management at IIT Delhi and is a Member of the Court at Bennett University. He also serves as member of the Managing Society and Governing Board of Dayanand Medical College & Hospital, Ludhiana. He is the President of Nehru Sidhant Kender Trust and also the Chairman of the Governing Council of Sat Paul Mittal School.

Rakesh believes that a responsible corporate has a duty to give back to the community in which it operates. This belief has resulted in Bharti Foundation, which operates nearly 200 Satya Bharti Schools as well as supports over 800 government schools under Quality Support Program to ensure holistic education for over 275,000 under-privileged children in villages across 16 States. With a focus on the girl child, the Satya Bharti Schools provide free education, mid-day meals, books and uniforms to all the children.

Supporting the Prime Minister's mission of Swachh Bharat, Bharti Foundation launched Satya Bharti Abhiyan and has provided over 25,000 individual household toilets in Ludhiana and rural Amritsar, impacting lives of over 1,86,000 beneficiaries and enabled these areas to become open defecation free.

Rakesh has been awarded the Honorary Doctor of Civil Law Degree by Newcastle University, UK. He is a recipient of several awards including the prestigious 'Horusis – Indian Business Leader of the Year 2016 Award (Internationalization)', 'Institute of Engineers - Engineering Excellence Award 2004', and 'LMA - Entrepreneur of the year Award 1992'. In 2019, the Satish Chander Dhawan (S.C.D) College, Ludhiana bestowed Rakesh

with the ‘Lifetime Achievement Award’ for his invaluable contributions in business, different areas of public interest, and nation as a whole.

#### **Chua Sock Koong, Non-executive Director**

Chua Sock Koong, was appointed Singtel Group CEO on April 1, 2007. She has overall responsibility for the Guarantor’s businesses.

Sock Koong joined Singtel in June 1989 as Treasurer before becoming CFO in April 1999. She held the positions of Group CFO and CEO, International from February 2006 to October 12, 2006, when she was appointed Deputy Group CEO.

Sock Koong sits on the boards of Bharti Airtel Limited, Bharti Telecom Limited, the Defence Science and Technology Agency, Cap Vista Pte Ltd and key subsidiaries of the Singtel Group. She is also Deputy Chair of the GSMA Board.

She is a member of the Singapore Management University Board of Trustees, the Public Service Commission, the Research, Innovation and Enterprise Council and Indonesia-Singapore Business Council. She is also an alternate member of Singapore’s Council of Presidential Advisers.

Sock Koong holds a Bachelor of Accountancy (First Class Honours) from the University of Singapore. She is a Fellow Member of the Institute of Singapore Chartered Accountants and a CFA charterholder.

#### **Tao Yih Arthur Lang, Non-executive Director**

Arthur Lang, 48, is the CEO, International of Singtel Group having joined Singtel in January 2017. His main responsibilities are to oversee the growth of the Guarantor’s regional associates across Africa, India, Indonesia, the Philippines and Thailand, strengthen its relationship with overseas partners, and drive regional initiatives, such as the mobile financial services and gaming businesses, for scale and synergies.

Prior to joining Singtel, Arthur was Group Chief Financial Officer of CapitaLand Limited, where he directly oversaw the functions of treasury, financial reporting and controls, risk management, strategic projects, tax, investor relations and private equity fund management. As Group CFO of CapitaLand, Arthur received the Best CFO of the Year Award for listed companies with market capitalization of S\$1 billion and above at the Singapore Corporate Awards 2015.

Prior to CapitaLand, Arthur was at Morgan Stanley where he was co-head of the Southeast Asia investment banking division and prior to that, Chief Operating Officer of the Asia Pacific investment banking division.

Arthur is the Chairman of the National Kidney Foundation Board. He is a board member of Bharti Telecom, Globe Telecom, Intouch Holding PLC and the Straits Times Pocket Money Fund. He is also on the Board of Trustees for the SMU Business School. Arthur holds an MBA from Harvard Business School and a Bachelor of Arts in Economics (magna cum laude) from Harvard University.

#### **Craig Edward Ehrlich, Independent Director**

Craig is the former chairman of the GSMA, the world’s largest trade association for the mobile industry, a position that he held for seven years. He is also former chairman of Carmel Ventures Asia, a leading venture capital company. Craig currently serves as the lead independent director of Bharti Airtel, the world’s fourth largest telecom company and has sat on public boards in Hong Kong, Israel, India, the Philippines and the United States.

In the Philippines, Craig was vice chairman of publicly listed ISM Communications Corporation and formerly a board member of publicly listed Phil web, the country’s leading gaming company. He served as chairman of Taiwan’s largest cable television company, kbro. Craig is also chairman and co-founder of Novare Technologies Inc., an onshoring and outsourcing software development company, based in Hong Kong that serves clients

around Asia. He is also chairman of GTI Beijing, a virtual open platform that advocates cooperation among global mobile operators.

Craig joined the board of Israel based company Lumos Global which provides mobile electricity to customers in Africa.

Craig has been involved in Hong Kong's communications industry since he first settled in Hong Kong in 1987. He joined Hutchison Cablevision as managing director in October 1987 and was a founding member of the team that launched STAR TV, Asia's first satellite delivered multichannel television network. After four years with Hutchison Whampoa, he became the group operations director at Hutchison Telecommunications and was responsible for the company's operations in 10 countries.

In 1993, Craig left the Hutchison group and established companies involved in the introduction of cable television and paging services. He sold these companies in September 1996 and started Hong Kong mobile operator. SUNDAY Communications Ltd. in November 1996. Craig was formerly a board member of ECI (NASDAQ) Hutchison Telecom Group, Roamware and ITU Telecom. He is also a member of UCLA/Peking University Joint Research Institute Advisory Committee and the board chair as well as a founding member of the Center for Global Management at the UCLA Anderson School of Management. In 2015, Craig, became a member of UCLA Foundation Board and subsequently its Executive Committee.

Craig holds a B.A. degree from the University of California, Los Angeles, a master's degree from Occidental College and a postgraduate fellowship with the Coro Foundation. He resided in Hong Kong for 29 years and now splits his time between Los Angeles and Hong Kong.

#### **Dinesh Kumar Mittal, Independent Director**

Dinesh Kumar Mittal is an independent non-executive director of Bharti Airtel. He is a former Indian Administrative Service (IAS) officer of 1977 batch (UP cadre) and has served the government of India in various capacities. Mr. Mittal was Secretary, Department of Financial Services, where he was responsible for overseeing banking, Insurance and Pension policies of India. During his tenure he worked very closely with the RBI and was on the Board of the RBI, LIC, State Bank of India, IIFCL and IIFCL (UK). Previously as Secretary, Ministry of Corporate Affairs, he has worked closely with ICAI, ICSI and ICWAI. As an Additional Secretary, Department of Commerce, Mr. Mittal was the chief negotiator of India for WTO negotiation. He also supervised all multilateral Preferential Tariff negotiations, development and operation of SEZs in India and FDI and Overseas Investment from India. As Joint Secretary, Ministry of Commerce, he had oversight of International Trade and Special Economic Zones. He formulated SEZ policy in March 2000 for the first time in India. He was with ILFS on secondment from the Govt of India and worked in the area of project development and financing of infra projects.

Mr. Mittal has hands on experience in Infrastructure, International Trade, Urban Development, Renewable Energy, Agriculture Development and Micro- Credit, Corporate Governance, Banking, Insurance, Pension and Finance.

He holds a master's degree in physics with specialization in Electronics from University of Allahabad, India.

#### **Manish Kejriwal, Independent Director**

Manish Kejriwal is the Managing Partner of Keara Capital, a private equity investment fund focused on India. The firm's investors include endowments, private and public pension funds, sovereign wealth funds and global family offices. Kedaara Capital partners with entrepreneurs and management teams to build enduring value in growth-oriented businesses and support them to achieve higher levels of performance. Kedaara also actively engages with family owned businesses to identify and create carve out plays, which with a focused approach can create a win-win for promoters and Kedaara. They offer solution-oriented capital combining deep strategic

& operational expertise in focused sectors, consultative approach and global connectivity to deliver superior returns. The firm enjoys a strategic partnership with Clayton, Dubilier & Rice.

In early 2004, Mr. Kejriwal founded the India office of Temasek Holdings Pte. Ltd., where he headed all its investments and other activities till September 2011. During this time, Temasek invested over U.S.\$4 billion in India. He was a Senior Managing Director and also held multiple responsibilities in Temasek Singapore. He was a core member of its senior leadership team and a key member of Temasek Holding's Senior Management Committee (SMC), and its Senior Investment & Divestment Committee (SIDC). At different times in his career, he also led the firm's global investments in the FIG sector, and its investments in Africa, Middle East and Russia. Manish brings over 15 years of experience, encompassing the full cycle of experiences in private equity across a variety of industries and sectors in private and public companies, and in other private equity funds.

Prior to Temasek, Manish was a Partner at McKinsey & Company, Inc. and was part of their New York, Cleveland and Mumbai offices. He helped found "The Private Equity Practice" during his years in New York and was instrumental in conceiving and co-authoring the widely followed "NASSCOM McKinsey reports." Prior to McKinsey, Manish had worked at the World Bank in Washington D.C. and with Goldman Sachs (Principal Investment/Corporate Finance) in Hong Kong.

Manish received an AB from Dartmouth College where he graduated Magna Cum Laude with a Major in Economics and Engineering Sciences and where he received the Dean's Plate. He holds an MBA from Harvard University, where he graduated with high distinction as a Baker Scholar.

Manish is currently a member on the boards of Parksons Packaging, Bajaj and Bharti. Over the years he has been on the boards of various portfolio companies: Temasek Holdings Advisors India, Punj Lloyd, Bharti Infratel, Fullerton Financial Holdings and Fullerton India Credit Company. He is passionate about driving a few select education initiatives reflected by his ongoing involvement in the United World College movement, as a founder trustee at Ashoka University and as a member of the Harvard Alumni Board.

He is an active member of the Young Presidents' Organization (YPO) and was named a Young Global Leader (YGL) by the World Economic Forum. He was profiled as one of the "25 hottest young executives in India" by Business Today. He has authored various articles on PE in India and has been profiled in various newspapers and periodicals. He is a sought after speaker at numerous conferences in India, Asia and North America. Manish also serves as a member of the Alternative Investments Policy Advisory Committee, constituted by the SEBI.

#### **Shishir Priyadarshi, Independent Director**

Shishir Priyadarshi is a Senior Director of the World Trade Organisation (WTO). He heads the Development Division of the WTO, whose mandate is to facilitate work on all trade related developmental issues in the WTO, especially issues of concern to developing countries and the least-developed amongst them.

He has over 20 years of international experience with proven expertise in the area of international economic policy, infrastructure development, international financial & trade regulations, and of policies that foster economic growth and development. He has an excellent overview and understanding of the international financial architecture, including of the developmental challenges faced by many developing economies. Over the years, he has worked closely with the World Bank, the IMF, the UNCTAD, the UNDP and the OECD on a number of trade related projects. In particular he has a long experience of assisting Governments in Africa in their economic and fiscal policy formulation, as also in their infrastructure planning and development.

For over 20 years, he worked for the Government of India (1980-2000) as a senior Indian Administrative Service officer both in the State of Uttar Pradesh and at the federal level in New Delhi, including in the office of the Cabinet Secretary, dealing with Economic, Finance, Industrial and Infrastructure Ministries.

Mr. Priyadarshi also has very well established research and teaching credentials, borne out by a very large number of publications in international journals and through teaching assignments in a large number of Universities. He has a Master of Science in Physics from Delhi University, and a Master of Arts in Developmental Economics, from Reading University, UK, in both of which he was awarded a Gold Medal.

#### **V.K. Viswanathan, Independent Director**

V. K. Viswanathan is the Independent non-executive director of Bharti Airtel. He sits on the Boards of HDFC Life Assurance Company Limited, United Spirits Limited and KSB Pumps Limited among others.

He brings over 40 years of Indian and international top / senior management experience. He held the following key positions during his career in Bosch group among others:

- 2013 to 2019 - Chairman of Bosch Limited (formerly known as Motor Industries Company Limited), a flagship company of Bosch Group in India and headquartered in Bangalore
- 2008 to 2012 - Managing Director / Chief Executive Officer, President and Country Head of Bosch Group in India
- 1998 to 2000 - Vice President (Commercial), Diesel Systems at Robert Bosch GmbH, Stuttgart, Germany
- 2001 to 2005 - Joint Managing Director, Bosch Limited
- 2006 to 2007 - Senior Vice President for Automotive Electricals and Electronics division of North America, headquartered in Farmington Hills, Michigan, United States

Prior to joining Bosch group, he held many leadership positions in Hindustan Unilever Limited and Unilever Plc, London for nearly 20 years.

He is a Chartered Accountant and the past President of Indo German Chamber of Commerce and also held CII's National Council Membership position

#### **Kimsuka Narasimhan, Independent Director**

Kimsuka Narasimhan is currently the Asia-Pacific Region CFO for Kimberly-Clark based in Singapore and Director in Kimberly-Clark India Private Limited.

She has over 30 years of experience in consumer products companies including Unilever and PepsiCo, in a number of categories across Personal care, Home care, Frozen Desserts, Foods and Beverages, in India, Europe, South East Asia and Middle East.

She also serves as an Independent Director on the board of AstraZeneca Pharma India Limited and Akzo Nobel India Limited.

She is a Member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India and holds a Bachelor of Commerce degree from the University of Madras. She has been a Gold medalist at the Institute of Chartered Accountants of India and a University ranker.

#### **Committees of the Board of Directors**

The Board has constituted five statutory board committees and is authorized to constitute additional committees from time to time, depending on the business needs of the Guarantor.

The details of the statutory board committees are as follows:



## **Audit Committee**

The Audit Committee comprises four Directors, three of whom are independent. The current Chairman of the Committee is Mr. V. K. Viswanathan, Independent Director.

The responsibilities of the Audit Committee include the following:

- (a) Oversee the Guarantor's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are correct, sufficient and credible.
- (b) Consider and recommend to the Board, the appointment (including filling of a casual vacancy), resignation or dismissal, remuneration and terms of appointment (including qualification and experience) of the Statutory Auditor, Internal Auditors / Chief Internal Auditor, Cost Auditor and Secretarial Auditor.
- (c) Prior approval of non-audit services that can be provided by the Statutory Auditors and approval of payment of such non-audit services.
- (d) Prior approval of all transactions with related party(ies), subsequent modifications of transactions with related parties and review of the statement of significant related party transactions with specific details of the transactions.
- (e) Discussion with the Statutory Auditor before the commencement of audit about the nature and scope of the audit to be conducted and post-audit discussion to ascertain any areas of concern.
- (f) To call for comments of the Auditors about internal control system, including the observation of the Auditors, review financial statement before their submission to the Board and discussion on any related issues with the Internal and Statutory Auditors and the management of the Guarantor.
- (g) Review, with the Management, the quarterly financial statements before submission to the Board for approval.
- (h) Review, with the Management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' responsibility statement, included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statement.
  - Disclosure of all related party transactions.
  - Modified opinion(s) in the draft audit report.
- (i) Review the following information:
  - Management Discussion and Analysis of financial condition and results of operations.
  - Management letter / letters of internal control weaknesses issued by the Statutory Auditors.
  - Internal Audit Reports relating to internal control weaknesses.

- The financial statements, in particular the investments, if any, made by unlisted subsidiary companies.
  - Quarterly compliance certificates confirming compliance with laws and regulations, including any exceptions to these compliances.
- (j) Oversee the functioning of the Vigil Mechanism / Whistle Blower Mechanism.
  - (k) Establish the systems for storage, retrieval and display of books of accounts and other financial records in electronic format.
  - (l) Review the findings of any internal investigation by the Internal Auditors into matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - (m) Review the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
  - (n) Approve the appointment, re-appointment and removal of the Guarantor's Chief Financial Officer after assessing the qualifications, experience and background, among others, of the candidate.
  - (o) Review the Guarantor's financial and risk management policies, implementation of treasury policies, strategies and status of investor relation activities.
  - (p) Ensure that the internal audit function is effective, adequately resourced, and to review coordination between Internal and Statutory Auditors.
  - (q) Review the state and adequacy of internal controls with key members of the Management, Statutory Auditors and Internal Auditors.
  - (r) Discuss with the Internal Auditor the coverage, functioning, frequency and methodology of internal audits as per the annual audit plan and discuss significant findings and follow up thereon.
  - (s) Review and monitor the Statutory and Internal Auditor's independence, performance and effectiveness of audit process.
  - (t) Review and scrutinize the inter-corporate loans and investments
  - (u) Reviewing the utilization of loans and/ or advances from/investment in the subsidiary company exceeding Rs. 1,000 million or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
  - (v) Monitor and review with the Management, the statement of uses / application of funds raised through an issue (public issue, right issue and preferential issue, among others), the statement of funds utilized for purposes, other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - (w) Valuation of undertakings or assets of the Guarantor, wherever necessary.
  - (x) Appointment of a registered valuer of the Guarantor and fixation of their terms and conditions.
  - (y) Evaluation of internal financial controls.
  - (z) Delegate above said functions to Sub-Committees, whenever required.

The Audit Committee shall also undertake such other functions, as may be assigned by the Board of Directors from time to time, or as may be stipulated under any law, rule or regulation including the Listing Regulations and the Companies Act, 2013.

### **HR and Nomination Committee**

The HR and Nomination Committee comprises five Non-Executive Directors, of whom three members, including, the Chairman of the Committee are Independent Directors. The current Chairman of the Committee is Mr. Dinesh Kumar Mittal, Independent Director.

The responsibilities of the HR and Nomination Committee include the following:

#### **HR Related**

- (a) Attraction and retention strategies for employees.
- (b) Determine the compensation (including salaries and salary adjustments, incentives / benefits, bonuses) and performance targets of the Chairman, Managing Director and CEO (International) and Joint Managing Director & CEO (India).
- (c) Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- (d) Review employee development strategies.
- (e) Assess the learning and development needs of the Directors and recommend learning opportunities, which can be used by Directors to meet their needs for development.
- (f) Review its terms of reference on an annual basis and recommend any changes to the Board.
- (g) Review all human resource related issues, including succession plan of key personnel.
- (h) The Committee shall also consider any other key issues / matters as may be referred by the Board, or as may be necessary in view of clause 49 of the listing agreement or any other statutory provisions.

#### **ESOP Related**

- (a) Formulation of ESOP plans and decide on future grants;
- (b) Formulation of terms and conditions on following under the present ESOP Schemes of the Guarantor with respect to:
- (c) Quantum of options to be granted under ESOP Scheme(s) per employee and in the aggregate under a plan.
- (d) Performance conditions attached to any ESOP Plan.
- (e) Conditions under which options vested in employees may lapse in case of termination of employment for misconduct.
- (f) Exercise period within which the employee should exercise the option, and that option would lapse on failure to exercise the option within the exercise period.
- (g) Specified time period within which the employee must exercise the vested options in the event of termination or resignation of an employee.

- (h) Right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
- (i) Procedure for making a fair and reasonable adjustment to the number of options and to the exercise price, in case of rights issues, bonus issues and other corporate actions.
- (j) Grant, vest and exercise of option in case of employees, who are on long leave, and the procedure for cashless exercise of options.
- (k) Any other matter which may be relevant for administration of ESOP schemes from time to time.
- (l) To frame suitable policies and processes to ensure that there is no violation of SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
- (m) Other key issues as may be referred by the Board.

### **Nomination Related**

- (a) Formulate the criteria / policy for appointment of Directors, Senior Management, which shall, inter-alia, include qualifications, positive attributes, diversity and independence of a Director.
- (b) Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and Board Committees.
- (c) Evaluate the balance of skills, knowledge, experience and diversity on the Board for description of the role and capabilities, required for a particular appointment
- (d) Identify and recommend to the Board, persons who are qualified to become Directors and who may be appointed in Senior Management, including Key Managerial Personnel, in accordance with the criteria laid down and their removal thereof.
- (e) Recommend the appointment of any Director to executive or other employment / place of profit in the Guarantor.
- (f) Review succession planning for Executive and Non-Executive Directors and other Senior Executives, particularly the Chairman, Managing Directors & CEOs.
- (g) Recommend suitable candidate for the role of Lead Independent Director.
- (h) Formulation of criteria for evaluation of Independent Directors and the Board.
- (i) Conduct an annual evaluation of the overall effectiveness of the Board, the Committees of the Board and the performance of each Director.
- (j) Review the Terms of Reference of all committees of the Board, including itself on an annual basis, and recommend any changes to the Board.

*Key Managerial Personnel' means: i) the Chief Executive Officer or the Managing Director or the Manager; ii) the Company Secretary; iii) the Whole-time Director; iv) the Chief Financial Officer.*

*Senior Management' means personnel of the Guarantor who are members of its core management team excluding Board of Directors, comprising all members of the Management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.*

### **Stakeholders' Relationship Committee**

The Stakeholders Relationship Committee comprises four members including two Independent Directors. The current Chairman of the Committee is Mr. Rakesh Bharti Mittal, Non-Executive Director.

The key responsibilities of the Stakeholders' Relationship Committee include the following:

- (a) Formulation of procedures, in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.
- (b) Consider and resolve the complaints / grievances of security holders of the Guarantor, including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend and general meetings.
- (c) Dematerialize or re-materialize the share certificates.
- (d) Approve the transmission of shares or other securities arising as a result of death of the sole / any of joint shareholder.
- (e) Sub-divide, consolidate and / or replace any share or other securities certificate(s) of the Guarantor.
- (f) Issue duplicate share / other security(ies) certificate(s) in lieu of the original share / security(ies) certificate(s) of the Guarantor.
- (g) Approve, register and refuse to register transfer / transmission of shares and other securities.
- (h) To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).
- (i) Oversee & review, all matters connected with the transfer of securities of the Guarantor.
- (j) Oversee the performance of the Guarantor's Registrar and Share Transfer Agent and review of adherence to the service standards adopted by the Guarantor in respect of various services being rendered by its Registrar & Share Transfer Agent.
- (k) Recommend methods to upgrade the standard of services to the investors.
- (l) To deal with the Guarantor's unclaimed / undelivered shares, as prescribed in the relevant regulation of the Listing Regulations and review the various measures and initiatives taken by the Guarantor for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders.
- (m) Review of measures taken for effective exercise of voting rights by shareholders.
- (n) To do all such acts, deeds and things as may be necessary in this regard.

### **Risk Management Committee**

The Risk Management Committee comprises six members. The current Chairman of the Committee is Mr. Dinesh Kumar Mittal, Independent Director.

The responsibilities of the Risk Management Committee include the following:

- (a) Formulate and review risk management policy;
- (b) Approve the process for risk identification;
- (c) Assess / determine risk appetite and monitor risks;

- (d) Implement, monitor and review the risk management framework, risk management plan and related matters;
- (e) Advise the Board on risk strategy;
- (f) Foster an appropriate risk culture; and
- (g) Delegate above said authorities to sub-committees, whenever required.

### **Corporate Social Responsibility (“CSR”) Committee**

The CSR Committee comprises three members including one Independent Director. The current Chairman of the Committee is Mr. Rakesh Bharti Mittal, Non-Executive Director:

The key responsibilities of the CSR committee include the following:

- (a) Formulate, monitor and recommend to the Board CSR Policy and the activities to be undertaken by the Guarantor.
- (b) Recommend the amount of expenditure to be incurred on the activities undertaken.
- (c) Review the Company’s performance in the area of CSR.
- (d) Recommend the amount of expenditure to be incurred on the activities undertaken.
- (e) Evaluate social impact of the Guarantor’s CSR activities.
- (f) Review the Guarantor’s disclosure of CSR matters including any annual social responsibility report.
- (g) Review the following, with the Management, before submission to the Board for approval
  - The Business Responsibility Report (BRR)
  - CSR Report
  - Annual Sustainability Report
- (h) Formulate and implement the BR policies in consultation with the respective stakeholders.
- (i) Establish a monitoring mechanism to ensure that the funds contributed by the Guarantor are spent by Bharti Foundation, or any other charitable organization to which the Guarantor makes contributions, for the intended purposes only.
- (j) Approve the appointment or re-appointment of Directors responsible for Business Responsibility.
- (k) Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the listing agreement, Corporate Social Responsibility Voluntary Guidelines, 2009 and the Companies Act, 2013.

## **SHARE OWNERSHIP OF THE GUARANTOR**

As at December 31, 2020, the Guarantor's promoter Bharti Telecom Limited, along with its persons acting in concert (Indian Continent Investment Limited) held approximately 42.12 per cent. Further, Pastel Limited, a member of promoter group of the Guarantor, along with its persons acting in concert (Viridan Limited (through a sub-account)) held approximately 14.11 per cent. of the Guarantor's issued, subscribed and paid up equity shares (the voting rights). Accordingly, the cumulative shareholding of the promoter and promoter group is approximately 56.23 per cent. of the Guarantor's issued, subscribed and paid up equity shares (the voting rights).

The directors of the Guarantor, other than those in the promoter group, held approximately 0.019 per cent. of the Guarantor's issued equity shares as at December 31, 2020.

SingTel directly and indirectly owns approximately 31.93 per cent. of the Guarantor's issued equity shares.

## **RELATED PARTY TRANSACTIONS**

The Guarantor, in the ordinary course of business, enters into various sales, asset purchases, rent and service transactions with its subsidiaries, joint ventures and associates and others in which the Guarantor has a material interest. These transactions are pursuant to terms that are no less favorable than those arranged with third parties.

For details of the related party transactions during Fiscals 2020, 2019 and 2018, as per the requirements under Ind AS 24 '*Related Party Disclosures*', see Note 34 to the Guarantor's financial statements for the fiscal year ended March 31, 2020 included elsewhere in this Offering Memorandum.



## REGULATION

### Indian Regulation

*The following description is a summary of the relevant key regulations and policies prescribed by the GoI and other regulatory bodies in India that the Guarantor is subject to. The statements below are based on provisions of Indian law as of the date of this Offering Memorandum, and the judicial and administrative interpretations thereof, which are subject to modification by subsequent legislative, regulatory, administrative or judicial decisions. The information below has been obtained from various legislations available in the public domain, and may not be exhaustive. It is merely intended to provide general information and is neither designed nor intended to substitute for professional legal advice.*

*The Guarantor is also subject to other legislations generally applicable to companies in India, including taxation, employment and labor laws, environmental laws, property laws, intellectual property laws and foreign exchange control laws.*

*Investors should carefully consider the information described below, together with the other information set out in this Offering Memorandum, before making an investment decision.*

The telecommunications industry in India is subject to extensive government regulation. The GoI holds the exclusive power to issue licenses for telecommunication services. The Department of Telecommunications established under the Ministry of Communications, GoI (“**DoT**”) is the licensor for the telecommunications sector. The DoT, together with the Digital Communications Commission, is responsible for formulating and implementing development policies for the accelerated growth of telecommunication services, licensing, wireless spectrum management, promotion of private investment in telecommunications and research and development. In 1997, the GoI set up the Telecom Regulatory Authority of India (“**TRAI**”), an independent statutory regulator, with extensive powers to regulate the telecommunications sector in India. Subsequently, a separate dispute resolution body, namely the Telecom Disputes Settlement and Appellate Tribunal (“**TDSAT**”), was set up in 2000. The Wireless Planning and Coordination Wing of the Ministry of Communications (“**WPC**”), created in 1952, is responsible for frequency spectrum management. The WPC issues licenses to establish, maintain and operate wireless stations. The WPC is divided into (i) licensing and regulations, (ii) new technology group, and (iii) the Standing Advisory Committee on Radio Frequency Allocation (“**SACFA**”). The SACFA, a high level committee, issues approvals for the use of radio frequency (spectrum) by telecommunication service providers, which involves a detailed technical evaluation of certain factors, including possible aviation hazards and interference (electro-magnetic interference/electro-magnetic compatibility) to existing and proposed networks.

The GoI through the DoT assigns the right to use specified radio spectrum frequencies through an auction process for the respective frequency bands and service areas. The objectives of the auction include, obtaining a market determined price, ensuring efficient use of spectrum, and maximizing the revenue from the auctions. As part of such process, the DoT issues notice inviting applications (“**NIA**”) whereby it seeks applications from prospective bidders who meet the eligibility criteria therein, in order to participate in such auction for radio spectrum frequencies. The auction is undertaken in terms of the NIA, which, among other things, provides for the duration of the spectrum assigned, the payment terms for the successful bidders, condition precedents in relation to the licenses held by the bidders and certain rollout obligations. Pursuant to such auctions, the DoT announces the successful bidders who are required to make the payment in relation to the spectrum proposed to be allotted. The NIA provides for the following options for such payment to be made: (i) full upfront payment; or (ii) by way of deferred payment, wherein a portion of the payment is to be made upfront while the balance may be made in annual equated instalments. On such upfront payment being made, the successful bidders are required to apply to the DoT for issuance of a letter of intent earmarking the frequencies to successful bidders.

whereby the DoT would give the option to apply for allotment of spectrum and utilize it for commercial operations, subject to fulfillment of certain conditions. Such conditions include, inter alia, amending the UAS License / Unified License already held by the applicant to include the new spectrums and payment of SUC as percentages of the adjusted gross revenue as provided under the NIA or related orders from the WPC or DoT. On the fulfillment of conditions contained in such letter of intent and the NIA, the successful bidders may apply for the assignment of spectrum.

## **REGULATIONS GOVERNING THE TELECOMMUNICATIONS SECTOR**

### ***Indian Telegraph Act, 1885 (“Indian Telegraph Act”)***

The Indian Telegraph Act is the principal legislation regulating telegraphs, which include any appliance, instrument, material or apparatus used or capable of use for transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature by wire, visual or other electro-magnetic emissions, radio waves or hertzian waves, galvanic, electric or magnetic means. Under the Indian Telegraph Act, the Central GoI has the exclusive privilege of establishing, maintaining and working telegraphs. However, it may grant licenses on such conditions and in consideration of such payments as it thinks fit, to any person to establish, maintain or work a telegraph within any part of India. The Central GoI also has the power to make rules applicable to persons licensed under the Indian Telegraph Act, including rules specifying the rates and other conditions subject to which messages will be transmitted within India; conditions and restrictions subject to which any telegraph line, appliance or apparatus for telegraphic communication will be established, maintained, worked, repaired, transferred, shifted, withdrawn or disconnected; charges in respect of any application for providing any telegraph line, appliance or apparatus; charges in respect of (i) the establishment, maintenance, working, repair, transfer or shifting of any telegraph line, appliance or apparatus; (ii) the services of operators operating such line, appliance or apparatus; and the time at which, manner in which, conditions under which and the persons by whom such rates, charges and fees will be paid and the furnishing of security for the payment of such rates, charges and fees.

### ***The Indian Telegraph Rules, 1951 (“Telegraph Rules”)***

The DoT notified the Indian Telegraph Rules, 1951 under the Indian Telegraph Act. The Telegraph Rules provide, among other things, the procedure in relation to the mode of writing, language, text, payment of charges, cancellation, delivery, refund and transmission of telegraphic and telephonic communication.

### ***Indian Telegraph Right of Way Rules, 2016***

The Central GoI notified the Indian Telegraph Right of Way Rules, 2016 to regulate underground infrastructure (optical fiber) and over ground infrastructure (mobile towers). Under the new rules, applications for laying fiber underground cable as well as for setting up telecom towers have to be accepted or rejected within a period of 60 days failing which application will be deemed to have been approved. All government agencies and municipal bodies will also have to establish an electronic interface to receive and process right of way permission within one year from coming into force of these rules on November 15, 2016. Further, telecom infrastructure cannot be shut down without following due process. This measure is expected to facilitate an increase in the pace of creation of infrastructure both in both rural and urban areas.

### ***Indian Wireless Telegraphy Act, 1933 (“Indian Wireless Act”)***

The Indian Wireless Act and the rules made thereunder regulate the possession of wireless telegraphy apparatus. Under the Indian Wireless Act, the term “wireless telegraphy apparatus” means any apparatus, appliance, instrument or material used or capable of being used in wireless communication, and includes any article as determined by rules made thereunder to be wireless telegraphy apparatus, but does not include any such apparatus, appliance, instrument or material commonly used for other electrical purposes, unless it has been specifically so designed or adapted for wireless communication or forms part of some apparatus, appliance,

instrument or material specially so designed or adapted, nor any article determined by rules made thereunder not to be wireless telegraphy apparatus. Under the Indian Wireless Act, no person is permitted to possess a wireless telegraphy apparatus without obtaining a license from the GoI. The telegraph authority constituted under the Indian Telegraph Act is the competent authority to issue licenses to possess wireless telegraphy apparatus in such manner, on such conditions and subject to such payments as may be prescribed.

#### ***Telecom Regulatory Authority of India Act, 1997 (“TRAI Act”)***

The TRAI Act provides for the establishment of the TRAI for the purpose of regulating the telecommunication services industry. The TRAI Act also provides for the constitution of the TDSAT, the adjudicatory body in this sector. The functions and responsibilities of TRAI include, among others, (i) making recommendations to the respective licensor in connection with matters such as the need and timing for introduction of new service providers; (ii) specifying the terms and conditions of licenses issued to service providers and revocation of licenses for non-compliance with stipulated terms and conditions; (iii) ensuring compliance with terms and conditions of licenses; (iv) regulating revenue sharing arrangements among service providers and ensuring that such quality of service is provided so as to protect the interest of the consumers; (v) specifying standards of quality of service to be provided by service providers; (vi) ensuring effective compliance of universal service obligations; and (vii) rendering advice to the GoI in matters relating to development of telecommunication technology and the telecommunication industry in general. Additionally, TRAI is empowered to specify the rates at which the telecommunication services within and outside India will be provided. For effective discharge of its functions, the TRAI is empowered to call upon any service provider at any time to furnish in writing such information or explanation as is required or to conduct consultation with stakeholders to investigate the affairs of any service provider or issue directions in respect thereof.

#### ***Telecom Disputes Settlement and Appellate Tribunal***

In order to bring in functional clarity and strengthen the regulatory framework and the disputes settlement mechanism in the telecommunication sector, the TRAI Act of 1997 was amended in 2000 and the TDSAT was set up to adjudicate disputes and dispose of appeals with a view to protect the interests of service providers and consumers of the telecom sector and to promote and ensure orderly growth of the telecom sector. In January 2004, the GoI also included broadcasting and cable services to be telecommunication services within the purview of the TRAI Act.

The jurisdiction of TDSAT extends to telecom, broadcasting, IT and airport tariff matters under the TRAI Act, 1997 (as amended), the Information Technology Act, 2000 and the Airport Economic Regulatory Authority of India Act, 2008. The TDSAT exercises original as well as appellate jurisdiction in regard to telecom, broadcasting and airport tariff matters. In regard to cyber matters, TDSAT exercises only appellate jurisdiction. In respect of telecom, broadcasting and airport tariff matters, TDSAT’s orders can be appealed to the Supreme Court but only on substantial questions of law. No appeal lies against any decision or order made by TDSAT with the consent of the parties. In regard to cyber matters, TDSAT’s order can be appealed before the High Court. However, appeals against interlocutory orders may be filed with the High Courts under Article 226/227 of the Constitution of India.

#### ***National Digital Communications Policy, 2018 (“NDCP 2018”)***

The NDCP 2018 was approved by the GoI on September 26, 2018. The policy seeks to support India’s transition to a digitally empowered economy and society. The NDCP 2018 aims to accomplish the following strategic objectives by 2022: (i) provision of broadband for all; (ii) creating four million additional jobs in the digital communications sector; (iii) enhancing the contribution of the digital communications sector to eight percent of India’s GDP; (iv) propelling India to the top 50 nations in the ICT Development Index published by the United Nations International Telecommunication Union; (v) enhancing India’s contribution to global value chains; and (vi) ensuring digital sovereignty. The NDCP 2018 further also contemplates among others, (i)

establishment of a national digital grid by creating a National Fiber Authority; (ii) establishing common service ducts and utility corridors in all new cities and highway road projects; (iii) creating a collaborative institutional mechanism between the central government, the state governments and the local bodies for common rights of way, (iv) standardization of costs and timelines; (v) removal of barriers to approvals; and (vi) facilitating development of Open Access Next Generation Networks.

### **Regulations Governing the Guarantor's Business**

The key regulations governing the Guarantor's business areas, including mobile, broadband, NLD service and ILD service and DTH services are detailed below:

## **1 Cellular Business**

### ***Initial Licensing Phase***

In 1992, the DoT invited bids from Indian companies with not more than 49% foreign ownership for non-exclusive licenses to provide digital cellular mobile services in the four metropolitan areas of Mumbai, Delhi, Kolkata and Chennai. After protracted litigation arising from the selection process, the DoT finally granted two licenses for each of the four metropolitan areas.

In January 1995, the DoT invited tenders from Indian companies with not more than 49% foreign ownership for non-exclusive licenses to provide digital cellular mobile services in eighteen Circles, excluding the four metropolitan Circles. The Circles were classified into three categories ("A" through "C") based principally on their revenue generating potential with Category A Circles having the highest revenue potential.

The terms of the licenses provided for two operators per metropolitan area and per Circle and the requirement for the cellular operators to interconnect through the fixed line networks of Bharat Sanchar Nigam Limited ("BSNL") and Mahanagar Telephone Nigam Limited ("MTNL"). The GoI reserved the right to provide cellular services in each metropolitan area and Circle through MTNL or the DoT (now through BSNL).

Consequent to the above two rounds of bidding in 1992 and 1995, cellular services were introduced in India on a commercial basis in the four metropolitan areas during 1995 and in most of the other Circles between 1996 and 1998.

As the bidding process had resulted in high fixed license fees being payable by the successful bidders in most Circles, several private operators defaulted on their license fee obligations and were unable to complete the build out of their networks. In certain cases, the DoT revoked or suspended the licenses issued to such operators.

### ***Fourth Operator Guidelines***

In January 2001, the GoI announced guidelines for the fourth cellular operator to provide cellular services in the country. The guidelines envisaged a non-exclusive license for a period of 20 years (thereafter extendable by 10 years) in the 900/1800 MHz frequency range. While issuing the license, the GoI stipulated minimum paid-up capital and net worth requirements for the bidder and the promoters in respect of each category of Circle. The guidelines stipulated that a company is not permitted to have an interest in more than one bidder company for the same service area and the existing licensees are not permitted to bid for the same service area.

The GoI prescribed roll-out obligations for the fourth operator, requiring coverage of at least 10% of the District Headquarters ("DHQ") within the Circle, in the first year and 50% of the DHQs within three years of the effective date of the license. Coverage of a DHQ would require radio coverage of at least 90% of the area bound by the municipal limits in a DHQ.

### ***Revenue Sharing Percentage***

In July 1999, the GoI required the existing cellular service providers to migrate from the fixed annual license fee regime to a revenue sharing regime with a one-time entry fee. Under this migration package, the license fee payable by the existing licensee up to July 31, 1999 was treated as a one-time entry fee. From August 1, 1999, the license fee payable is a percentage of the revenue earned under the license. The provisional license fee was fixed at 15% of gross revenues (as determined according to the license agreement with the DoT) for all categories of Circles.

On migration of the licences from a fixed licence fee regime to a revenue sharing regime, the revenue share was provisionally fixed at 15% of adjusted gross revenue subject to review by TRAI. Subsequently, on January 25, 2001 DoT introduced open licensing regime in the basic services and similar to basic service operators, it also reduced the license fee for cellular operators to 12%, 10% and 8% respectively for metro A, B and C Circles.

With effect from April 1, 2004, the license fee, excluding spectrum charges for cellular mobile telephone services was reduced to 10% of adjusted gross revenue for metro service areas and category A Circles, 8% of adjusted gross revenue for category B Circles and 6% of adjusted gross revenue for category C Circles. However, via an amendment to the UAS / CMTS License agreement dated June 25, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began from July 1, 2012.

In addition to the license fee, an additional spectrum usage charge (“SUC”) is levied on the cellular service providers for the use of spectrum. The SUC depends upon the quantum of spectrum held by a TSP and is presently determined basis the weighted average criteria as prescribed by DoT vide its SUC order dated August 12, 2016. The TSPs also have to pay for the microwave access and microwave backbone frequencies held by them basis the rates prescribed by the DoT.

### ***Telecommunication Tariff Order, 1999 (“Tariff Order”)***

Telecommunications tariffs, ceilings and floor prices for various services are regulated by TRAI through the Tariff Order. Under the Tariff Order, TRAI has the authority to review and modify the tariff for any telecommunication service, or a part thereof, from time to time. In accordance with the Tariff Order, the tariffs to be charged by the service providers from the subscribers along with conditions, if any, are required to be published. Further, the provisions of the Tariff Order prohibit the service providers from discriminating between subscribers of the same class and such classification of subscribers shall not be arbitrary. The Tariff Order also requires service providers to clearly indicate the terms and conditions of the provision of telecommunication services to subscribers, including in relation to utilization and termination of services, billing, repair and fault rectification as well as choice of tariff packages made available, along with the procedure available for revising the tariff package choices. The Tariff Order is amended from time to time.

TRAI has issued an amendment to the Tariff Order on June 3, 2020, deleting Schedule XIII of the Tariff Order that laid down tariff for short message services sent by persons other than a registered telemarketer or an entity sending transactional message. The amendment is yet to be notified in the official gazette.

### ***Network Security Policy relating to Equipment Security***

In 2011, the DoT had amended telecommunication operator licenses to address security concerns in relation to network equipment used by telecom service providers. Pursuant to the same, the DoT issued instructions on Minimum Requirement for Security Policy of DoT Licensees (“**Security Requirements**”) on September 26, 2018. The Security Requirements prescribe minimum provisions applicable to telecom networks and systems holding customer data including the endpoints through which such infrastructure and information is accessible.

Under the Security Requirements, licensees are required to designate a Chief Security Officer responsible for network security, define and implement a security risk management system, identify and protect critical

infrastructure assets as defined by the National Critical Information Infrastructure Protection Centre, periodically check for network backdoors and other vulnerabilities, conduct periodic training programs and maintain documentation with respect to all actions taken under the security policy.

### ***Unified Access Service***

In November 2003, the following categories of licenses for telecommunication services were introduced:

- a unified license for telecommunications services, permitting the licensee to provide all telecommunication / telegraph services covering various geographical areas using any technology; and
- a license for unified access (basic and cellular) services, permitting the licensee to provide basic and/or cellular services using any technology in a defined license area.

UAS operators are free to provide, within their area of operation, services, which cover collection, carriage, transmission and delivery of voice and/or non-voice messages over a licensee's network by deploying circuit, and/or packet switched equipment. Further, the licensee can also provide voice mail, audiotex services, video conferencing, videotex, e-mail, closed user group as value added services over its network to the subscribers falling within its service area on non-discriminatory basis.

In connection with UAS, detailed guidelines were issued by the GoI in November 2003 ("**November 2003 Guidelines**"). Under the terms of the November 2003 Guidelines, all cellular mobile and basic telecom service license operators were given an option to migrate to the UAS regime.

India is divided into 22 service areas for providing access services under UAS License (now Access Service Authorization under the Unified License Regime). The license for UAS was issued on non-exclusive basis, for a period of 20 years, extendable by 10 years at one time within the territorial jurisdiction of a licensed service area. From April 1, 2004, the license fee was 10%, 8% and 6% of adjusted gross revenue for metro and category A, category B and category C service areas, respectively. However, via an amendment to the UAS / CMTS License agreement dated June 25, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began from July 1, 2012. The fee/royalty for the use of spectrum and possession of wireless telegraphy equipment are payable separately. The frequencies are assigned by the WPC from the frequency bands earmarked in the applicable national frequency allocation plan and in coordination with various users subject to availability of the spectrum.

The UAS license agreements have undergone significant changes over the years. The DoT consolidated the UAS regime by issuing the guidelines for UAS by notification dated December 14, 2005 ("**December 2005 Guidelines**"). One of the major changes brought about in the UAS regime by the December 2005 Guidelines was that both direct and indirect foreign investment in the licensee company shall be counted for the purpose of FDI ceiling.

Furthermore, the December 2005 Guidelines provide that in case a licensee company does not adhere to the license conditions, the license(s) granted to the company shall be deemed to be cancelled and the licensor would have the right to encash the performance/financial bank guarantee(s) and the licensor will not be liable for loss of any kind.

In April 2007, the DoT sought the opinion of TRAI on some specific points including that of putting a cap on the number of access service providers in a service area, as radio frequency spectrum required for wireless services was not sufficient to meet the increasing demand from UAS Licensees. TRAI recommended in August 2007, that no cap be placed on the number of access service providers in any service 1 area.

In August 2007, TRAI also recommended dual allocation, where a licensee already using one technology should be permitted to use alternative technology. However, TRAI recommended that the licensee should pay the same

amount of fee paid by the existing licensees using the alternative technology or which would be paid by the new licensee going to use that technology.

On February 2, 2012, in The Matter of Writ Petition (Civil) No. 423 of 2010, the Supreme Court of India, amongst other things, declared the following:

- the licenses granted to the private respondents on or after January 10, 2008 pursuant to two press releases issued on January 10, 2008 and subsequent allocation of spectrum to the licensees are declared illegal and are quashed;
- the above direction shall become operative after four months;
- keeping in view the decision taken by the GoI in 2011, TRAI shall make fresh recommendations for grant of license and allocation of spectrum in the 2G band in 22 Circles by auction, as was done for allocation of spectrum in the 3G band; and
- The GoI shall consider the recommendations of TRAI and make a decision within next one month and fresh licenses be granted by auction.

As per this judgment, 122 UAS licenses granted by the DoT in 2008 were cancelled.

On August 27, 2012, the DoT issued the DoT information memorandum ("**DoT Information Memorandum**"), for the 2G spectrum auction in 1800 MHz and 800 MHz bands. Under the DoT Information Memorandum, the process for auction of spectrum was scheduled to begin on November 12, 2012 and notices to invite applications for the auction was scheduled to be issued on September 28, 2012. The base price in the 1800 MHz band for a minimum block of 1.25 MHz of pan- India spectrum was fixed at approximately Rs. 35,000 million, and in 800 MHz band for a minimum block of 1.25 MHz of spectrum the base price was fixed at approximately Rs. 45,500 million.

Due to the limited participation by the bidders in the November 2012 auction in which spectrum in only 1800 MHz band was acquired by the TSPs, (resulting from high reserve prices of spectrum set by the DoT), on January 22, 2013, the DoT issued guidelines for the auction and allotment of spectrum in the 800 MHz, 900 MHz (being the spectrum which shall be reclaimed from the existing operators when their respective license is subject to renewal) and 1800 MHz bands. The DoT set a different base price per Circle for auction of a minimum of 1.25 MHz block of spectrum in the 800 MHz, 900 MHz and 1800 MHz band in 21 Circles, 3 Circles and 4 Circles respectively (collectively, the "**Re-auction Spectrum**"). The base price per block in the 800 MHz was fixed between approximately Rs. 41 million to Rs. 4,505 million, in the 900 MHz band the base price was fixed between Rs. 2,274 million to Rs. 9,703 million, and in the 1800 MHz band the base price was fixed between approximately Rs. 470 million to Rs. 4,852 million. On January 30, 2013, the DoT issued a 'notice inviting applications' for auction of Re-auction Spectrum. Under the notice inviting applications, the process for auction of spectrum was scheduled to begin on March 11, 2013 and it concluded after three rounds with limited participation. Only one telecom service provider was allotted the 800 MHz band spectrum. On December 12, 2013, the DoT issued a notice inviting applications for auction of spectrum in 1800 MHz and 900 MHz bands. The auction was a Simultaneous Multiple Rounds Ascending ("**SMRA**") process. The pan India reserve price of spectrum in 1800 MHz band was Rs.17,650.00 million (per MHz for 20 years) and the cumulative reserve price of spectrum in 900 MHz band in the three service areas of Mumbai, Delhi and Kolkata was Rs.8,130.00 million (per MHz for 20 years). The auction concluded after 68 rounds on February 13, 2014.

On January 9, 2015, DoT issued another notice inviting applications for the auction of spectrum in 2100 MHz, 1800 MHz, 900 MHz and 800 MHz bands. The auction concluded after 115 rounds on March 25, 2015 and the spectrum was acquired by various telecom service providers in the auction. Subsequently, another spectrum auction across multiple spectrum bands was conducted by DoT for which the notice inviting applications was

issued on August 8, 2016. In this auction, the spectrum in 700 MHz band was put to auction for the first time but due to its high reserve price the spectrum in this band went unsold. The auction successfully concluded after 31 rounds on October 6, 2016. The DoT has now issued the Notice Inviting Applications (NIA) for the auction which is scheduled to start in March 2021.

On October 24, 2018, DoT amended the UAS License terms by which the interest levied in case of delayed payments of License Fee and Spectrum Usage Charges (as applicable) has been revised to MCLR +4% with effect from April 1, 2016.

On February 5, 2020, DoT further amended the UAS License terms by which the licensee may opt to defer the spectrum auction instalment due for the years 2020-21 and 2021-22 and spread it out equally over the remaining instalments payable by the licensee without any increase in the existing time period specified for making the instalment payments.

***Guidelines for grant of Unified License (“UL Guidelines”)***

On August 19, 2013, DoT issued the UL Guidelines providing for, among other things, the migration of existing licenses to a unified licensing regime. Under the unified licensing regime, a company can have only one Unified License along with authorization for more than one service and service area for a specified term of 20 years, subject to fulfilment of all conditions of entry simultaneously or separately at different time. The tenure of such authorization will run concurrently with the Unified License. In the event of holding or obtaining access spectrum, no licensee or its promoter(s) directly or indirectly can have any beneficial interest in another licensee company holding access spectrum in the same service area. Further, the minimum equity requirements and provisions for license fee have been prescribed under the UL Guidelines. In addition to the entry fee, an annual license fee as a percentage of adjusted gross revenue has also been prescribed to be paid by the licensee service-area wise for each authorized service separately. From the second year of the effective date of respective authorization, the license fee shall be subject to a minimum of 10% of entry fee of the respective authorized service and service area. Further, pursuant to the UL Guidelines, no other license for any of the services covered under the Unified License shall be issued / extended / renewed. In addition, the UL Guidelines impose certain restrictive conditions in relation to equity holding in other companies and security conditions. The allocation of spectrum is delinked from the licenses and has to be obtained separately in accordance with prescribed procedure. The UL Guidelines are amended from time to time. DoT issued an amendment to the Unified License conditions for the regulatory framework on Net-Neutrality on September 26, 2018 which prohibits licensees from entering into any arrangement, agreement or contract which has the effect of discriminatory treatment of content.

***Guidelines for transfer or merger of various categories of telecommunication service license or authorization under Unified License on compromises, arrangements and amalgamation of the companies, notified by DoT on February 20, 2014 (“Merger Guidelines”)***

The transfer or merger of various categories of telecommunication service licenses and authorizations under Unified License in the event of compromises, arrangements and amalgamation of companies is permitted as per the Merger Guidelines. The Merger Guidelines have been brought into effect in supersession of the earlier guidelines issued by the DoT for intra-service area merger of Cellular Mobile Telephone Service and/or Unified Access Services Licenses dated April 22, 2008. The Merger Guidelines, among other things, require that the licensees notify the licensor of any proposal of compromise, arrangement or amalgamation. Any representation or objection made by the licensor has to be communicated to all concerned parties. A time period of one year is permitted for the transfer or merger of various licenses in different service areas post the approval of the Scheme by the relevant Authority.

As per the Merger Guidelines, in case of access services, if the merger or acquisition or amalgamation proposals results in a market share in any service area that exceeds 50%, the resultant entity is required to reduce its



market share to the limit of 50% within a period of one year from the date of approval of the merger or acquisition or amalgamation by the competent authority. Further, as per the amendment to the Merger Guidelines issued by DoT on May 30, 2018, the limit of cap for spectrum holding were revised as follows: (i) the total spectrum held by the resultant entity cannot exceed 35% of the total spectrum assigned for access services, by way of auction or otherwise, in the concerned service area; (ii) the combined spectrum holding in the sub-1 GHz bands (700 MHz, 800 MHz and 900 MHz bands) by the resultant entity shall not exceed 50% of the total spectrum assigned in the sub-1 GHz bands, by way of auction or otherwise, in the concerned service area; and (iii) the resultant entity shall be allowed to hold two blocks of 3G spectrum (2100 MHz), acquired through the 3G/BWA spectrum auction for the year 2010 in respective service areas, as a result of compromise, merger, amalgamation or transfer. If as a result of the merger, the total spectrum held by the entity is beyond the prescribed limits, such excess spectrum beyond the prescribed limits must be surrendered or traded within one year of the approval being granted for such compromise, merger, amalgamation or transfer. The applicable 'spectrum usage charges' on the total spectrum holding of the resultant entity shall be levied for such period. No refund or set-off of money paid or payable for such excess spectrum will be made. The extant rules and regulations applicable to significant market power ("SMP") would also apply if the resultant entity becomes a SMP consequent to the merger of licenses in a service area.

On September 19, 2019, the TRAI released a consultation paper on '*Reforming the Guidelines for Transfer/Merger of Telecom Licenses*' whereby the TRAI, among other things, sought comments from the relevant stakeholders on: (i) reforms required to enable simplification and fast tracking of merger approvals; (ii) granting mandatory access to Mobile Virtual Network Operators ("MVNOs") to a portion of the wholesale capacity of the merged entity to address competition concerns and (iii) changes required to make unified licenses unambiguous. On February 21, 2020 TRAI released its recommendations in the matter. The salient points included:

- For calculation of one year i.e. time period allowed for transfer/merger of licenses approved by the NCLT, the time spent in pursuing any litigation on account of which the final approval of a merger is delayed, should be excluded;
- An exemption from substantial equity/cross holding clause for a period of one year or more as extended by the licensor, should be modified such that the exemption from substantial equity/cross holding clause is provided only for a period till transfer/merger of licence is taken on record by the licensor;
- It should be explicitly mentioned in the guidelines that consequent upon payment of market determined price for spectrum, such spectrum would be treated as liberalized i.e., technology neutral;
- The guidelines on transfer/merger of licenses should not hard-code the spectrum caps. Instead, it should be linked with the relevant clause of the license;
- Bank Guarantee against one time spectrum charge should be taken from transferor company instead of transferee company since it is the spectrum holding of transferor company which is changing hands and not of the transferee company;
- For computing market share of a Network Service Operator ("NSO") in the relevant market, market share of the Virtual Network Operators ("VNOs") parented with it should be added to the market share of NSO, if the NSO is a promoter of VNO. Definition of a promoter shall be same as defined in the license/guidelines to the license;
- For determining the market share for access, internet, VSAT, GMPCS, PMRTS, and INSAT MSS-R service licenses/ authorizations, both number of subscribers as well as adjusted gross revenue should be considered and for determining the market share for rest of the service licenses/authorizations viz. NLD, ILD and resale of IPLC, only adjusted gross revenue should be considered;

- TRAI also reiterated its earlier recommendation that if a transferor company holds a part of spectrum, which has been assigned against the entry fee paid, the transferee company/ resultant entity should be liable to pay the differential amount for the spectrum assigned against the entry fee paid by the transferor company from the date of written approval of transfer/merger of licences by DoT. However, while raising the demand for payment of differential amount, DoT shall calculate tentative demand from the date of the NCLT approval, and upon grant of merger approval, the actual demand of the differential amount shall be recalculated based on the date of grant of approval. Any excess amount paid by the transferee company/resultant entity shall be refunded back to the transferee company/resultant entity or set off against other dues.

### ***Mobile Number Portability***

On September 23, 2009, TRAI introduced the Telecommunication Mobile Number Portability Regulations, 2009 (“**MNP Regulations**”), which are amended from time to time. Under the MNP Regulations, subscribers are allowed to retain their mobile number while moving within a given licensed service area. MNP allows mobile subscribers, both pre-paid and post-paid, to retain their existing telephone numbers when they switch from one telephone operator to another, irrespective of mobile technology or from one technology to another of the same or any other access service provider and on a non-discriminatory basis. MNP is only applicable to cellular mobile telephone numbers which incorporate a Public Land Mobile Network (PLMN) Access Code. On December 13, 2018, TRAI issued MNP Regulation (Seventh Amendment) mandating the changes in process of generation of UPC which would come in force with effect from December 16, 2019.

On February 22, 2019, the TRAI released a consultation paper on ‘*Review of per Port Transaction Charge and Other Related Charges for Mobile Number Portability*’ whereby the TRAI, *inter-alia*, sought comments from the relevant stakeholders on (i) whether the ‘Per Port Transaction Charges’ should continue to be calculated based on the methodology adopted by the TRAI in the past or should a new methodology be used; (ii) for calculation of ‘Per Port Transaction Charge’, whether the total number of MNP requests received by the service provider or successful ported number be considered; and (iii) whether the charges for ‘Per Port Transaction’ and ‘ancillary services’ be determined separately or whether the charges should be consolidated. On September 30, 2019, TRAI amended the MNP Regulations and increased the per-port transaction charge to Rs. 6.46.

On October 1, 2019, TRAI further amended the MNP Regulations mandating payment of per port transaction charge by recipient operator for each porting request of the mobile number to the mobile number portability service provider as notified by TRAI from time to time. It further made recipient operator liable to comply with the quality of service parameters, as specified by TRAI from time to time.

### ***DoT instructions on verification of subscribers***

The DoT issued instructions for verification of new mobile subscribers. The guidelines, among other things, dealt with (i) subscriber activation process; (ii) activation of bulk, outstation, short time and foreign subscribers; and (iii) provided norms for change in name and address of subscribers.

### ***Alternate Digital KYC Process***

On April 3, 2019, the DoT issued instructions for the use of alternate digital KYC process for issuing new mobile connections. Under the process, authenticated applications shall be used to capture a live photograph of subscriber along with photos of the original proof of identity and proof of address documents. On April 23, 2019, the Unique Identity Authority of India (“**UIDAI**”) levied charges for user authentication at the rate of Rs. 20 for each e-KYC transaction and Rs. 0.50 for each Yes/No authentication. The pricing of authentication services came into force on March 7, 2019.

On September 29, 2020, the DoT has implemented Aadhaar based e-KYC process for all licensed services areas including J&K, North East and Assam. The customer shall authorize UIDAI online through Aadhaar

authentication using the Aadhaar number/Virtual-ID and biometrics to provide demographic data along with a digitally signed and encrypted format.

### ***The Reporting System on Accounting Separation Regulations, 2016 (“Accounting Regulations”)***

TRAI has issued the Accounting Regulations requiring all service providers having an aggregate turnover of not less than Rs.1,000 million to furnish financial reports and non-financial reports each audit year, separately for each licensed service area (“LSA”) and in consolidated form for all LSAs in case of access services. Further, every service provider is required to submit a yearly audited report based on the historical cost accounting for all specified services and audited reports based on replacement cost accounting every second accounting year for certain specified services. Each report must be submitted by the service provider to TRAI within seven months of the end of the accounting year containing such other details as prescribed.

### ***3G, 4G and Broadband Wireless Access***

The GoI decided over the past several years to auction 3G, 4G and BWA spectrum. The broad policy guidelines for 3G and BWA, which is used with 4G platforms, were first issued on August 1, 2008 followed by a “notice inviting applications” dated February 25, 2010 and allotment of spectrum has been completed through simultaneously ascending e-auction process by a specialized agency. As a result, new telecom players were also able to bid thus leading to technology innovation, more competition, faster roll out and ultimately greater choice for customers at competitive tariffs.

3G may allow telecom companies to offer additional value added services such as high resolution video and multimedia services in addition to voice, fax and conventional data services with high data rate transmission capabilities. BWA may offer a platform for broadband roll out services. It is designed as a tool for undertaking social initiatives of the central government such as e-education, telemedicine, e-health and e-governance. The next focus area of the GoI is providing affordable broadband, especially to the suburban and rural communities.

The DoT letter dated September 1, 2010, provides the specific terms and conditions, including validity period, rollout obligations and license fee, compliance of which is mandatory for a licensee to use the 3G and BWA spectrum for providing telecom access services.

Thereafter, spectrum auctions have been conducted by DoT in 2012, 2013, 2014, 2015 and 2016 and the spectrum acquired in the auctions are liberalized in nature which can be utilized for deployment of any technology including 4G. With the increased usage and popularity of data services amongst the customers, Airtel has upgraded its existing 3G network to 4G / LTE network with an aim to providing faster data speeds and better voice clarity to its customers.

### ***Guidelines for Spectrum Liberalization***

On November 5, 2015, DoT issued the guidelines for liberalization of administratively allotted spectrum in 800 MHz and 1800 MHz bands. In the amendment dated April 21, 2016, DoT allowed the most recent reserve price recommended by TRAI to be taken as provisional price for liberalization of administratively allocated spectrum with the balance being collected after deriving market rate through bidding. In the subsequent amendment dated September 6, 2016, DoT also included the spectrum in 900 MHz band in the guidelines originally issued for the liberalization of administratively allotted spectrum in 800 MHz and 1800 MHz bands on November 5, 2015. Another amendment to these Guidelines was issued by DoT on August 10, 2016.

### ***Guidelines for Sharing of Access Spectrum by Access Service Providers (“Spectrum Sharing Guidelines”)***

The DoT issued the Spectrum Sharing Guidelines dated September 24, 2015, pursuant to which two telecom service providers utilizing the spectrum in the same band were allowed to pool their respective spectrum holdings. Prescribed limits for spectrum cap are applicable to both the licensees individually. Leasing of

spectrum is not permitted under the Spectrum Sharing Guidelines. Another amendment to these Guidelines was issued by DoT on August 10, 2016.

***Guidelines for Trading of Access Spectrum by Access Service Providers (“Spectrum Trading Guidelines”)***

The DoT issued the Spectrum Trading Guidelines dated October 12, 2015, pursuant to which one access service provider (the seller) was allowed to transfer the right to use the spectrum to another access service provider (the buyer). An access service provider is allowed to sell the spectrum through trading only after two years from the date of acquisition through auction or spectrum trading or administratively assigned spectrum converted to tradable spectrum by paying the applicable charges. In case of administratively assigned spectrum converted to tradable spectrum after paying the prescribed market price, period of two years will be counted from the effective date of assignment of administrative spectrum. Leasing of spectrum is not permitted under the Spectrum Trading Guidelines. On May 12, 2016, DoT issued the response to the queries raised by various TSPs with reference to the Spectrum Trading Guidelines dated October 12, 2015. Another amendment to these Guidelines was issued by DoT on August 10, 2016.

The DoT issued an amendment dated August 10, 2016 to the Spectrum Sharing Guidelines, Spectrum Trading Guidelines and Spectrum Liberalisation, pursuant to which these guidelines would remain suspended during the time of conduct of auction i.e., from the date of issue of NIA for auction of the spectrum to the date of publishing of provisional result of the auction.

***National Frequency Allocation Plan, 2018 (“NFAP 2018”)***

The NFAP 2018 was developed by the WPC in line with the Radio Regulations (Edition of 2016), an international treaty signed by India and member states of the International Telecommunication Union (“ITU”), which governs the use of radio-frequency spectrum and satellite-orbits (geostationary and non-geostationary) at the global level. The NFAP 2018 provides for a broad regulatory framework, identifying which frequency bands are available for cellular mobile service, Wi-Fi, sound and television broadcasting, radio navigation for aircrafts and ships, defense and security communications, disaster relief and emergency communications, satellite communications, satellite-broadcasting and amateur service.

***Telecommunication Interconnection Usage Charges Regulations, 2003***

TRAI has issued the Telecommunication Interconnection Usage Charges Regulations, 2003, which are amended from time to time, for covering arrangements among service providers for payment of interconnection usage charges for telecommunication services, covering fixed, mobile services and long-distance services (STD/ISD) throughout the territory of India. The Interconnection Usage Charges include charges such as termination charges and carriage charges.

On November 8, 2019, the TRAI released a consultation paper on ‘*Review of Interconnection Usage Charges*’ whereby the TRAI, among other things, sought comments from the relevant stakeholders on whether there is a need for change in the regulatory regime for International Termination Charge (“ITC”) i.e. change the existing regulatory regime from fixing uniform rate of ITC to an alternate approach.

On December 17, 2019, the TRAI came up with Telecommunication Interconnection Usage Charges (Fifteenth Amendment) Regulations, 2019 whereby the implementation of Bill and Keep regime was postponed to January 1, 2021 and the existing mobile termination charge of 6p/ min for mobile to mobile calls continued until December 31, 2020. With effect from January 1, 2021, the mobile termination charge of 6p/ min for mobile to mobile calls have become zero.

### ***The Telecommunication Interconnection Regulations, 2018 (“TIR Regulations”)***

The TIR Regulations provide for important aspects of interconnection, including with respect to, interconnection agreement; bank guarantee to be furnished for entering into an interconnection agreement; provisioning of initial interconnection and framework for augmentation of ports at points of interconnection; interconnection charges, such as set-up charges and infrastructure charges, that may be mutually negotiated between service providers; disconnection of points of interconnection; and financial disincentive on interconnection matters.

### ***Recommendations on Privacy, Security and Ownership of Data in the Telecom Sector (“Privacy Recommendations”)***

Under the Privacy Recommendations, issued on July 16, 2018, the TRAI has recommended that all entities in the digital ecosystem should be restrained from using meta-data to identify users, a data protection framework be created to protect personal data and the right to choice, notice, consent, data portability and right to be forgotten be conferred upon users.

### ***License amendments on Net Neutrality:***

In September 2018, DoT issued an amendment to the licensing framework on “Net-Neutrality”, prohibiting the licensees providing Internet Access Services from entering into any arrangement, agreement or contract that has the effect of discriminatory treatment of content. The net-neutrality provisions are not applicable on specialized services (which means services other than Internet Access Services that are optimized for specific content, protocols or user equipment), provided that these services are not usable or offered as a replacement of Internet Access Service and provision of these specialized services is not detrimental to availability and overall quality of Internet Access Service.

On September 30, 2020, TRAI issued the Telecom Consumers Protection (Eleventh Amendment) Regulations, 2020 among other things, mandating that the international mobile roaming service to be inactive by default for all consumers, that it shall be activated only on the request of a consumer and that once activated, it may be deactivated at any time at the request of the consumer.

## **2 Internet Services**

### ***Guidelines for Grant of License for Operating Internet Services (“ISP Guidelines”)***

The ISP Guidelines were issued by the DoT on August 24, 2007 for the purpose of issuing a single license permitting restricted internet telephony for the internet service providers, and to provide internet services on a non-exclusive basis. Under the ISP Guidelines telecommunication service providers holding internet service license are permitted to provide internet services, including, internet access through any method and internet telephony, which is a service to process and carry voice signals offered through the public internet by use of personal computers or IP based customer services equipment.

### ***Broadband Policy 2004***

Recognizing the potential of ubiquitous broadband service in growth of GDP and enhancement in quality of life through societal applications including tele-education, tele-medicine, e-governance, entertainment as well as employment generation by way of high-speed access to information and web based communication; the central government announced the broadband policy in October 2004 (“**Broadband Policy**”). The main emphasis of the Broadband Policy is on the creation of infrastructure through various technologies that can contribute to the growth of broadband services. These technologies include optical fiber, asymmetric digital subscriber lines, cable TV network, DTH, etc.

The prime consideration guiding the Broadband Policy includes affordability and reliability of broadband services, incentives for creation of additional infrastructure, employment opportunities, induction of latest technologies, national security and brings in competitive environment so as to reduce regulatory interventions.

By this new policy, the GoI intends to make available transponder capacity for VSAT services at competitive rates after taking into consideration the security requirements. The service providers are permitted to enter into franchisee agreements with cable TV network operators. However, the licensee shall be responsible for compliance of the terms and conditions of the license. The role of other facilitators such as electricity authorities, departments of local self-governments, panchayats, departments of health and family welfare, departments of education is very important to carry the advantage of broadband services to the users particularly in rural areas.

#### ***Flight and Maritime Connectivity Rules, 2018 (“FMC Rules”)***

The FMC Rules provide for the regulation of in-flight voice and data services (“**IFMC**”). Under the FMC Rules any Indian company, airline or shipping company (Indian or foreign permitted to enter Indian space) can enter into a commercial arrangement with either an internet service provider (CAT-A) licensee or an access service licensee to provide IFMC services.

### **3 National Long-Distance Services (“NLD”)**

Presently, the provision of NLD services in India is permitted under the national long-distance services license (NLD License) granted by the DoT as per the guidelines issued by the DoT.

Under the guidelines for issue of license for national long-distance service, dated December 14, 2005, as amended from time to time (“**NLD Guidelines**”), only an Indian company registered under the Companies Act, 1956, can apply for a NLD License. The applicant company can apply for only one NLD License. The applicant company is required to have a net worth as well as paid up capital of Rs.25 million. The net worth shall mean as the sum total, in Indian rupees, of paid up equity capital and free reserves. The net worth of promoters shall not be counted. The net worth as well as paid up capital is to be maintained during currency of the NLD License.

The license for NLD services shall be issued on non-exclusive basis, for a period of 20 years, extendable by 10 years at one time, for inter-Circle long distance operations within the territorial jurisdiction of India. The annual license fee including USO contribution shall be 6% of the adjusted gross revenue. However, via an amendment to the license agreement dated June 29, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began July 1, 2012. Under the NLD Guidelines, the applicant company is required to submit a financial bank guarantee of Rs.200 million one year after the date of signing the license agreement or before the commencement of service, whichever is earlier. The GoI is now granting authorization for providing NLD services under unified license, which requires a submission of a financial bank guarantee of Rs.50 million and performance bank guarantee of Rs.25 million.

On February 28, 2019, the DoT amended the NLD License terms by which the interest levied in case of delayed payments of License Fee and Spectrum Usage Charges (as applicable) has been revised to MCLR +4% with effect from April 1, 2016.

### **4 International Long-Distance Services (“ILD”)**

The applicant for ILD Services must be an Indian company, registered under the Companies Act. It must have a net worth as well as paid up capital of Rs.25 million. The net worth shall mean as the sum total, in Indian rupees, of paid up equity capital and free reserves. The net worth of promoters shall not be counted. The net worth as well as paid up capital is to be maintained during currency of the license. The license for ILD services would be issued on non-exclusive basis, initially for a period of 20 years, extendable by a period of five years

subject to satisfactory performance in accordance with terms and conditions of the license particularly in regard to quality of service (“**QoS**”) parameters.

The applicant company is required to submit, a detailed network rollout plan. The rollout obligations stipulate receipt and delivery of traffic from/to all the exchanges in the country which can be ensured through at least one gateway switch having appropriate interconnection with at least one national long distance operator/access service provider and meeting the QoS regulations and network to network interface requirement within three years from the effective date of license. The applicant company shall make its own arrangements for right of way. However, the Central GoI will issue necessary notification on request for enabling the licensee to place telegraph lines in accordance with the provision of the Indian Telegraph Act.

The applicant company is required to pay a one-time non-refundable entry fee of Rs.25 million before the signing of the license. In addition, an unconditional bank guarantee of Rs.25 million shall be given which will be released on fulfillment of the rollout obligations. Non-fulfillment of rollout obligations will result in encashment of the bank guarantee by the licensor. This will be without prejudice to any other action, which the licensor may consider appropriate for the failure of the licensee to fulfill the license conditions. Vide an amendment to the ILD License agreement dated June 28, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began July 1, 2012.

The applicant company shall submit a financial bank guarantee of Rs.200 million one year after the date of signing the license agreement or before the commencement of service, whichever is earlier. The financial bank guarantee shall be valid for a period of one year and shall be renewed from time to time for such amount as may be directed by the licensor. The GoI is now granting authorization for providing ILD services under unified license, which requires a submission of a financial bank guarantee of Rs.50 million and performance bank guarantee.

On January 7, 2019 the DoT issued directions to all NLD and ILD service providers to set up procedures for measurement of carbon footprint and implementation of carbon emission reduction targets (“**Sustainable Telecom Directions**”). Under the Sustainable Telecom Directions, NLD and ILD service providers are required to measure and submit reports on their carbon footprint, adopt renewable energy technology solutions for reduction of carbon footprint and adopt a voluntary code of practice.

On February 28, 2019, the DoT amended the ILD License terms by which the interest levied in case of delayed payments of License Fee and Spectrum Usage Charges (as applicable) has been revised to MCLR +4% with effect from April 1, 2016.

## **5 Tower Infrastructure Regulations**

### ***Registration as Infrastructure Provider Category -I***

Telecommunications infrastructure service providers are required to be registered with the DoT as an Infrastructure Provider Category I (the “**IP-I Provider**”) and obtain a certificate in this regard from the DoT (the “**IP-I Registration Certificate**”). An IP-I Provider can provide infrastructure such as dark fibers, right of way, duct space and towers on lease, rent out or sale basis to the licensees of telecommunication services on mutually agreed terms, but in accordance with the terms and conditions set out in the IP - I Registration Certificate and the Revised Guidelines for Registration of Infrastructure Providers Category- I dated July 4, 2017 by the DoT (“**IP-I Guidelines**”).

On March 9, 2009, the DoT issued an order regarding scope of IP-I providers. Under this order, DoT clarified that the scope of IP-I providers has been enhanced to cover the active infrastructure, if such infrastructure is provided on behalf of the licensees, i.e. they can create active infrastructure limited to antenna, feeder cable,

Node B, Radio Access Network and transmission system only for and / or on behalf of unified access service licensees and / or cellular mobile service providers licensees.

On November 28, 2016, the DoT clarified in reference to above order that the IP-I providers are not permitted to own and share active infrastructure. The IP-I provider can only install the active elements (limited to antenna, feeder cable, Node B, Radio Access Network and transmission system only) on behalf of Telecom Licensees i.e. these elements should be owned by the companies who have been issued a license under Section 4 of Indian Telegraph Act, 1885.

On August 16, 2019, the TRAI released a consultation paper on '*Review of Scope of Infrastructure Providers Category-I (IP-I) Registration*' whereby the TRAI, among other things, sought comments from the relevant stakeholders on whether the scope of IP-I registration should be enhanced to include provisioning of common sharable active infrastructure.

### ***Installation of Mobile Towers***

The DoT issued a letter dated December 11, 2012, to all telecom service providers requiring all telecom towers erected or used by telecom service providers to conform to the generic requirements of towers issued by Telecommunications Engineering Centre ("**TEC**"), became effective from April 1, 2014.

Further, DoT has issued Advisory Guidelines for State Government of India for Issue of Clearance for Installation of Mobile Towers. These guidelines became effective as on August 1, 2013. These guidelines provide for, among other things, procedure for obtaining clearance from local bodies or state governments for installation of mobile towers and the power accorded to the state government or local body in this regard.

In addition to the above, permission from various authorities such as the municipal authorities, and other local governing authorities would be required for setting up towers and other infrastructure. Further, permission from state pollution control boards would be also required for operating the DG sets.

### ***Infrastructure Sharing Guidelines***

The DoT issued Guidelines for Infrastructure Sharing on April 1, 2008 ("**Infrastructure Sharing Guidelines**") applicable to service providers and infrastructure providers. Under the Infrastructure Sharing Guidelines, IP-I Providers are permitted to seek sitting clearance from SACFA for erecting towers irrespective of whether the IP-I Providers have entered into agreements with licensed service providers. For setting up any wireless installations in India, clearance from the SACFA is required in respect of a fixed station and its antenna mast (cell sites).

On February 11, 2016, DoT made an amendment to the Unified License (Access Services)/UASL/CMTS licensees and allowed the sharing of active infrastructure amongst the service providers based on mutual agreements entered amongst them. Active infrastructure sharing will be limited to antenna, feeder cable, Node B, Radio Access Network (RAN) and transmission system only.

### ***International Commission on Non-Ionizing Radiation Protection ("ICNIRP") guidelines***

The GoI adopted the ICNIRP guidelines in 2008 which, among other things, provided for basic levels of restrictions in electromagnetic radiation from telecom towers and were added to the licenses granted to the service providers. The DoT in 2008, directed all licensees of access services to comply with the base limits prescribed by ICNIRP by way of a self-certification of their base transmitting stations ("**BTS**") for meeting the EMF radiations norms. In 2012, the DoT made the emission norms more stringent by making them one tenth of the globally accepted ICNIRP limits. As per the directions of the DoT, the self-certification should be submitted to the TERM Cells of the DoT. In case of a failure to meet the EMR criteria, a penalty of Rs.2.00 million could be imposed per BTS per service provided and also of shutting down the site, in case the violation continues.



## 6 Direct to Home Services

### *Guidelines for Obtaining DTH License (the “DTH Guidelines”)*

The Ministry of Information and Broadcasting, GoI (“**MoIB**”), issued the DTH Guidelines for obtaining license for providing DTH broadcasting service in India, which contains the eligibility criteria, basic conditions/obligations and procedure for obtaining the license to set up and operate DTH services. Under the DTH Guidelines, only companies registered in India under the Indian Companies Act and having Indian management control can operate DTH services in India. The total foreign equity holding including FDI/FII/FPI/QFI/NRI/FCCB/ADR/GDR and convertible preference shares held by foreign entities in the applicant company cannot exceed 74%, of which 49% is permitted under the automatic route and between 49% and 74% is permitted under the approval route. A non-exclusive license is provided to companies providing DTH services, which is valid for 10 years subject to cancellation/suspension in the interest of India. The licensee company is required to adhere to program code and advertising code as and when issued by the MoIB. The licensees have to follow technical standards and other obligations. A company providing DTH services cannot provide any other mode of communication, including voice, fax, data, communication, internet, etc. unless specific license for these value-added services has been obtained from the competent authority.

### *DTH Guidelines*

On December 30, 2020, the MoIB issued revised guidelines for DTH services which came into effect immediately. According to the revised guidelines, the existing licensees are required to apply afresh to get the license for providing DTH services in India. The consolidated operational guidelines along with the amendments will be issued in due course. Amongst other things, the revised guidelines have clarified that the license will be valid for 20 years and it may be renewed by 10 years at a time. No entry fee will be charged from the existing DTH operators holding a license on the date of notification. The licensee shall pay an annual fee equivalent to 8% of the adjusted gross revenue which will be payable on a quarterly basis.

### *Broadband Policy, 2004*

The Broadband Policy issued by the DoT covers the creation of infrastructure through various access technologies which can contribute to growth and can mutually coexist. Under the Broadband Policy, DTH service providers shall be permitted to provide “Receive-Only-Internet Service” after obtaining ISP license from the DoT. Such ISP licensees get the right to permit its customers for downloading data through DTH. DTH service is also permitted to provide bidirectional internet services after obtaining VSAT and ISP license from the DoT. The quality of service parameters for such services using various access technologies is determined by TRAI. For DTH services with receive only internet, no SACFA / WPC clearance is required wherever the total height of such installation is less than five meters above the rooftop of an authorized building.

### *Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017 (“New Tariff Order”)*

The New Tariff Order has implemented a new tariff framework for Direct to Home (“**DTH**”) services from March 31, 2019. Under the New Tariff Order broadcasters are required to declare the maximum retail price (“**MRP**”) (excluding taxes) of their à-la-carte pay channels for subscribers. On January 1, 2020, TRAI amended the New Tariff Order, which shall come into force from March 1, 2020, prescribing the following twin conditions to ensure that price of a-la-carte channels does not become illusory:

- (i) the sum of the a-la-carte rates of the pay channels (MRP) forming part of a bouquet shall in no case exceed one and half times the rate of the bouquet of which such pay channels are a part; and
- (ii) the a-la-carte rates of each pay channel (MRP), forming part of a bouquet, shall in no case exceed three times the average rate of a pay channel of the bouquet of which such pay channel is a part.

It has further prescribed that the number of bouquets of pay channels shall not exceed the number of a-la- carte pay channels offered by broadcaster. In terms of the recent amendment, the network capacity fee declared by the distributor of television channels shall not exceed Rs. 130 for network capacity up to initial two hundred SD channels; and Rs. 160 for network capacity for receiving more than two hundred SD channels, respectively. The network capacity fee, per month, for each additional TV connection, beyond the first TV connection in a multi TV home has also been limited to forty percent of the declared network capacity fee with distributor of television allowing distinct choice of channels and bouquets of channels to each TV connection or set top box in a multi TV home.

In addition to above, only those channels having MRP of Rs.12 or less will be permitted to be part of the bouquet offered by broadcasters.

***Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) Regulations, 2017 (“QoS Regulations”)***

The QoS Regulations establish the standards of quality of DTH services that DTH service providers are required to maintain, including standards relating to provision of consumer premises equipment to subscribers through outright purchase, hire purchase and rental agreements and procedures for billing and effective redress of subscribers’ grievances.

On January 1, 2020, TRAI amended the QoS Regulations, which shall come into force from March 1, 2020, introducing two new categories related to long term subscription and multi TV home in the consumer application form and consumer corner. Further, TRAI has also revised the details of network capacity fee.

***Telecommunication (Broadcasting and Cable) Services Interconnection (Addressable Systems) Regulations, 2017 (“Service Interconnection Regulations”)***

Service Interconnection Regulations cover commercial and technical arrangements, among service providers for interconnection, for broadcasting services relating to television provided through addressable systems throughout the territory of India.

On January 1, 2020, TRAI amended the Service Interconnection Regulations, which shall come into force from March 1, 2020, wherein TRAI has prescribed language wise threshold for discontinuation of channel by distributor. Carriage fee payable by broadcaster to distributor has also been capped at maximum of Rs. 4 lakhs per month for SD channels and Rs. 8 lakhs per month for HD channels. In terms of the recent amendment, prior approval from TRAI has to be taken by the distributor in case of change in allotted channel number.

## **7 Miscellaneous**

***Payment and Settlement Systems Act, 2007 (“PSS Act”)***

The PSS Act provides for the regulation and supervision of payment and settlement systems in India and designates the Reserve Bank of India as the authority for that purpose and all related matters. While payments banks are licensed under the Banking Regulation Act, 1949, with specific licensing conditions restricting its activities mainly to acceptance of demand deposits and provision of payments and remittance services, any person or entity desirous of commencing or operating a payment system needs to apply to the RBI for authorization under the PSS Act. The PSS Act covers matters such as form of application for authorization for commencing/ carrying on a payment system and grant of authorization, payment instructions and determination of standards of payment systems, furnishing of returns, documents or other information, furnishing of accounts and balance sheets by system provider etc. The RBI also issued guidelines for licensing of payments banks dated November 27, 2014 along with the clarification dated January 1, 2015. Further, issuance and operation of pre-paid payment instruments is currently regulated by the master direction on policy guidelines on issuance and operation of pre-paid payment instruments in India issued by the RBI on October 11, 2017, as amended.

### ***Information Technology Act, 2000 (“Information Technology Act”)***

The Information Technology Act creates liability on a body corporate which is negligent in implementing and maintaining reasonable security practices and procedures, and thereby causing wrongful loss or wrongful gain to any person, while possessing, dealing or handling any sensitive personal data or information in a computer resource which is owned, controlled or operated by it, but affords protection to intermediaries with respect to third party information liability. The Information Technology Act also provides for civil and criminal liability including compensation, fines and imprisonment for various offences. These include offences relating to unauthorized access to computer systems, damaging such systems or modifying their contents without authorization, unauthorized disclosure of confidential information and commission of fraudulent acts through computers.

In April 2011, the Ministry of Electronics and Information Technology notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 (“**IT Personal Data Protection Rules**”) under Section 43A of the IT Act and notified the Information Technology (Intermediaries Guidelines) Rules, 2011 (“**IT Intermediaries Rules**”) under Section 79(2) of the Information Technology Act. The IT Personal Data Protection Rules prescribe directions for the collection, disclosure, transfer and protection of sensitive personal data. The IT Intermediaries Rules require persons receiving, storing, transmitting or providing any service with respect to electronic messages to not knowingly host, publish, transmit, select or modify any information prohibited under the IT Intermediaries Rules and to disable such information after obtaining knowledge of it.

### **Payment Banking related Laws**

Payment Banks (“**PB**”) are registered as public limited companies under the Companies Act, 2013 and licensed under the Banking Regulation Act, 1949. Further, PBs are given the status of scheduled banks under the Reserve Bank of India Act, 1934. However, the term “Payments Bank” has to be used by PBs in their name to differentiate them from other banks. They are governed by the provisions of the Banking Regulation Act, 1949; Reserve Bank of India Act, 1934; Foreign Exchange Management Act, 1999; PSS Act; Deposit Insurance and Credit Guarantee Corporation Act, 1961; and other relevant statutes and directives. The guidelines are reviewed by the RBI regularly.

### **African Regulatory Landscape**

The political and regulatory environment in certain African countries where the Guarantor operates continues to be challenging. For example, the threat of insecurity and violence arising from terrorism in East Africa and Boko Haram in Nigeria, Niger and Chad, resulting in the loss of property and disruption of the Guarantor’s business operations continues to be of real concern to businesses in the region. Changes in governments also results in regulatory uncertainty.

The Guarantor expects that the pressure of additional taxes and levies from governments in various countries in Africa will continue to bear on the business.

An area of increased regulatory focus across Africa is consumer protection through enforcement of ‘Network Quality of Service’ requirements which may lead to penalties in case of non-compliance. Another area of consumer related regulatory focus is driving down interconnect costs between operators, to ensure widespread affordability of telecom services. There is also a sustained push for a reduction in roaming charges for calls within the region.

A trend that is also gathering momentum is the requirement for local shareholding in many countries, including the requirement to list on local stock exchanges. While the Guarantor has local shareholding in some of the countries in Africa that it operates in, given the significant challenges faced in achieving compliance with the

requirements of local shareholding and listing, the Guarantor cannot guarantee that it will be able to negotiate waivers or postponement of the requirements where market conditions make it difficult.

## DESCRIPTION OF OTHER INDEBTEDNESS

*The following summary of certain provisions of the Guarantor's credit arrangements, bonds and other indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying credit agreements, bonds and other documentation. The Guarantor utilizes a variety of short-term and long-term debt instruments.*

The Guarantor's principal sources of external financing include both secured and unsecured short-term as well as long-term facilities (in both rupees and other currencies). As at December 31, 2020, the Guarantor had total borrowings of U.S.\$17,211 million, or Rs. 1,257,251 million, compared to U.S.\$16,101 million or Rs. 1,176,190 million as at March 31, 2020. Due to the international nature of the Guarantor's operations and the multitude of currencies in which it earns revenues and cash flows, a significant portion of the Guarantor's debt is denominated in currencies other than the Indian rupee. These include debt denominated in the respective local currencies of various geographies in which the Guarantor has operations (e.g., Nigerian Naira for its operations in Nigeria). As at March 31, 2020, 35.5 per cent. of the Guarantor's total borrowings were denominated in currencies other than Indian Rupee, principally in U.S. dollars and Euros.

The Guarantor's long-term funding strategy is to continue to pay down debt from operating free cash flows, further lengthen the average maturity of residual debt and diversify sources of financing.

As at December 31, 2020, the Guarantor had long term debt, net of current portion, of U.S.\$17,305 million, or Rs. 1,264,134 million, including lease liabilities of U.S.\$3,400 million, or Rs. 248,365 million.

### Indian Facility Agreements and NCDs

Excluding spectrum related commitments, the Guarantor had Rs. 717,298 million of Rupee borrowings outstanding as at March 31, 2020.

On January 21, 2021, the Guarantor's subsidiary, Bharti Hexacom Limited issued 15,000 listed, unsecured, rated, redeemable, non-convertible debentures, of face value of Rs. 1 million, at a coupon rate of 6% per annum, payable annually, at par aggregating to Rs. 15,000 million on a private placement basis. These non-convertible debentures will mature on January 19, 2024.

### Debt and Debt Funding

The Guarantor runs a centralized treasury function. The Guarantor has stable relationships with a large variety of debt providers, principally commercial banks. As at March 31, 2020, after taking into account the effect of interest rate swaps, 75.3 per cent. of the Guarantor's total debt carried a fixed interest rate. As at December 31, 2020, the proportion of the Guarantor's total debt that was short-term debt was 19.2 per cent. and the ratio of secured debt to unsecured debt was 0.3 per cent.

The Guarantor and its subsidiaries regularly enter into foreign currency-denominated loan facilities with major international banks to finance capital expenditures and working capital requirements and to refinance existing debt. Borrowings under these facilities are usually due within two to seven years and generally bear interest at a rate equal to the aggregate of applicable LIBOR or EURIBOR plus an applicable margin according to the terms of the relevant facility agreement. Under several of the Guarantor's loan facility agreements, it undertakes certain financial covenants. Most of these facilities also contain negative covenants and restrictions on mergers, acquisitions and disposals. Borrowings under these loan facilities may generally be voluntarily prepaid with no penalty, subject to certain conditions.

The Guarantor has raised debt funding through the international capital markets. In 2013, the Bharti Airtel Netherlands issued U.S. dollar senior notes, guaranteed by the Guarantor, in the aggregate amount of

U.S.\$1,500,000,000, due March 11, 2023, including U.S.\$1,000,000,000 5.125 per cent. notes issued on March 11, 2013 and a follow-on issue of U.S.\$500,000,000 5.125 per cent. notes issued on April 3, 2013. Bharti Airtel Netherlands may at its option redeem the notes in whole at a redemption price equal to 100 per cent. of the principal amount of the notes plus an applicable premium. Bharti Airtel Netherlands used the proceeds from the sale of U.S. dollar senior notes to repay and refinance existing foreign currency indebtedness.

Under the U.S. dollar denominated notes described above, Bharti Airtel Netherlands and the Guarantor agreed to observe certain covenants, including limitations on the incurrence of indebtedness, on consolidations and mergers, and on sales of substantially all of their assets. Currently, the covenant limiting incurrence of indebtedness is suspended because the Guarantor has maintained two investment grade ratings. At the date of this Offering Memorandum, the Guarantor is rated BBB- Negative by S&P, BBB- Negative by Fitch and Ba1 Stable by Moody's.

On May 12, 2014, Bharti Airtel Netherlands issued U.S.\$1,000,000,000 5.350 per cent. senior notes due 2024 and €750,000,000 3.375 per cent. senior notes due 2021, both guaranteed by the Guarantor. Bharti Airtel Netherlands may at its option redeem the notes in whole at a redemption price equal to 100 per cent. of the principal amount of the notes plus an applicable premium. Bharti Airtel Netherlands used the proceeds from the sale of the U.S. dollar and Euro-denominated senior notes to repay and refinance existing indebtedness.

On June 3, 2015, the Guarantor issued U.S.\$1,000,000,000 4.375 per cent. senior notes due June 10, 2025. The Guarantor may at its option at any time redeem the notes at any time in whole or from time to time in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to the greater of the principal amount of the notes to be redeemed and the sum of the present values of the remaining scheduled payments of the notes to be redeemed, discounted to the date of redemption on a semi-annual basis at a treasury rate plus 50 basis points, in each case plus accrued and unpaid interest thereon to the redemption date. The Guarantor used the proceeds from the sale of the U.S. senior notes to fund its capital expenditure in compliance with end-use guidelines set forth in the Master Circular and in compliance with the RBI approval and all laws and regulations of India applicable to the Guarantor.

On October 15, 2019, the Issuer issued U.S.\$750,000,000 5.65 per cent. subordinated perpetual securities guaranteed by the Guarantor. Such perpetual securities have no fixed maturity date but may be redeemed by the Issuer in whole but not in part on any date from (and including) January 15, 2025 to (and including) the First Reset Date or any Interest Payment Date thereafter (each as defined in the terms and conditions thereof) at 100 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) such date and any outstanding arrears of interest. The Issuer used the proceeds from the sale of the U.S. subordinated perpetual securities for refinancing, investments in subsidiaries and general corporate purposes.

On January 17, 2020, the Guarantor issued U.S.\$1,000,000,000 1.50 per cent. convertible bonds due 2025, convertible into ordinary shares of the Guarantor. The Guarantor may at its option redeem such bonds at the Early Redemption Amount (as defined in the terms and conditions thereof), together with interest (if any) accrued but unpaid to such date of redemption, if at any time the aggregate principal amount of bonds outstanding is less than 15 per cent. of the aggregate principal amount originally issued (plus any further bonds issued pursuant to the terms and conditions thereof). The Guarantor will use the proceeds from the sale of the U.S. convertible bonds for capital expenditure, repayment of existing indebtedness and/or any other use, each as permitted under applicable laws and regulations from time to time.

On February 12, 2020, the Issuer issued U.S.\$250,000,000 5.650 per cent. subordinated perpetual securities which were consolidated to form a single series with, and have the same terms and conditions as, the U.S.\$750,000,000 aggregate principal amount of the 5.650 per cent. subordinated perpetual securities issued on October 15, 2019.

In addition to debt funding through the international capital markets as described above, certain entities within the Airtel Africa Group have also entered into various credit facility agreements through which the Guarantor has taken on interest-bearing loans and borrowings. The total outstanding borrowing of Airtel Africa Group on a consolidated basis amounted to U.S.\$3,443 million as of December 31, 2020. Airtel Africa Plc and its subsidiaries are subject to certain restrictions and financial covenants limiting the ability of Airtel Africa Plc or its subsidiaries to pay dividends. However, these facility agreements do not contain any restrictive financial covenants or requirements to observe any financial ratios in respect of the Guarantor on a consolidated basis.

### Maturity of Borrowings

The table below summarizes the maturity profile of the Guarantor's borrowings based on contractual undiscounted payments. The details given below are gross of debt origination cost and fair value adjustments with respect to the hedged risk.

| <b>Maturity</b>                  | <b>As at March 31, 2020</b> |
|----------------------------------|-----------------------------|
|                                  | <i>(Rs. in millions)</i>    |
| Within one year .....            | 265,528                     |
| Between one and two years .....  | 148,738                     |
| Between two and five years ..... | 279,559                     |
| Over five years .....            | 487,647                     |
| <b>Total .....</b>               | <b>1,181,472</b>            |

### Existing Indebtedness

The following table sets forth information with regard to the Guarantor's total debt by currency (gross of debt obligation costs and fair value adjustments with respect to the hedged risk), in terms of fixed or floating rate as at March 31, 2020:

|                                 | <b>Currency of borrowings as at March 31, 2020</b> |                                 |                              |
|---------------------------------|----------------------------------------------------|---------------------------------|------------------------------|
|                                 | <b>Total Borrowings</b>                            | <b>Floating rate borrowings</b> | <b>Fixed rate borrowings</b> |
|                                 | <i>(Rs. in millions)</i>                           |                                 |                              |
| Indian rupee .....              | 756,571                                            | 220,320                         | 536,251                      |
| U.S. Dollar .....               | 331,590                                            | 64,328                          | 267,262                      |
| Euro .....                      | 67,805                                             | -                               | 67,805                       |
| Central African CFA Franc ..... | 6,130                                              | -                               | 6,130                        |
| West African CFA Franc .....    | 4,389                                              | -                               | 4,389                        |
| Others .....                    | 7,126                                              | 5,613                           | 1,513                        |
| <b>Total .....</b>              | <b>1,173,611</b>                                   | <b>290,261</b>                  | <b>883,350</b>               |

## TERMS AND CONDITIONS OF THE SECURITIES

*The following, except for paragraphs in italics, are the terms and conditions of the Securities, which will be endorsed on the Certificates issued in respect of the Securities.*

The issue of the U.S.\$500,000,000 Subordinated Perpetual Securities (the “**Securities**”, which expression shall, unless the context otherwise requires, include any further securities issued pursuant to Condition 18 and forming a single series with the Securities) of Network i2i Limited (the “**Issuer**”) was authorized by resolutions of the board of directors of the Issuer passed on February 22, 2021.

The obligations of the Issuer in respect of the Securities and the Trust Deed are guaranteed (such guarantee, the “**Guarantee**”) by Bharti Airtel Limited (the “**Guarantor**”) as described below and in the Trust Deed. The Guarantee was authorized by resolutions of the board of directors of the Guarantor passed on February 3, 2021.

The Securities are constituted by a trust deed (as amended and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated March 3, 2021 among the Issuer, the Guarantor and Citicorp International Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Securities (the “**Holders**”). These terms and conditions (as amended from time to time) (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Securities. Copies of the Trust Deed and the paying agency agreement (as amended and/or supplemented and/or restated from time to time, the “**Paying Agency Agreement**”) dated March 3, 2021 relating to the Securities among the Issuer, the Guarantor, Citibank, N.A., London Branch as the initial principal paying agent and calculation agent (the “**Principal Paying Agent**” and the “**Calculation Agent**”, respectively, which expressions shall include any successor thereto), the other initial paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include the Paying Agents for the time being), Citibank, N.A., London Branch as the registrar (the “**Registrar**”) and the Trustee are available to Holders during usual business hours (being between 9:00 a.m. and 3:00 p.m.) upon prior written request and proof of holding satisfactory to the Principal Paying Agent from the specified offices of each of the Paying Agents. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

### 1 Form, Denomination and Title

#### (a) Form and Denomination

The Securities are issued in registered form and serially numbered in the denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

A certificate (each a “**Certificate**”) will be issued to each Holder in respect of its registered holding of Securities. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Holders (the “**Register**”) which the Issuer will procure to be kept by the Registrar. The Registrar will keep the Register outside of the United Kingdom in accordance with the provisions of the Paying Agency Agreement.

*The Securities are not issuable in bearer form.*

*Except in the limited circumstances described herein (see “The Global Certificates”), owners of interests in the Securities will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Securities are subject to compliance by the transferor and transferee with the certification procedures described below and in the Paying Agency Agreement.*

#### (b) Title



Title to the Securities passes only by registration in the Register. The person in whose name a Security is registered in the Register will (except as otherwise required by law) be treated as the absolute owner of that Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Holder. In these Conditions, Holder means the person in whose name a Security is registered in the Register.

*For a description of the procedures for transferring title to book-entry interests in the Securities, see "Clearance and Settlement."*

**(c) Transfers**

Subject to Condition 1(f) and Condition 1(g), a Security may be transferred by depositing the Certificate issued in respect of that Security, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the other Agents together with such evidence as the Registrar or such other Agent may require to prove the title of the transferor and the authority of the individual who has executed the form of transfer; *provided, however*, that such Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are in authorized denominations described in Condition 1(a). In the case of a transfer of part only of a holding of Securities represented by one Certificate, a new Certificate will be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

*For a description of certain restrictions on transfers of interests in the Securities, see "Transfer Restrictions."*

**(d) Delivery of new Certificates**

Each new Certificate to be issued upon transfer of Securities will, within five business days of receipt by the Registrar or any of the other Agents of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the Holder entitled to the transferred Securities to the address specified in the form of transfer. For the purposes of this Condition, business day shall mean a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the city in which the specified office of the Registrar or such other Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Securities in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Securities not so transferred will, within five business days of receipt by the Registrar or any of the other Agents of the original Certificate, be mailed by uninsured mail at the risk of the Holder of the Securities not so transferred to the address of such Holder appearing on the Register or as specified in the form of transfer.

**(e) Formalities free of charge**

The registration of a transfer of Securities will be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or any other Agent but upon payment (or the giving of such indemnity as the Issuer, the Guarantor, the Registrar or any other Agent may require) by the relevant Holder in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

**(f) Closed Periods**

No Holder may require the transfer of a Security to be registered during the period of 15 calendar days ending on (i) the due date for any payment of principal or premium, if any, or (ii) any Interest Payment Date.

(g) **Regulations**

All transfers of Securities and entries on the Register will be made subject to the detailed regulations concerning transfer of Securities scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer and the Guarantor with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests one.

**2 Status; Term of and Maximum Liability under the Guarantee**

(a) **Status of the Securities**

The Securities constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and in priority over claims of Junior Obligations of the Issuer. The rights and claims of the Holders in respect of the Securities are subordinated as described in Condition 3(a) and Condition 3(b).

(b) **Guarantee; Status of the Guarantee**

The payment of principal, premium, if any, and interest in respect of the Securities and all other amounts payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor, to the extent set forth in Condition 2(c), Condition 2(d) and Condition 3(c). The Guarantee constitutes a direct, unsecured and subordinated obligation of the Guarantor and ranks in priority over claims of Junior Obligations of the Guarantor. The rights and claims of the Holders in respect of the Guarantee are subordinated as described in Condition 3(c) and Condition 3(d).

(c) **Term of the Guarantee**

The Guarantee will have an initial term of 25 years and three months from the Issue Date, expiring on June 3, 2046. The Guarantor will extend or renew the Guarantee on or prior to such termination date for an additional term of 25 years and thereafter will extend or renew the Guarantee on each subsequent termination date for an additional term of 25 years, in each case if any Securities remain outstanding on such termination date; *provided, however*, that the Guarantor will not be required to extend or renew the Guarantee as aforesaid if it is unable to do so, after using its best endeavors, due to a change in law or regulation effective after the Issue Date.

The Guarantor shall provide written notice to the Trustee, each Agent and, in accordance with Condition 17, the Holders of each extension or renewal of the Guarantee on or prior to the effective date of such extension or renewal.

The Guarantor will comply with all requirements under applicable law, including the FEMA Guarantee Regulations and the FEMA ODI Regulations, that may be required to give effect to such extensions and renewals of the Guarantee; *provided, however*, that any failure by the Guarantor to comply with such requirements, after using its best endeavors, due to a change in law or regulation effective after the Issue Date shall not be deemed a breach of this paragraph.

(d) **Maximum liability under the Guarantee**

The potential liability of the Guarantor under the Guarantee will be capped initially at an amount equal to 150 per cent. of the aggregate principal amount of the Securities issued on the Issue Date, being U.S.\$750,000,000.

On or prior to the date that is 15 Business Days after each Reset Date, the Guarantor will increase its potential liability under the Guarantee effective on and after such Reset Date to an amount at least equal to 115 per cent. of the sum of (i) the aggregate principal amount of the Securities then outstanding, (ii) the aggregate amount of interest payable on such Securities during the Reset Period (after giving effect to the Subsequent Fixed Interest Rate for the Reset Period commencing on such Reset Date) commencing on such Reset Date and (iii) any outstanding Arrears of Interest; *provided, however*, that the Guarantor will not be required to increase its potential liability under the Guarantee as aforesaid if it is unable to do so, after using its best endeavors, due to a change in law or regulation effective after the Issue Date.

On or prior to the date that is 15 Business Days after the date of any increase in the Interest Rate pursuant to Condition 4(i) that occurs on or after the First Reset Date, the Guarantor will increase its potential liability under the Guarantee effective on and after such date such increase in the Interest Rate to an amount at least equal to 115 per cent. of the sum of (i) the aggregate principal amount of the Securities, (ii) the aggregate amount of interest payable on the Securities during the Reset Period in which such increase occurs and (iii) any outstanding Arrears of Interest; *provided, however*, that the Guarantor will not be required to increase its potential liability under the Guarantee as aforesaid if (a) it is unable to do so, after using its best endeavors, due to a change in law or regulation effective after the Issue Date and (b) the increase in the Interest Rate pursuant to Condition 4(i) is in connection with a Change of Control pursuant to clause (3) of the definition thereof that occurs without the consent of the Guarantor.

On or prior to the date of any issuance of further Securities pursuant to Condition 18, the Guarantor will increase its potential liability under the Guarantee effective on and after such date to an amount at least equal to (i) 150 per cent. of the aggregate principal amount of the Securities (including such further Securities), if such further Securities are issued prior to the First Reset Date, and (ii) 115 per cent. of the sum of (a) the aggregate principal amount of the Securities (including such further Securities), (b) the aggregate amount of interest payable on such Securities during the Reset Period in which such further Securities are issued and (c) any outstanding Arrears of Interest, if such further Securities are issued on or after the First Reset Date.

Notwithstanding anything to the contrary in the foregoing, in case of any decrease in the aggregate principal amount of the Securities outstanding at any time, the aggregate potential liability of the Guarantor under the Guarantee will be concurrently decreased effective on the date of such decrease in the aggregate principal amount of Securities then outstanding to an amount at least equal to (i) 150 per cent. of the aggregate principal amount of the Securities then outstanding if such decrease occurred prior to the First Reset Date and (ii) 115 per cent. of the sum of (a) the aggregate principal amount of the Securities then outstanding, (b) the aggregate amount of interest payable on such Securities during the Reset Period in which such decrease occurred and (c) any outstanding Arrears of Interest, if such decrease occurred after the First Reset Date. The aggregate potential liability of the Guarantor under the Guarantee will similarly be concurrently decreased in an amount equal to any amounts paid by the Guarantor under the Guarantee, effective on the date of such payment.

The Guarantor shall provide written notice to the Trustee, each Agent and, in accordance with Condition 17, the Holders of each change in the potential liability under the Guarantee on or prior to the effective date of such change, together with an Officers' Certificate stating the amount of such potential liability and a calculation showing in reasonable detail the calculation thereof.

The Guarantor will comply with all requirements under applicable law, including the FEMA Guarantee Regulations and the FEMA ODI Regulations, that may be required to give effect to such increases in its potential liability under the Guarantee; *provided, however*, that any failure by the Guarantor to comply with such requirements, after using its best endeavors, due to a change in law or regulation effective after the Issue Date shall not be deemed a breach of this paragraph.

(e) **Restrictions in the case of failure to extend or renew the term of, or increase the amount of liability under, the Guarantee**

If the Guarantor does not comply with any of its obligations under Condition 2(c) or Condition 2(d), the Guarantor shall not:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is declared, paid or made on any of the Junior Obligations of the Guarantor or (except on a pro rata basis) the Parity Obligations of the Guarantor, except in each case other than a dividend, distribution or other payment on any Junior Obligations of the Guarantor or Parity Obligations of the Guarantor which is made to any member of the Group, *provided* that such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of the Junior Obligations of the Guarantor or (except on a pro rata basis) the Parity Obligations of the Guarantor, except in each case other than a redemption, repurchase or acquisition of a Junior Obligation of the Guarantor or a Parity Obligation of the Guarantor issued to any member of the Group, *provided* that such restriction shall not apply to an exchange of any of the Parity Obligations of the Guarantor in whole for other Parity Obligations of the Guarantor or Junior Obligations of the Guarantor or a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants,

and the Issuer shall not:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is declared, paid or made on any of the Junior Obligations of the Issuer or (except on a pro rata basis) the Parity Obligations of the Issuer, except in each case other than a dividend, distribution or other payment on any Junior Obligations of the Issuer or Parity Obligations of the Issuer which is made to any member of the Group, *provided* that such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of the Junior Obligations of the Issuer or (except on a pro rata basis) the Parity Obligations of the Issuer, except in each case other than a redemption, repurchase or acquisition of a Junior Obligation of the Issuer or a Parity Obligation of the Issuer issued to any member of the Group, *provided* that such restriction shall not apply to an exchange of any of the Parity Obligations of the Issuer in whole for other Parity Obligations of the Issuer or Junior Obligations of the Issuer or a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants,

in each case, unless and until (i) such breach has been cured; or (ii) the Guarantor or the Issuer, as the case may be, is permitted to do so pursuant to an Extraordinary Resolution; or (iii) the Guarantor or the Issuer, as the case may be, is required to do so pursuant to relevant laws and regulations.

### **3 Subordination**

#### **(a) Subordination of the Securities**

The claims of the Holders in respect of the Securities, including any accrued and unpaid interest and any outstanding Arrears of Interest, will, in the event of a Winding-Up of the Issuer (except, in any such case, a solvent Winding-Up of the Issuer solely for the purposes of a reorganization, reconstruction, amalgamation or the substitution in place of the Issuer of a “successor in business” (as defined in the Trust Deed) of the Issuer, (I)(x) the terms of which reorganization, reconstruction, amalgamation or substitution have previously been approved by an Extraordinary Resolution (as defined in the Trust Deed) or (y) which substitution will be effected in accordance with Condition 14(c) and (II) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions) (subject to and to the extent permitted by applicable law), rank:

- (a) junior to all Senior Obligations of the Issuer;
- (b) *pari passu* with each other and with any Parity Obligations of the Issuer; and
- (c) senior only to Junior Obligations of the Issuer.

Nothing in this Condition 3(a) or Condition 11 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

*Accordingly, and without prejudice to the rights of the Trustee or the Agents, the claims of holders of all Senior Obligations of the Issuer will first have to be satisfied in any Winding-Up of the Issuer before the Holders may expect to obtain any recovery in respect of their Securities and prior thereto Holders will have only limited ability to influence the conduct of such Winding-Up of the Issuer. See “Risk Factors – Risks Relating to the Securities and the Guarantee – Holders have limited remedies under the Securities.”*

#### **(b) No Set-off, etc. with respect to the Securities**

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Securities and each Holder shall, by virtue of holding any Security, be deemed to have waived all such rights of set-off, compensation or retention.

#### **(c) Subordination of the Guarantee**

The claims of the Holders in respect of the Guarantee, including any accrued and unpaid interest and any outstanding Arrears of Interest, will, in the event of a Winding-Up of the Guarantor (except, in any such case, a solvent Winding-Up of the Guarantor solely for the purposes of a reorganization, reconstruction, amalgamation or the substitution in place of the Guarantor of a “successor in business” (as defined in the Trust Deed) of the Guarantor, (I)(x) the terms of which reorganization, reconstruction, amalgamation or substitution have previously been approved by an Extraordinary Resolution (as defined in the Trust Deed) or (y) which substitution will be effected in accordance with Condition 14(c) and (II) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions) (subject to and to the extent permitted by applicable law), rank:

- (a) junior to all Senior Obligations of the Guarantor;
- (b) *pari passu* with any Parity Obligations of the Guarantor; and
- (c) senior only to Junior Obligations of the Guarantor.

Nothing in this Condition 3(c) or Condition 11 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

*Accordingly, and without prejudice to the rights of the Trustee or the Agents, the claims of holders of all Senior Obligations of the Guarantor will first have to be satisfied in any Winding-Up of the Guarantor before the Holders may expect to obtain any recovery in respect of the Guarantee and prior thereto Holders will have only limited ability to influence the conduct of such Winding-Up of the Guarantor. See “Risk Factors – Risks Relating to the Securities and the Guarantee – Holders have limited remedies under the Securities.”*

(d) **No Set-off, etc. with respect to the Guarantee**

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with, the Guarantee and each Holder shall, by virtue of holding any Security, be deemed to have waived all such rights of set-off, compensation or retention.

#### **4 Interest Payments**

(a) **Interest Rate**

The Securities bear interest on their principal amount at the applicable Interest Rate from (and including) March 3, 2021 (the “**Issue Date**”) in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest shall be payable on the Securities semi-annually in arrear on each Interest Payment Date as provided in this Condition 4.

(b) **Interest Accrual**

The Securities will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 6 or the date of substitution thereof pursuant to Condition 7, as the case may be, unless, upon due presentation, payment of all amounts due in respect of the Securities is not made, in which event interest shall continue to accrue in respect of unpaid amounts on the Securities, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Where it is necessary to calculate an amount of interest in respect of any Security for a period which is less than or equal to a complete Interest Period, such interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

Where it is necessary to calculate an amount of interest in respect of any Security for a period of more than one Interest Period, such interest shall be the aggregate of the interest payable in respect of a full Interest Period plus the interest payable in respect of the remaining period calculated in the manner as aforesaid.

Interest in respect of any Security shall be calculated per U.S.\$1,000 in principal amount thereof (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall,

save as provided in Condition 4(c), be equal to the product of the relevant Interest Rate, the Calculation Amount and the day count fraction as described in this Condition 4(b) for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of each Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Security without any further rounding.

(c) **First Fixed Interest Rate**

For each Interest Period ending prior to the First Reset Date, the Securities bear interest, subject to Condition 5, at the rate of 3.975 per cent. per annum (the “**First Fixed Interest Rate**”), payable semi-annually in arrear on each Interest Payment Date, except that the first payment of interest, to be made on June 3, 2021 (the “**First Interest Payment Date**”), will be in respect of the period from and including the Issue Date to but excluding the First Interest Payment Date. Subject to Condition 5, the Interest Payment in respect of each Interest Period commencing before the First Reset Date will amount to U.S.\$19.875 per Calculation Amount, *provided* that for the First Interest Period, the interest payment shall be U.S.\$9.9375 per calculation amount.

(d) **Subsequent Fixed Interest Rates**

For each Interest Period which commences on or after the First Reset Date, the Securities bear interest, subject to Condition 5, at the Subsequent Fixed Interest Rate determined on the Reset Interest Determination Date in respect of the Reset Period during which that Interest Period commences. Such interest shall be payable semi-annually in arrear on each Interest Payment Date and, subject to Condition 4(i), the “**Subsequent Fixed Interest Rate**” shall be the sum of the relevant Treasury Rate and the applicable Margin, all as determined by the Calculation Agent and where:

“**Treasury Rate**” means the rate in percent per annum equal to the yield, under the heading that represents the average for the week immediately prior to the Reset Interest Determination Date, appearing in the most recently published statistical release designated “H.15(519)” (currently set out on the website <http://www.federalreserve.gov/releases/h15/current/default.htm>) or any successor publication that is published by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded non-inflation indexed U.S. Treasury securities adjusted to constant maturity under the caption “Treasury constant maturities”, for the maturity corresponding to five years. If such release (or any successor release) is not published during the week preceding the Reset Interest Determination Date or does not contain such yields, the Treasury Rate shall be obtained from an internationally recognized investment bank selected by the Issuer or the Guarantor.

As used in this Condition:

“**Margin**” means, in respect of (i) the Reset Period ending on (but excluding) June 3, 2031, the Initial Spread; (ii) each Reset Period which falls in the period commencing on (and including) June 3, 2031 and ending on (but excluding) June 3, 2046, the Initial Spread plus 0.25 per cent.; and (iii) each Reset Period which falls on or after June 3, 2046, the Initial Spread plus 1.00 per cent.

“**Initial Spread**” means 3.39 per cent.

The Subsequent Fixed Interest Rate shall be determined as provided above in respect of each Reset Period and, as so determined, such rate shall apply to each Interest Period falling within that Reset Period.

For the purposes of this Condition 4(d), the Calculation Agent shall not be responsible to the Issuer, the Guarantor or any third party as a result of the Calculation Agent having relied upon or acted on any

quotation or information given to it for the purposes of calculating the Subsequent Fixed Interest Rate which subsequently may be found to be incorrect or inaccurate in any way or for any losses whatsoever resulting from acting in accordance therewith.

(e) **Determination of Subsequent Fixed Interest Rates**

The Calculation Agent will, as soon as practicable after 11.00 a.m. (New York City time) on each Reset Interest Determination Date, determine the Subsequent Fixed Interest Rate in respect of each Interest Period falling within the relevant Reset Period.

(f) **Publication of Subsequent Fixed Interest Rates**

The Issuer (failing which the Guarantor) shall cause notice of each Subsequent Fixed Interest Rate determined in accordance with this Condition 4 in respect of each relevant Interest Period to be given to the Trustee, the Paying Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 17, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

(g) **Calculation Agent**

With effect from the First Reset Date, the Issuer (failing which the Guarantor) will maintain an Calculation Agent. The name of the initial Calculation Agent and its initial specified office is set out at the end of these Conditions.

The Issuer and the Guarantor may, with the prior written approval of the Trustee, from time to time replace the Calculation Agent with another leading financial institution in London. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails duly to determine a Subsequent Fixed Interest Rate in respect of any Interest Period as provided in Condition 4(d), the Issuer (failing which the Guarantor) shall forthwith appoint another leading financial institution in London approved in writing by the Trustee to act as such in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) **Determinations of Calculation Agent Binding**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent shall (in the absence of willful default, manifest error or gross negligence) be binding on the Issuer, the Guarantor, the Calculation Agent, the Trustee, the Paying Agents and all Holders and (in the absence as aforesaid) no liability to the Holders, the Issuer or the Guarantor shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) **Step-up after Change of Control Triggering Event**

Notwithstanding any other provision of this Condition 4, if the Issuer does not elect to redeem the Securities in accordance with Condition 6(h) following the occurrence of a Change of Control Triggering Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 4, on the Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Triggering Event occurred.

## **5 Optional Interest Deferral**

(a) **Deferral of Payments**



The Issuer may, at its sole discretion, elect to defer payment of Interest Payments, in whole or in part, which are otherwise scheduled to be paid on an Interest Payment Date to the next Interest Payment Date by giving notice to the Holders, the Paying Agent and the Trustee (a “**Deferral Notice**”) not more than 30 nor less than five Business Days prior to a scheduled Interest Payment Date, unless an Enforcement Event has occurred under Condition 11(a). Any interest validly deferred pursuant to these Conditions shall constitute “**Arrears of Interest.**”

The Issuer may, at its sole discretion, elect to further defer any Arrears of Interest by complying with the foregoing notice requirement applicable to any deferral of accrued Interest Payments, unless an Enforcement Event has occurred under Condition 11(a). The Issuer is not subject to any limit as to the number of times Interest Payments and Arrears of Interest can be deferred except that the provisions described under Condition 5(b) shall be complied with until all outstanding Arrears of Interest have been paid in full.

Unless the context otherwise requires, any reference in these Conditions, the Trust Deed and the Securities to Interest Payments shall be deemed to include any Arrears of Interest.

The Issuer:

- (i) may satisfy any Arrears of Interest (in whole or in part) at any time by giving notice of such election to the Holders, the Trustee and the Paying Agent not more than 10 nor less than five Business Days prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Arrears of Interest on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Interest (in whole but not in part) on the earliest of (1) the fifth Business Day following the date of an occurrence of a breach of any of the provisions described under Condition 5(b), (2) the date of any redemption of the Securities as described under Condition 6, (3) the date of any Substitution or Variation Event, (4) the Winding-Up of the Issuer and (5) the Winding-Up of the Guarantor.

Any partial payment of outstanding Arrears of Interest by the Issuer shall be shared by the Holders of all outstanding Securities on a pro-rata basis.

Notwithstanding any other provision in these Conditions, the deferral of any Interest Payment in accordance with the provisions described under this Condition 5(a) alone shall not constitute a default for any purpose (including, without limitation, pursuant to the provisions described under Condition 11) on the part of the Issuer or the Guarantor.

For the avoidance of doubt, Arrears of Interest will not be compounded or capitalized.

(b) **Restrictions in the case of Arrears of Interest**

If on any Interest Payment Date, payment of all interest scheduled to be made on such date is not made in full by reason of the Issuer deferring such interest in accordance with the terms of the Securities, the Guarantor shall not:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is declared, paid or made on any of the Junior Obligations of the Guarantor or (except on a pro rata basis) the Parity Obligations of the Guarantor, except in each case other than a dividend, distribution or other payment on any Junior Obligations of the Guarantor or Parity Obligations of the Guarantor issued to any member of the Group, *provided* that such restriction shall not apply to payments declared, paid or made in respect

of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or

- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of the Junior Obligations of the Guarantor or (except on a pro rata basis) the Parity Obligations of the Guarantor, except in each case other than a redemption, repurchase or acquisition of a Junior Obligation of the Guarantor or a Parity Obligation of the Guarantor issued to any member of the Group, *provided* that such restriction shall not apply to an exchange of any of the Parity Obligations of the Guarantor in whole for other Parity Obligations of the Guarantor or Junior Obligations of the Guarantor or a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants,

and the Issuer shall not:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is declared, paid or made on any of the Junior Obligations of the Issuer or (except on a pro rata basis) the Parity Obligations of the Issuer, except in each case other than a dividend, distribution or other payment on any Junior Obligations of the Issuer or Parity Obligations of the Issuer which is made to any member of the Group, *provided* that such restriction shall not apply to payments declared, paid or made in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration any of the Junior Obligations of the Issuer or (except on a pro rata basis) the Parity Obligations of the Issuer, except in each case other than a redemption, repurchase or acquisition of a Junior Obligation of the Issuer or a Parity Obligation of the Issuer issued to any member of the Group, *provided* that such restriction shall not apply to an exchange of any of the Parity Obligations of the Issuer in whole for other Parity Obligations of the Issuer or Junior Obligations of the Issuer or a repurchase or other acquisition of any securities in respect of an employee benefit plan or similar arrangement with or for the benefit of employees, officers, directors or consultants,

in each case, unless and until (i) the Issuer or the Guarantor has paid in full all outstanding Arrears of Interest; or (ii) the Guarantor or the Issuer, as the case may be, is permitted to do so pursuant to an Extraordinary Resolution; or (iii) the Guarantor or the Issuer, as the case may be, is required to do so pursuant to relevant laws and regulations.

## **6 Redemption**

### **(a) No Fixed Maturity Date**

The Securities are perpetual securities in respect of which there is no fixed maturity date. The Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

### **(b) Issuer's Call Option**

The Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities then outstanding on (i) any date from (and including) the First Call Date to (and including) the First Reset Date or (ii) any Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

### **(c) Make-whole Redemption by the Issuer**

Subject to applicable laws, the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities then outstanding at any time prior to the First Call Date, at their principal amount plus the Applicable Premium applicable to such Securities (together with interest and Arrears of Interest to (but excluding) the date fixed for redemption).

As used in this Condition 6(c):

**"Applicable Premium"** means with respect to a Security on any redemption date, the excess of (i) the present value on such redemption date of 100 per cent. of the principal amount of such Security, plus all required remaining scheduled interest payments due on such Security through the First Call Date (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (ii) the principal amount of such Security; and

**"Adjusted Treasury Rate"** means, with respect to any redemption date, the yield to maturity as of such redemption date of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to such date (or, if such statistical release is no longer published or does not contain such information, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the First Call Date; provided, however, that if the period from the redemption date to the First Call Date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such Adjusted Treasury Rate shall be obtained by the Guarantor.

Any determination of the redemption price or the Applicable Premium shall be made by the Issuer and shall be final and binding upon all Holders and beneficial holders of the Securities. For the avoidance of doubt, none of the Agents or the Trustee have any responsibility with respect to the calculation of the redemption price or the Applicable Premium.

(d) **Redemption for Certain Taxation Reasons**

If a Tax Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem in accordance with these Conditions at any time all, but not some only, of the Securities then outstanding at (i) 101 per cent. of their principal amount (where such redemption occurs prior to the First Call Date) or (ii) their principal amount (where such redemption occurs on or after the First Call Date), together, in each case, with any accrued and unpaid interest (including any Additional Amounts) up to (but excluding) the redemption date and any Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

The Issuer will not give any such notice of redemption earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obligated to make a payment of Additional Amounts if a payment in respect of the Securities were then due.

Prior to giving any notice of redemption of the Securities pursuant to the foregoing, the Issuer or the Guarantor, as the case may be, will deliver to the Trustee an opinion of legal counsel or tax consultants of recognized standing with respect to tax matters in the Relevant Jurisdiction, to the effect that there has been such change or amendment which would result in the requirement to pay Additional Amounts. In addition, before the Issuer gives a notice of redemption of the Securities as described above, it will deliver to the Trustee an Officers' Certificate to the effect that the obligation to pay Additional Amounts

cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it.

The Trustee may rely conclusively on such Officers' Certificate and opinion of legal counsel or tax consultants as sufficient evidence of the existence and satisfaction of the conditions precedent as described above (and will not be liable to any person for so doing), and it will be conclusive and binding on the Holders.

(e) **Redemption for Rating Reasons**

If a Capital Event has occurred and is continuing, then the Issuer may, subject to having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem in accordance with these Conditions all, but not some only, of the Securities then outstanding at any time at (i) 101 per cent. of their principal amount (where such redemption occurs prior to the First Call Date) or (ii) their principal amount (where such redemption occurs on or after the First Call Date), together, in each case, with any accrued and unpaid interest (including any Additional Amounts) up to (but excluding) the redemption date and any Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(f) **Redemption for Accounting Reasons**

If an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem in accordance with these Conditions all, but not some only, of the Securities then outstanding at any time at (i) 101 per cent. of their principal amount (where such redemption occurs prior to the First Call Date) or (ii) their principal amount (where such redemption occurs on or after the First Call Date), together, in each case, with any accrued and unpaid interest (including any Additional Amounts) up to (but excluding) the redemption date and any Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(g) **Redemption for Substantial Repurchase**

If a Substantial Repurchase Event has occurred, then the Issuer may, subject to having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem in accordance with these Conditions all, but not some only, of the Securities then outstanding at any time at their principal amount, together with any accrued and unpaid interest (including any Additional Amounts) up to (but excluding) the redemption date and any Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

(h) **Redemption for Change of Control Triggering Event**

If a Change of Control Triggering Event has occurred and is continuing, then the Issuer may, subject to having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) and subject to Condition 8, redeem in accordance with these Conditions all, but not some only, of the Securities then outstanding at any time at (i) 101 per cent. of their principal amount (where such redemption occurs prior to the First Call Date) or (ii) their principal amount (where such redemption occurs on or after the First Call Date), together, in each case, with any accrued and unpaid interest (including any Additional Amounts) up to (but excluding) the redemption date and any Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Securities.

The Trustee is under no obligation to ascertain whether a Change of Control Triggering Event or a Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Triggering Event or a Change of Control has occurred, and until it shall have actual knowledge or express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Triggering Event or Change of Control or other such event has occurred.

## **7 Substitution or Variation**

If an Accounting Event, a Capital Event, a Tax Event or a Withholding Tax Event (each a “**Substitution or Variation Event**”) has occurred and is continuing, then the Issuer may, at any time, subject to Condition 8 (without any requirement for the consent or approval of the Holders) and the receipt of all required approvals and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 7 have been complied with, and having given not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), either (i) substitute all, but not some only, of the Securities then outstanding for, or (ii) vary the terms of the Securities with the effect that they remain or become (as the case may be), Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 7 and subject to the receipt by it of the Officers’ Certificate referred to in Condition 8) agree to such substitution or variation.

Upon expiry of such notice, the Issuer and the Guarantor shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 7.

The Trustee is under no obligation to ascertain whether a Substitution or Variation Event or any event which could lead to the occurrence of or could constitute a Substitution or Variation Event has occurred, and until it shall have express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Substitution or Variation Event or other such event has occurred.

In connection with any substitution or variation in accordance with this Condition 7, the Issuer and the Guarantor shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions following a Substitution or Variation Event shall only be permitted if it does not give rise to any other Substitution or Variation Event with respect to the Qualifying Securities.

In these Conditions, “**Qualifying Securities**” means securities that:

- (a) are issued by (i) the Guarantor or (ii) the Issuer or any other Subsidiary of the Guarantor with a guarantee of such obligations by the Guarantor;
- (b) in the case of an issuance by the Issuer, rank in relation to the obligations of the Issuer under such securities, equally with the ranking of the Securities and *pari passu* in a Winding-Up of the Issuer with any Parity Obligations of the Issuer;
- (c) in the case of an issuance by any other Subsidiary of the Guarantor, rank in relation to the obligations of such Subsidiary under such securities, *pari passu* in a winding-up of such Subsidiary with any parity obligations of such Subsidiary;
- (d) in the case of an issuance by the Issuer or any other Subsidiary of the Guarantor, benefit from a guarantee by the Guarantor that (i) ranks in relation to the obligations of the Guarantor under such guarantee, equally with the ranking of the Guarantee and *pari passu* in a Winding-Up of the Guarantor with any Parity Obligations of the Guarantor and (ii) satisfies the conditions in Condition 2(c), Condition 2(d) and Condition 2(e) with respect to such securities;

- (e) in the case of an issuance by the Guarantor, rank in relation to the obligations of the Guarantor under such securities, equally with the ranking of the Guarantee and *pari passu* in a Winding-Up of the Guarantor with any Parity Obligations of the Guarantor;
- (f) contain terms not materially less favorable to Holders than the terms of the Securities (as reasonably determined by the Issuer and the Guarantor (in consultation with an independent investment bank or counsel of international standing)) and which:
  - (i) provide for the same or a more favorable Interest Rate from time to time as applied to the Securities immediately prior to such substitution or variation and preserve the same Interest Payment Dates;
  - (ii) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer and the Guarantor as to principal and as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption;
  - (iii) preserve any existing rights under these Conditions to any accrued interest, any Arrears of Interest and any other amounts payable under the Securities and the Guarantee which, in each case, has accrued to Holders and not been paid;
  - (iv) do not contain terms providing for the mandatory deferral of payments of interest and/or principal; and
  - (v) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) are listed or admitted to trading on an internationally recognized stock exchange.

## **8 Preconditions to Special Event Redemption, Change of Control Triggering Event Redemption and Substitution and Variation**

Prior to the publication of any notice of redemption pursuant to Condition 6 (other than a redemption pursuant to Condition 6(b) or Condition (c)) or any notice of substitution or variation pursuant to Condition 7, each of the Issuer and the Guarantor shall deliver to the Trustee an Officers' Certificate stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied, and where the relevant Special Event requires measures reasonably available to the Issuer or the Guarantor to be taken, the relevant Special Event cannot be avoided by the Issuer or the Guarantor taking such measures. In relation to a substitution or variation pursuant to Condition 7, such Officers' Certificates shall also include further certifications that the criteria specified in paragraphs (a) to (g) of the definition of Qualifying Securities will be satisfied by the Qualifying Securities upon issue and that such determinations were reached by the Issuer and the Guarantor in consultation with an independent investment bank or counsel of international standing. The Trustee may rely absolutely upon and shall be entitled to accept such Officers' Certificates without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the conditions precedent set out in such paragraphs in which event it shall be conclusive and binding on the Holders.

Any redemption of the Securities in accordance with Condition 6(b), 6(c), 6(d), 6(e), 6(f), 6(g) or 6(h) shall be conditional on the payment of all accrued and unpaid interest (including any Additional Amounts) up to (but excluding) such redemption, substitution or, as the case may be, variation date and any Arrears of Interest.

The Trustee is under no obligation to ascertain whether any Special Event or Change of Control Triggering Event or Change of Control, or any event which could lead to the occurrence of, or could constitute, any such Special Event, Change of Control Triggering Event or Change of Control, has occurred and, until it shall have express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event, Change of Control Event, Change of Control or such other event has occurred.

## **9 Purchases and Cancellation**

### **(a) Purchases**

The Guarantor or any of its Subsidiaries may at any time purchase, or procure others to purchase beneficially for its account, Securities in any manner and at any price. The Securities so purchased, while held by or on behalf of the Guarantor or any of its Subsidiaries, shall not entitle the Holder to vote at any meetings of the Holders or otherwise exercise any voting rights and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for voting on any Extraordinary Resolution or for the purposes of Condition 14.

### **(b) Cancellation**

All Securities redeemed or substituted by the Issuer pursuant to Condition 6 or Condition 7, as the case may be, will forthwith be cancelled. All Securities purchased by the Guarantor or any of its Subsidiaries may be held, reissued, resold or, at the option of the Guarantor, surrendered for cancellation to the Principal Paying Agent. Securities so surrendered shall be cancelled forthwith. Any Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Securities shall be discharged.

## **10 Payments**

### **(a) Method of Payment**

Payments of principal, premium, if any, and interest will be made against presentation and surrender of Securities at the specified office of any of the Paying Agents except that payments of interest in respect of any period not ending on an Interest Payment Date will only be made against presentation and either surrender or endorsement (as appropriate) of the relevant Securities. Such payments will be made by transfer to the registered account of a Holder. Interest on Securities due on an Interest Payment Date will be paid to the Holder shown on the Register at the close of business on the date (the “**record date**”) being the fifteenth day before the relevant Interest Payment Date, except in case a Deferral Notice has been served.

For the purposes of this Condition, a Holder’s “**registered account**” means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollar, details of which appear on the Register at the close of business, in the case of principal, on the second Business Day before the due date for payment and, in the case of interest, on the relevant record date, and a Holder’s registered address means its address appearing on the Register at that time.

### **(b) Payments Subject to Fiscal Laws**

Without prejudice to the terms of Condition 12, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders in respect of such payments.

### **(c) Payments on Business Days**

A Security may only be presented for payment on a day which is a Business Day. No further interest or other payment will be made as a consequence of the day on which the relevant Security may be presented for payment under this paragraph falling after the due date.

## **11 Enforcement Events**

### **(a) Proceedings**

If (i) a default is made by the Issuer or the Guarantor for a period of 14 days or more in the payment of any principal or 21 days or more in the payment of any interest (including Additional Amounts and Arrears of Interest), in each case in respect of the Securities and which is due, or (ii) there is any change in the Guarantor's equity ownership of the Issuer that would impair or render the Guarantee (wholly or partially) unenforceable or invalid under or contrary to applicable law or regulation, or (iii) the Guarantor or the Issuer does not comply with any of their respective obligations under Condition 2(e) (any such event, an "**Enforcement Event**"), then the Trustee at its sole discretion may, notwithstanding the provisions of Condition 11(b) but subject to Condition 11(c), institute insolvency proceedings (including any corporate insolvency resolution process) or proceedings for the Winding-Up of the Issuer and/or insolvency proceedings (including any corporate insolvency resolution process) or the Winding-Up of the Guarantor and/or prove in such proceedings, such claim being subordinated, and for the amount, as provided in Condition 3(a) and/or Condition 3(c), as applicable. For the avoidance of doubt, a payment of principal will only be due following a notice of redemption delivered by the Issuer pursuant to Condition 6, a payment of interest will only be due to the extent it was not deferred pursuant to Condition 5 and is not otherwise due pursuant to Condition 6, a payment of Additional Amounts will only be due to the extent set forth in Condition 12 and a payment of Arrears of Interest will only be due to the extent set forth in Condition 5.

*See "Risk Factors – Risks Relating to the Securities and the Guarantee – Holders have limited remedies under the Securities."*

**(b) Enforcement**

The Trustee may at its discretion (subject to Condition 11(c)) and without further notice institute such proceedings or take such steps or actions against the Issuer and/or the Guarantor, as the case may be, as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor, as the case may be, under the Trust Deed or the Securities but in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, steps or actions, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

**(c) Entitlement of Trustee**

The Trustee shall not be bound to take any of the actions referred to in Condition 11(a) or 11(b) against the Issuer and/or the Guarantor to enforce the terms of the Trust Deed or the Securities or take any other action or step under or pursuant to these Conditions or the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it taking such action.

The Trustee and the Agents may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee and the Agents may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power. The Trustee and the Agents shall be entitled to rely on such opinion without liability or responsibility to any person.

**(d) Right of Holders**



Subject to applicable law, no Holder shall be entitled to proceed directly against the Issuer and/or the Guarantor or to institute insolvency proceedings (including any corporate insolvency resolution process) or proceedings for the Winding-Up of the Issuer and/or insolvency proceedings (including any corporate insolvency resolution process) or the Winding-Up of the Guarantor or to prove in such proceedings unless the Trustee, having become so bound to proceed, institute, prove or claim, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 11.

(e) **(Extent of Holders' remedy)**

No remedy against the Issuer and/or the Guarantor, other than as referred to in this Condition 11, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer and/or the Guarantor of any of its/their other obligations under or in respect of the Securities or under the Trust Deed.

## **12 Taxation**

All payments by or on behalf of the Issuer or the Guarantor under or with respect to the Securities or the Guarantee will be made without withholding or deduction for any present or future taxes, duties, assessments or other governmental charges (including, without limitation, penalties and interest and other similar liabilities related thereto) ("**Taxes**") imposed, levied or assessed by the Issuer's or, as the case may be, the Guarantor's jurisdiction of incorporation, and any other territory or authority or additional territory or authority to whose taxing jurisdiction the Issuer or, as the case may be, the Guarantor has become subject or from or through which payment is made (the "**Relevant Jurisdiction**") (or any political subdivision or taxing authority thereof or therein), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amount paid to each Holder after such withholding or deduction shall be not less than the respective amount to which such Holder would have been entitled in respect of such payment in the absence of the withholding or deduction; *provided, however*, that the Issuer and the Guarantor shall not be required to pay any Additional Amounts for or on account of:

- (a) any Tax which would not have been imposed but for (i) the existence of any present or former connection between a Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Holder, if such holder is an estate, trust, partnership or corporation) and the Relevant Jurisdiction or any political subdivision or territory or possession thereof or area subject to its jurisdiction (other than by the mere acquisition or holding of any Security or the enforcement or receipt of payment under or in respect of any Security), including, without limitation, such Holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein or (ii) the presentation of such Security for payment (where Securities are in the form of definitive Certificates and presentation is required) on a date more than 30 days after the Relevant Date (except to the extent that the Holder would have been entitled to Additional Amounts had the Security been presented on the last day of such 30 day period);
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (c) any Tax which is payable otherwise than by withholding or deduction from payments of (or in respect of) principal of, or any interest on, such Security;

- (d) any Tax that is imposed or withheld by reason of the failure by the Holder or any beneficial owner of such Security to comply with a request of the Issuer given to the Holder in accordance with Condition 17 at least 90 days before any such Tax would be payable (i) to provide information concerning the nationality, residence or identity of the Holder or any beneficial owner or (ii) to make any declaration or other similar claim or satisfy any information or reporting requirements, which, in the case of (i) or (ii), is required or imposed by a statute, treaty, regulation or administrative practice of the Relevant Jurisdiction as a precondition to exemption from all or part of such Tax; or
- (e) any combination of items (a), (b), (c) and (d) above,

nor shall the Issuer or the Guarantor be required to pay any Additional Amounts with respect to any payment of the principal of, or any interest on, any Security to any Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Jurisdiction (or any political subdivision or taxing authority thereof or therein) to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner which would not have been entitled to such additional amounts had it been the Holder of such Security.

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Securities by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) (including any amended version thereof that is not materially more onerous to comply with) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (and any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer, the Guarantor nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

If the Issuer becomes aware that it or the Guarantor will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Securities, the Issuer or the Guarantor will deliver to the Trustee on a date at least 30 days prior to the date of payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Issuer or the Guarantor shall notify the Trustee promptly thereafter) an Officers’ Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officers’ Certificate must also set forth any other information necessary to enable the Paying Agent to pay Additional Amounts on the relevant payment date. The Trustee shall be entitled to rely solely on such Officers’ Certificate as conclusive proof that such payments are necessary and shall not be liable to any person for so doing. The Issuer (failing which the Guarantor) will provide the Trustee with documentation satisfactory to the Trustee evidencing the payment of Additional Amounts.

The Issuer and the Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer and the Guarantor will use their reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. Upon the written request of the Trustee or any Holder, the Issuer and the Guarantor will furnish to the Trustee or such Holder, as the case may be, within 60 days after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or the Guarantor or if, notwithstanding the Issuer’s and the Guarantor’s reasonable efforts to obtain receipts, receipts are not obtained, other evidence of payments by the Issuer and the Guarantor.

For the avoidance of doubt, whenever these Conditions mention the payment of amounts based on the principal amount, interest of any other amount payable under, or with respect to, any of the Securities, such mention shall be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligation shall survive any redemption, discharge, termination, substitution or variation of the Securities and any transfer by a Holder or beneficial owner of Securities, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor person to the Issuer or the Guarantor is then incorporated, organized, engaged in business or resident for tax purposes or any jurisdiction from or through which such person makes any payment on the Securities and any political subdivision or taxing authority or agency thereof or therein having the power to tax.

### **13 Prescription**

Claims in respect of Securities and the Guarantee will become void unless presented for payment within such period as mandated by applicable law.

### **14 Meetings of Holders, Modification, Waiver and Substitution**

#### **(a) Meetings of Holders**

The Trust Deed contains provisions for convening meetings of Holders (and for passing written resolutions or electronic consents) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by Holders holding not less than 10 per cent. in principal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Holders for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Securities so held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the circumstances in which the Issuer is entitled to defer interest or redeem or purchase the Securities, (ii) to reduce or cancel the principal amount of the Securities or to reduce the amount payable on redemption or purchase of the Securities, (iii) to modify or cancel the Guarantee (other than any renewal, extension or increase pursuant to Condition 2(c) or Condition 2(d)), (iv) to modify the provisions relating to subordination of the Securities or the Guarantee, (v) to change the currency of the denomination of the Securities or of any payment in respect of the Securities including the due dates for payment of principal and interest, (v) to change the governing law of the Securities, the Trust Deed or the Paying Agency Agreement (other than in the case of a substitution of the Issuer (or any previous substitute or substitutes) under Condition 14(c)) or (vi) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-fourth, in principal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed by the Holders shall be binding on all Holders (whether or not they were present at any meeting at which such resolution was passed and whether or not they voted on such resolution).

The Trust Deed provides that (i) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of Securities outstanding (which may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders) or (ii) consents given by way of electronic consent through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. of the

aggregate principal amount of the Securities outstanding, shall, in any such case, be effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in connection with the substitution or variation of the Securities pursuant to Condition 7 or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer pursuant to Condition 14(c).

(b) **Modification of the Trust Deed**

The Trustee may agree, without the consent of the Holders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Paying Agency Agreement, any agreement supplemental to the Paying Agency Agreement, the Securities or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error which, in the opinion of the Trustee, is proven or to comply with mandatory provisions of law, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Paying Agency Agreement, any agreement supplemental to the Paying Agency Agreement, the Securities or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorization of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Paying Agency Agreement, any agreement supplemental to the Paying Agency Agreement, the Securities or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. Any such modification, authorization, waiver or determination shall be binding on the Holders and, if the Trustee so requires, shall be notified to the Holders promptly in accordance with Condition 17.

(c) **Substitution**

The Trustee may, without the consent of the Holders, agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or of any previous substitute under this Condition) as principal debtor in respect of the Securities and under the Trust Deed or the Guarantor (or of any previous substitute under this Condition) as guarantor under the Guarantee and the Trust Deed of either (i) a successor in business (as defined in the Trust Deed) to the Issuer or the Guarantor, as the case may be, or (ii) a Holding Company of the Issuer or the Guarantor, as the case may be (including, for the avoidance of doubt, the substitution of the Guarantor in place of the Issuer as principal debtor in respect of the Securities and under the Trust Deed), in each case (a) on a subordinated basis equivalent to that referred to in Conditions 2 and 3 and (b) such that the Securities remain or become Qualifying Securities, subject to the receipt of all required approvals and compliance with applicable law; *provided*, that prior to any such agreement, the Issuer or the Guarantor must have delivered to the Trustee an opinion of legal counsel acceptable to the Trustee to the effect that the Holders and the beneficial owners of the Securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such substitution and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such substitution had not occurred. Any such substitution shall be binding on the Holders and shall be notified to the Holders promptly in accordance with Condition 17. Any such substitution shall be binding on the Holders and shall be notified to the Holders promptly in accordance with Condition 17. The conditions set out in this clause (c) shall be deemed to be satisfied upon delivery to the Trustee of a certificate of two Authorised Signatories of the Issuer and Guarantor detailing the proposed substitution and certifying that the conditions set out in this clause (c) have been satisfied in relation to such substitution (a "**Substitution Certificate**"). The Trustee may rely on a Substitution Certificate absolutely and shall not be required to take any action to independently verify the matters stated therein, nor shall the Trustee be liable for any loss caused by any inaccuracy therein. Upon receipt

by the Trustee of a Substitution Certificate, the Trustee shall enter into such documentation as may be necessary or desirable to give effect to the substitution, provided that the Trustee shall not be required to enter into any documentation (i) which would have the effect of increasing the duties or obligations, or decreasing the protections or rights, of the Trustee and (ii) unless it shall first have been indemnified and/or secured to its satisfaction. Not later than seven days prior to the substitution, the Issuer shall give notice thereof to the Holders in the manner provided in Condition 17.

In connection with any substitution in accordance with this Condition 14(c), the Issuer and the Guarantor shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution in accordance with the foregoing provisions shall only be permitted if it does not give rise to a Substitution or Variation Event.

**(d) Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 14) the Trustee shall have regard to the interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Guarantor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders, except to the extent provided for in these Conditions or the Trust Deed.

**15 Replacement of the Securities**

If any Security is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Security is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Securities) and otherwise as the Issuer may require. Mutilated or defaced Securities must be surrendered before any replacement Securities will be issued.

**16 Indemnification of the Trustee**

Under the Trust Deed, the Trustee is entitled to be indemnified and/or pre-funded and/or secured to its satisfaction and relieved from responsibility in certain circumstances, including provisions that relieve the Trustee from taking any actions, steps or proceedings to enforce its rights under the Trust Deed and the Paying Agency Agreement and in respect of the Securities and to enforce payment unless first indemnified and/or secured and/or pre-funded to its satisfaction, and to be paid its fees, costs, expenses and indemnity amounts in priority to the claims of the Holders. In addition, the Trustee, its directors and officers are entitled to enter into business transactions with the Issuer, the Guarantor and any entity relating to the Issuer, the Guarantor or any other Person without being accountable for the same (including any profit therefrom) to the Holders or any Person. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity and/or security and/or pre-funding given to it by the Holders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it

as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trustee and the Agents may act on the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant, auditor, surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Guarantor, the Trustee or otherwise, whether or not addressed to the Trustee and the Agents, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee and the Agents may accept and shall be entitled to rely on any report, confirmation, opinion, certificate or advice and such report, confirmation, opinion, certificate or advice shall be binding on the Issuer, the Guarantor and the Holders, and the Trustee will not be responsible to anyone for any liability occasioned by so acting.

In acting under the Paying Agency Agreement and in connection with the Securities, the Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations or responsibilities towards or relationship of agency or trust for or with any of the Holders or any third parties.

Neither the Trustee nor the Agents shall be required to monitor or supervise compliance with the provisions of the Trust Deed or these Conditions. None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer or the Guarantor in relation to the Securities of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Holder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Holders. The Trustee shall be entitled to rely on any direction, request or resolution of Holders given by Holders holding the requisite principal amount of Securities outstanding or passed at a meeting of Holders convened and held in accordance with the Trust Deed or by way of a resolution in writing or an electronic consent.

Each Holder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer or the Guarantor and the Trustee shall not at any time have any responsibility therefor. The Trustee and the Agents shall have no obligation to monitor or ascertain whether an Enforcement Event or any event which could lead to the occurrence of an Enforcement Event has occurred, and shall not be liable to the Holders or any other person for not doing so.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Paying Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction or certification, to seek directions from the Holders by way of Extraordinary Resolution or clarification of any directions, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Holders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction or certification as a result of seeking such direction or clarification from the Holders or if no direction or clarification is given to the Trustee by the Holders.

## **17 Notices**

Notices required to be given to Holders pursuant to these Conditions will be valid if published in a daily newspaper having general circulation in Asia (which is expected to be the *Asia Wall Street Journal*). The Issuer

and the Guarantor shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Securities are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

## **18 Further Issues**

The Issuer may from time to time without the consent of the Holders create and issue further Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Securities) and so that such further issue shall be consolidated and form a single series with the outstanding Securities. Any such Securities shall be constituted by a deed supplemental to the Trust Deed, *provided* that the potential liability of the Guarantor under the Guarantee is increased pursuant to Condition 2(d) to give effect to the aggregate principal amount of such further Securities.

## **19 Agents**

The initial Paying Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, *provided* that they will:

- (a) at all times maintain a Principal Paying Agent;
- (b) whenever a function expressed in these Conditions to be performed by the Calculation Agent falls to be performed, appoint and (for so long as such function is required to be performed) maintain an Calculation Agent;
- (c) at all times maintain a Paying Agent with a specified office in a city approved by the Trustee outside the Relevant Jurisdiction; and
- (d) so long as the Securities are listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Securities may be presented or surrendered for payment or redemption, if a Global Certificate is exchanged for definitive Certificates. In addition, if a Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the Paying Agent in Singapore.

Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17. If any of the Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Paying Agency Agreement (as the case may be), the Issuer and the Guarantor shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Calculation Agent or the Principal Paying Agent in relation to the Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Trustee, the Paying Agents and the Holders.

## **20 Governing Law**

The Trust Deed, the Securities, the Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England, except that Condition 3(a) and Condition 3(b) and any corresponding provisions in the Trust Deed are governed by, and shall be construed in accordance with, the laws of Mauritius and Condition 3(c) and Condition 3(d) and any corresponding provisions in the Trust Deed are governed by, and shall be construed in accordance with, the laws of India.

## 21 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Securities by virtue of the Contracts (Rights of Third Parties) Act 1999.

## 22 Definitions

In these Conditions:

an “**Accounting Event**” means that an opinion of a recognized accountancy firm of international standing, acting upon instructions of the Issuer or the Guarantor, has been delivered to the Issuer or the Guarantor and the Calculation Agent, stating that the funds raised through the issue of the Securities may not or will no longer from the implementation date of the relevant new Ind-AS or any other accounting standards that may replace Ind-AS or any official interpretation thereof, be recorded as “equity” of any of the Issuer or the Guarantor pursuant to Ind-AS or the then relevant accounting standard for the purposes of the audited annual or interim consolidated financial statements of the Issuer or the Guarantor. The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on the date on which the change in the relevant new Ind-AS or other accounting standard or official interpretation thereof (the “**Change**”) is officially adopted. For the avoidance of doubt, such period shall include any transitional period between the date on which the Change is officially adopted and the date on which it comes into effect;

“**Additional Amounts**” has the meaning given to it in Condition 12;

“**Affiliate**” has the meaning given to it under Rule 501(b) of Regulation D of the U.S. Securities Act of 1933, as amended;

“**Agents**” means the Principal Paying Agent, the Calculation Agent, the Registrar and the Paying Agents or any of them;

“**Arrears of Interest**” has the meaning given to it in Condition 5(a);

“**Authorized Signatory**” means a director, company secretary, or any other person authorized by the board of directors of the Issuer or the Guarantor, as the case may be, to provide certificates in relation to the Securities;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in Delhi, London and New York City;

“**Calculation Agent**” has the meaning given to it in the preamble to these Conditions;

“**Calculation Amount**” has the meaning given to it in Condition 4(b);

a “**Capital Event**” shall be deemed to occur if the Issuer or the Guarantor has received, and confirmed in writing to the Trustee that it has so received, confirmation from any Rating Agency then providing a solicited rating of the Issuer, the Guarantor or the Securities at the invitation of, or with the consent of, the Issuer or the Guarantor and in connection with which the Securities are assigned an “equity credit”, either directly or via a publication by such Rating Agency, that an amendment, clarification or change has occurred in its equity credit criteria which becomes effective on or after the Issue Date (or, if later, effective after the date on which the Securities are assigned “equity credit” by such Rating Agency for the first time) and as a result of which, but not otherwise, the Securities will no longer be eligible for the same, or not eligible for a higher amount of, “equity credit” (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as was attributed to the Securities at the Issue Date (or if “equity credit” is not assigned,



or if a zero percent “equity credit” is assigned, to the Securities by the relevant Rating Agency on the Issue Date, at the date on which “equity credit”, or a non-zero “equity credit”, is assigned by such Rating Agency for the first time);

“**Capital Stock**” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all common stock and preferred stock, but excluding debt securities convertible into such equity;

a “**Change of Control**” means the occurrence of one or more of the following events;

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Guarantor (calculated on a consolidated basis) to any Person other than a Person who controls or is controlled by the Promoters;
- (2) the Promoters cease to exercise control of the Guarantor;
- (3) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Promoter Group, becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of more than 35 per cent. of the total voting power of the Voting Stock of the Guarantor; or
- (4) individuals who on the Issue Date constituted the board of directors of the Guarantor, together with any new directors whose election to such board of directors was approved by a vote of at least two-thirds of the directors then still in office who were either directors of the Guarantor on the Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Guarantor then in office; or
- (5) the Guarantor ceases to own, directly or indirectly, more than 50 per cent. of both the Capital Stock and the voting power of the Voting Stock of the Issuer;

a “**Change of Control Triggering Event**” means the occurrence of both a Change of Control and, if the Guarantor is or any Senior Unsecured Obligations of the Guarantor are rated, a Rating Decline;

“**Conditions**” means these terms and conditions of the Securities, as amended from time to time;

“**Control**” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), for purposes of the definition of “Change of Control”, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise;

“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended;

“**Existing Securities**” means the U.S.\$750,000,000 aggregate principal amount of the 5.650 per cent. subordinated perpetual securities issued by the Issuer and guaranteed by the Guarantor on October 15, 2019 (the “**2019 Securities**”) and the U.S.\$250,000,000 5.650 per cent. subordinated perpetual securities issued by the Issuer and guaranteed by the Guarantor on February 18, 2020, which is consolidated and form a single series with the 2019 Securities.

“**FATCA Withholding**” has the meaning given to it in Condition 12;

“**FEMA Guarantee Regulations**” means the (Indian) Foreign Exchange Management Act, 1999, as amended from time to time and the (Indian) Foreign Exchange Management (Guarantee) Regulation,

2000, as amended from time to time and, in each case, the rules and regulations made thereunder, as amended from time to time and the circulars issued thereunder;

**“FEMA ODI Regulations”** means the (Indian) Foreign Exchange Management Act, 1999, as amended from time to time, the (Indian) Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended from time to time and, in each case, and the rules and regulations made thereunder, as amended from time to time and the circulars issued thereunder and the Master Directions on Direct Investment by Residents in Joint Venture (JV) /Wholly Owned Subsidiary (WOS) Abroad dated 1 January 2016, as amended, updated or replaced, from time to time and the applicable provisions of the Master Direction on Reporting under the Foreign Exchange Management Act, 1999 dated 1 January 2016, as amended, updated or replaced from time to time;

**“First Call Date”** means March 3, 2026;

**“First Fixed Interest Rate”** has the meaning given to it in Condition 4(c);

**“First Reset Date”** means June 3, 2026;

**“Group”** means the Guarantor and its Subsidiaries;

**“Guarantee”** has the meaning given to it in the preamble to these Conditions;

**“Guarantor”** has the meaning given to it in the preamble to these Conditions;

**“Holder”** has the meaning given to it in the preamble to these Conditions;

**“Holding Company”** means, in relation to a person, an entity of which that person is a Subsidiary;

**“Ind-AS”** means Indian Accounting Standards;

**“Interest Payment”** means, in respect of an Interest Payment Date, the amount of interest payable on the presentation and surrender of the Security for the relevant Interest Period in accordance with Condition 4;

**“Interest Payment Date”** means June 3 and December 3 in each year, commencing on (and including) June 3, 2021;

**“Interest Period”** means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, provided that the first payment of interest to be made on the First Interest Payment Date will be in respect of the period from and including the Issue Date to but excluding the First Interest Payment Date;

**“Interest Rate”** means the First Fixed Interest Rate and/or each Subsequent Fixed Interest Rate, as the case may be;

**“Investment Grade”** means a long term credit rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest Rating Categories, by S&P or a long term credit rating of “Aaa,” “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody’s; or a long term credit rating of “AAA,” or “AA,” “A” or “BBB,” as modified by a “±,” or “-” indication, or an equivalent rating representing one of the four highest Rating Categories, by Fitch; or the equivalent long term credit ratings of any internationally recognized Rating Agency or agencies, as the case may be, which will have been designated by the Guarantor as having been substituted for S&P, Moody’s or Fitch or all of them, as the case may be, in each case, without regard for the ratings outlook.

“**Issue Date**” has the meaning given to it in Condition 4(a);

“**Issuer**” has the meaning given to it in the preamble to these Conditions;

“**Junior Obligations of the Guarantor**” means: (i) any equity shares or preference shares of the Guarantor; (ii) any other class of share capital of the Guarantor that ranks *pari passu* with the equity shares or preference shares of the Guarantor; or (iii) any other securities or obligations issued or owed by the Guarantor (including guarantees or indemnities given by the Guarantor in respect of securities or obligations owed by other persons) which rank, or are expressed to rank, junior to the Guarantee;

“**Junior Obligations of the Issuer**” means: (i) any equity shares or preference shares of the Issuer; (ii) any other class of share capital of the Issuer that ranks *pari passu* with the equity shares or preference shares of the Issuer; or (iii) any other securities or obligations issued or owed by the Issuer (including guarantees or indemnities given by the Issuer in respect of securities or obligations owed by other persons) which rank, or are expressed to rank, junior to the Securities;

“**Officers’ Certificate**” means a certificate in form and substance satisfactory to the Trustee signed by two Authorized Signatories of the Issuer or the Guarantor, as the case may be;

“**Parity Obligations of the Guarantor**” means (if any) (i) any obligations of the Guarantor, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Guarantee, including the guarantee by the Guarantor of the Existing Securities; and (ii) any obligations of any Subsidiaries of the Guarantor benefiting from a guarantee entered into by the Guarantor which ranks, or is expressed to rank, *pari passu* with the Guarantee;

“**Parity Obligations of the Issuer**” means (if any) (i) any obligations of the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Securities, including the Existing Securities; and (ii) any obligations of any Subsidiaries of the Issuer benefiting from a guarantee entered into by the Issuer which ranks, or is expressed to rank, *pari passu* with the Securities;

“**Paying Agency Agreement**” has the meaning given to it in the preamble to these Conditions;

“**Paying Agents**” has the meaning given to it in the preamble to these Conditions;

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof;

“**Principal Paying Agent**” has the meaning given to it in the preamble to these Conditions;

“**Promoter**” means Bharti Telecom Limited and its Affiliates as of the Issue Date;

“**Promoter Group**” means (i) the Promoter and the person or persons named as promoters in any offer document filed with the Indian stock exchanges and (ii) any entity which holds 10 per cent. or more of the equity share capital of Bharti Telecom Limited as of the Issue Date;

“**Qualifying Securities**” has the meaning given to it in Condition 7;

“**Rating Agency**” means Fitch Ratings Ltd (“**Fitch**”), Moody’s Investors Service (“**Moody’s**”) or Standard & Poor’s (“**S&P**”) or any of their respective affiliates or successors or any rating agency (a “**Substitute Rating Agency**”) substituted for any of them by the Issuer or the Guarantor from time to time with the prior written approval of the Trustee. For the avoidance of doubt, the Issuer and the Guarantor are not required to maintain any rating;

“**Rating Category**” means (i) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (ii) with respect to Moody’s, any of the

following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); (iii) with respect to Fitch, any of the following categories: “BB,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); and (iv) the equivalent of any such category of S&P or Moody’s used by another Rating Agency. In determining whether the rating has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “1,” “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation), in each case, without regard for the ratings outlook.

**“Rating Date”** means in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of, or the intention by the Guarantor or any other Person or Persons to effect, a Change of Control;

**“Rating Decline”** means, in connection with a Change of Control Triggering Event, the occurrence on or within six months after the date of, or the date of the public notice of the occurrence of, a Change of Control or the intention by the Guarantor or any other Person or Persons to effect a Change of Control (which period will be extended so long as the rating of the Guarantor or any Senior Unsecured Obligations of the Guarantor are under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below associated with the Change of Control:

- (a) if the Guarantor is or all of the Senior Unsecured Obligations of the Guarantor that are rated by any Rating Agency on the Rating Date are rated as Investment Grade, the rating of the Guarantor or any of the Senior Unsecured Obligations of the Guarantor by such Rating Agency shall be decreased to below Investment Grade; or
- (b) if the Guarantor is or any of the Senior Unsecured Obligations of the Guarantor are rated below Investment Grade by any Rating Agency on the Rating Date, the rating of the Guarantor or any of the Senior Unsecured Obligations of the Guarantor by such Rating Agency shall be decreased by one or more notches;

**“Relevant Date”** means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer or by the Guarantor in a Winding-Up of the Guarantor, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 17, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up of the Issuer or by the Guarantor in a Winding-Up of the Guarantor, the date which is one day prior to the date on which an order is made or a resolution is passed for the Winding-Up of the Issuer or the Winding-Up of the Guarantor, as the case may be;

**“Relevant Jurisdiction”** has the meaning given to it in Condition 12;

**“Reset Date”** means the First Reset Date and each date falling on the fifth anniversary of the First Reset Date;

**“Reset Interest Determination Date”** means the second Business Day prior to the first day of the relevant Reset Period;

**“Reset Period”** means the period from one Reset Date to (but excluding) the next following Reset Date;

**“Securities”** has the meaning given to it in the preamble to these Conditions;

**“Senior Obligations of the Guarantor”** means all obligations of the Guarantor, issued directly or indirectly by it, other than Parity Obligations of the Guarantor and Junior Obligations of the Guarantor;

**“Senior Obligations of the Issuer”** means all obligations of the Issuer, issued directly or indirectly by it, other than Parity Obligations of the Issuer and Junior Obligations of the Issuer;

**“Senior Unsecured Obligations of the Guarantor”** means any of the Guarantor’s senior unsecured obligations;

**“Special Event”** means a Substitution or Variation Event, a Substantial Repurchase Event, or any combination of the foregoing;

**“Subsequent Fixed Interest Rate”** has the meaning given to it in Condition 4(d);

**“Subsidiary”** means, with respect to any Person, any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person;

**“Substantial Repurchase Event”** shall be deemed to occur if prior to the giving of the relevant notice of redemption the Issuer or the Guarantor repurchases (and effects corresponding cancellations) or redeems Securities in respect of 75 per cent. or more in the principal amount of the Securities initially issued (which shall for this purpose include any further Securities issued pursuant to Condition 18);

**“Substitution or Variation Event”** has the meaning given to it in Condition 7;

a **“Tax Event”** shall be deemed to have occurred if, as a result of a Tax Law Change, starting with the next following Interest Payment Date on which the Issuer will be obligated to make any Interest Payment (without taking account of the possibility of deferral), the Issuer or (provided there has been no default by the Issuer in respect of such Interest Payment and the Guarantor is treated for tax purposes as payer of that Interest Payment) the Guarantor (i) would not be entitled to claim a deduction with respect to the Issuer’s obligation to pay make any Interest Payment in computing its taxation liabilities in Mauritius or India, as the case may be, or such entitlement is materially reduced, or (ii) incurs a dividend distribution tax on any payments on the Securities or the Guarantee and, in either case, the Issuer or the Guarantor, as the case may be, cannot avoid the foregoing by taking measures reasonably available to it;

**“Taxes”** has the meaning given to it in Condition 12;

**“Tax Law Change”** means a change in, or amendment to, the laws or regulations of Mauritius, India or any political subdivision or any authority thereof or therein having the power to tax, or any change in the application of official interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretation thereof, which change or amendment is publicly announced and becomes effective on or after the Issue Date;

**“Trust Deed”** has the meaning given to it in the preamble to these Conditions;

**“Trustee”** has the meaning given to it in the preamble to these Conditions;

**“U.S. dollar”, “U.S.\$” and “cent”** mean the lawful currency of the United States of America;

**“Voting Stock”** means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person;

a **“Winding-Up of the Guarantor”** means a final order or judgment of a court or tribunal of competent jurisdiction is made for the winding-up or liquidation of the Guarantor; and

a “**Winding-Up of the Issuer**” means a final order or judgment of a court or tribunal of competent jurisdiction is made for the winding-up or liquidation of the Issuer; and

a “**Withholding Tax Event**” shall be deemed to occur if as a result of a Tax Law Change, the Issuer or the Guarantor, as the case may be, has paid or will on the next Interest Payment Date be required to pay Additional Amounts (in more than a *de minimis* amount) on the Securities or the Guarantee, as the case may be, and the rate of withholding or deduction in respect of which such Additional Amounts are required is in excess of the rate applicable on the Issue Date, and the Issuer or the Guarantor, as the case may be, cannot avoid the foregoing by taking measures reasonably available to it.

*The following paragraph does not form part of the terms and conditions of the Securities.*

*Unless (a) the rating assigned by S&P to the Guarantor is at least “BBB-” (or such similar nomenclature then used by S&P) and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or (b) the Securities are not assigned an “equity credit” (or such similar nomenclature then used by S&P), at the time of such redemption or repurchase; or (c) in the case of a repurchase, such repurchase is in an amount necessary to allow the Guarantor’s aggregate principal amount of hybrid capital remaining outstanding after such repurchase to remain at or below the maximum aggregate principal amount of hybrid capital to which S&P would assign equity content under its prevailing methodology; or (d) the Securities are redeemed in accordance with Condition 6 pursuant to an Accounting Event, a Capital Event, a Substantial Repurchase Event, a Tax Event or a Withholding Tax Event, the Issuer and the Guarantor intend (without thereby assuming a legal obligation), during the period from and including the issue date of the Securities to but excluding the Reset Date falling on June 3, 2046, in the event of:*

- (i) an early redemption of the Securities pursuant to Condition 6(b); or*
- (ii) a repurchase of the Securities of more than (a) 10 per cent. of the aggregate principal amount of the relevant Securities originally issued in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the relevant Securities originally issued in any period of 10 consecutive years,*

*to redeem or repurchase such Securities only to the extent that such part of the aggregate principal amount of the relevant Securities to be redeemed or repurchased as was characterized as equity by S&P at the time of their issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities) does not exceed such part of the net proceeds which is received by the Guarantor or any Subsidiary of the Guarantor at or prior to the date of such redemption or repurchase from the sale or issuance by the Guarantor or any Subsidiary to third party purchasers (other than Subsidiaries of the Guarantor) of securities as is characterized by S&P, at the time of sale or issuance, as equity.*

## GLOBAL CERTIFICATES

*Each Global Certificate contains provisions which apply to the Securities in respect of which it is issued while they are represented by the relevant Global Certificate, some of which modify the effect of the Terms and Conditions of the Securities (the “Conditions”) set out in this Offering Memorandum. The following is a summary of those provisions.*

*Unless otherwise defined, terms defined in the Conditions have the same meaning below.*

### Form of the Securities

The Securities sold in offshore transactions in reliance on Regulation S (the “**Regulation S Securities**”) will be represented by one or more global Regulation S certificates in fully registered form (the “**Regulation S Global Certificates**”). The Regulation S Global Certificates will be deposited with a custodian for and will be registered in the name of a nominee for DTC. Beneficial interests in the Regulation S Global Certificates may be held only through DTC and its direct or indirect participants including Euroclear and Clearstream at any time. See “*Clearance and Settlement—Payments and Relationship of Participants with Clearing Systems.*” The Securities sold within the United States to QIBs in reliance on Rule 144A (the “**Rule 144A Securities**”) will be represented by one or more global Rule 144A certificates in fully registered form (the “**Rule 144A Global Certificates**”), which will be deposited with a custodian for, and will be registered in the name of a nominee for, DTC. Beneficial interests in the Rule 144A Global Certificates may only be held through DTC and its direct or indirect participants including Euroclear and Clearstream at any time. See “*Clearance and Settlement—Payments and Relationship of Participants with Clearing Systems.*” Subject to certain exceptions, beneficial interests in the Rule 144A Global Certificates may only be held by persons who are QIBs, holding their interests for their own account or for the account of one or more QIBs. By acquisition of a beneficial interest in the Rule 144A Global Certificates, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A Global Certificates. See “*Transfer Restrictions.*”

The Regulation S Global Certificates and the Rule 144A Global Certificates are referred to herein as the “**Global Certificates.**” Beneficial interests in the Global Certificates will be subject to certain restrictions on transfer set out therein and in the Paying Agency Agreement and the Global Certificates will bear legends as set out under “Transfer Restrictions.”

Investors may hold interests in the Regulation S Global Certificates through Euroclear or Clearstream, if they are participants in those systems.

Investors may also hold such interests through organizations other than Euroclear and Clearstream that are participants in the DTC system. Euroclear and Clearstream will hold interests in the Regulation S Global Certificates on behalf of their account holders through customers’ securities accounts in their respective names on the books of their respective depositories, which in turn will hold such interests in the Regulation S Global Certificates in customers’ securities accounts in the depositories’ names on the books of DTC. Investors may hold their interests in the Rule 144A Global Certificates directly through DTC, if they are DTC participants, or indirectly through organizations which are DTC participants.

No beneficial interest in the Regulation S Global Certificates may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Certificate unless (i) the transfer is to a person that is a QIB, (ii) such transfer is made in reliance on Rule 144A, and (iii) the transferor provides the Registrar with a written certification substantially in the form set out in the Paying Agency Agreement to the effect that the transferor reasonably believes that the transferee is a QIB purchasing the beneficial interest for its own account

or any account of a QIB in a transaction meeting the requirements of Rule 144A and that such transaction is in accordance with any applicable securities laws of any state of the United States. No beneficial interest in the Rule 144A Global Certificates may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Certificates unless (a) the transfer is in an offshore transaction in reliance on Rule 904 of Regulation S, and (b) the transferor provides the Registrar with a written certification substantially in the form set out in the Paying Agency Agreement to the effect that the transfer is being made in an offshore transaction in accordance with Regulation S.

Any beneficial interest in the Regulation S Global Certificates that is transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Certificates will, upon transfer, cease to be an interest in the Regulation S Global Certificates and become an interest in the Rule 144A Global Certificates, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Rule 144A Global Certificates for as long as it remains such an interest. Any beneficial interest in the Rule 144A Global Certificates that is transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificates will, upon transfer, cease to be an interest in the Rule 144A Global Certificates and become an interest in the Regulation S Global Certificates and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Certificates for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Securities, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Upon receipt of the Global Certificates, DTC or the custodian will credit, on its internal system, the respective face amount of the individual beneficial interests represented by each such Global Certificate to the accounts of persons who have accounts with DTC. Ownership of beneficial interests in a Global Certificates will be limited to persons who have accounts with DTC or persons who hold interests through participants, including Euroclear and Clearstream. Ownership of beneficial interests in the Global Certificates will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants).

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of certificated Securities.

## **Holders**

For all purposes, each person who is for the time being shown in the records of DTC (or any Alternative Clearing System (as defined below)) as the holder of a particular principal amount of Securities in respect of which the Global Certificates have been issued (in which regard any certificate or other document issued by DTC or any Alternative Clearing System as to the principal amount of Securities represented by Global Certificates standing to the account of any person shall be conclusive and binding for all purposes) shall be recognized as the holder of such principal amounts of Securities (and the expressions “Holders”, “Securityholders”, “holding of the Securities” and “holders of the Securities” shall be construed accordingly).

## **Cancellation**

Cancellation of any Security represented by a Global Certificate will be effected by reduction in the aggregate face amount of the Securities in the Register and by annotation of the appropriate schedule to that Global Certificate.



## **Payments**

Payments of any amounts payable in respect of the Securities represented by a Global Certificate will be made without presentation or if no further payment falls to be made in respect of the Securities, against presentation and surrender of the relevant Global Certificate to or to the order of the Principal Paying Agent or to the order of such other Paying Agent as shall have been notified to the holders of Securities for such purpose.

Each payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January and any day on which banks are required or permitted to be closed in the city of New York.

## **Notices**

So long as the Securities are represented by Global Certificates and the Global Certificates are held on behalf of DTC or any Alternative Clearing System, notices to holders of the Securities may be given by delivery of the relevant notice to DTC or such Alternative Clearing System for communication to entitled account holders in substitution for notification as required by the Conditions except that, so long as the Securities are listed on any stock exchange, notices shall also be published in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given to the holders of the Securities on the day after the day on which such notice is delivered to the relevant clearing systems.

## **Meetings**

The registered holder of the Global Certificates will be treated as being two persons for the purposes of any quorum requirements of a meeting of holders of the Securities and, at any such meeting, as having one vote in respect of each U.S.\$1,000 in principal amount of Securities for which the Global Certificates are issued.

## **Transfers**

Transfers of book-entry interests in the Securities will be effected through the records of DTC (or any Alternative Clearing System) and their respective direct and indirect participants in accordance with the rules and procedures of DTC (or any Alternative Clearing System) and their respective direct and indirect participants.

## **Exchange for Definitive Certificates**

### ***Exchange***

Registration of title to Securities represented by the Global Certificates in a name other than DTC will not be permitted in respect of the Securities unless DTC or an additional or alternative clearing system approved by the Issuer and notified to the Trustee and the Principal Paying Agent and, as applicable, the Registrar (an “**Alternative Clearing System**”) on behalf of which the Securities evidenced by the Global Certificates may be held, notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Securities, or ceases to be a clearing agency registered under the Exchange Act, or is at any time no longer eligible to act as such and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC (or, in the case of an Alternative Clearing System, such system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so).

***Delivery***

If any of the events described in the above two paragraphs under the caption “Exchange” of this section occurs, the relevant Global Certificate shall be exchangeable in full for definitive Certificates in registered form and the Issuer will, at its own expense, cause sufficient definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Securityholders following surrender of such Global Certificate. A person having an interest in the Global Certificates must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such definitive Certificates and (b) in the case of the Rule 144A Global Certificates only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions.

Definitive Securities issued in exchange for a beneficial interest in the Global Certificates shall bear legends as set out under “*Transfer Restrictions*.”

The Registrar will not register the transfer of, or exchange of interests in, the Global Certificates for definitive Certificates for a period of 15 calendar days ending on (i) the due date for any payment of principal or premium, if any, or (ii) any Interest Payment Date.

## CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer and the Guarantor believe to be reliable, but none of the Issuer, the Guarantor, the Managers, the Trustee or the Agents takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor or any other party to the Paying Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Securities held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### Book-entry Ownership

The Securities will be evidenced on issue by the Regulation S Global Certificates (registered in the name of a nominee of, and deposited with a custodian for, DTC for the accounts of Euroclear and Clearstream) and the Rule 144A Global Certificates (registered in the name of a nominee of, and deposited with a custodian for, DTC).

The Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, will make application to DTC for acceptance in its book-entry settlement system of the Securities represented by the Global Certificates. The Issuer will also make application to Euroclear and/or Clearstream for acceptance in their respective book-entry systems in respect of the Securities to be represented by the Regulation S Global Certificates. The Global Certificates will each have a CUSIP, an ISIN and a Common Code. The Global Certificates will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificates, as set out under “Transfer Restrictions.” In certain circumstances, as described below, transfers of interests in the Rule 144A Global Certificates may be made as a result of which such legend may no longer be required.

Upon the Global Certificates being registered in the name of a nominee of, and deposited with a custodian for, DTC, DTC will electronically record the nominal amount of the Securities held within the DTC system.

Investors may hold their beneficial interests in the Global Certificates directly through DTC if they are participants in the DTC system, or indirectly through organizations (including Euroclear and Clearstream) which are participants in such system (together, such direct and indirect participants of DTC are referred to as “DTC participants”). All interests in the Global Certificates, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such system.

### Payments and Relationship of Participants with Clearing Systems

Payment of the principal of and interest and premium, if any, on each Global Certificate registered in the name of DTC’s nominee will be to, or to the order of, its nominee as the registered owner of such Global Certificate. The Issuer expects that, upon receipt of any payment in respect of Securities represented by a Global Certificate, DTC or its nominee will immediately credit the relevant participants’ or account holders’ accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the face amount of the relevant Global Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in a Global Certificate held through such DTC participants will be governed by standing instructions and customary

practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Securities for so long as the Securities are represented by such Global Certificate and the obligations of the Trustee will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid.

### **Transfer of Securities**

Transfers of interests in the Global Certificates within Euroclear, Clearstream and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in the Rule 144A Global Certificates to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in the Rule 144A Global Certificates to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in the Regulation S Global Certificates may only be held through Euroclear or Clearstream. In the case of Securities to be cleared through Euroclear, Clearstream and/or DTC, transfers may be made at any time by a holder of an interest in the Regulation S Global Certificates to a transferee who wishes to take delivery of such interest through the Rule 144A Global Certificates, provided that any such transfer will, subject to the applicable procedures of Euroclear, Clearstream and/or DTC from time to time, only be made upon receipt by any transfer agent of a written certificate from Euroclear or Clearstream, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person that the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A purchasing the Securities for its own account or any account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Securities represented by such Regulation S Global Certificates will only be made upon request through Euroclear or Clearstream by the holder of an interest in the Regulation S Global Certificates to the other agent of details of that account at DTC to be credited with the relevant interest in the Rule 144A Global Certificates.

Transfers at any time by a holder of any interest in the Rule 144A Global Certificates to a transferee who takes delivery of such interest through the Regulation S Global Certificates will, subject to the applicable procedures of Euroclear, Clearstream and/or DTC from time to time, only be made upon delivery to any transfer agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Securities described above and under “Transfer Restrictions”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream account holders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the custodian of the Global Certificates, the Registrar and the Paying Agent. On or after the Issue Date, transfers of Securities between account holders in Euroclear and/or Clearstream and transfers of Securities between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers. Cross-market transfers between account holders in Euroclear or Clearstream and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, on the other, transfers of interests between the Global Certificates will be effected through the Paying Agent, the custodian of the Global Certificates, the Registrar and any transfer agent receiving instructions (and, where appropriate, certification)

from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) two business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Paying Agent or the Registrars as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream account holders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free-delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of the Securities, see “*Transfer Restrictions*.”

DTC will take any action permitted to be taken by a holder of Securities only at the direction of one or more DTC participants in whose accounts with DTC interests in the Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Global Certificate as to which such DTC participant or participants has or have given such direction. However, the custodian of the Global Certificates will surrender the relevant Global Certificate for exchange for individual definitive Securities in certain limited circumstances.

DTC is a limited purpose trust company organized under the laws of the State of New York, a “banking organization” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerized book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of Securities. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly (“**indirect participants**”). Transfers of ownership or other interests in Securities in DTC may be made only through DTC participants. In addition, beneficial owners of Securities in DTC will receive all distributions of principal of and interest on the Securities from the Issuer through such DTC participant.

Although Euroclear, Clearstream and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and account holders of Euroclear, Clearstream and DTC, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Trustee or any Agent will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations. While the Global Certificates are lodged with DTC, Securities represented by individual definitive Securities will not be eligible for clearing or settlement through Euroclear, Clearstream or DTC. Individual Definitive Securities Registration of title to Securities in a name other than a custodian or its nominee for DTC will be permitted only in the circumstances set forth in “*Global Certificates—Exchange for Definitive Certificates*.” In such circumstances, the Issuer will cause sufficient individual definitive Securities to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Security holder(s). A person having an interest in a Global Certificate must provide the Registrar with certain information as specified in the Paying Agency Agreement.

### **Pre-issue Trades Settlement**

It is expected that delivery of Securities will be made against payment therefor on the Issue Date, which will be more than two business days following the date of pricing. Under Rule 15c6-1 of the U.S. Exchange Act,

trades in the U.S. secondary market generally are required to settle within two business days (referred to as “T+2”) unless the parties to any such trade expressly agree otherwise. Accordingly, since the Issue Date will be more than two business days following the date of pricing, purchasers who wish to trade the Securities in the U.S. between the date of pricing and the date that is two business days prior to the Issue Date will be required, by virtue of the fact that such Securities initially will settle beyond T+2, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement.

Settlement procedures in other countries will vary. Purchasers of Securities may be affected by such local settlement practices. Purchasers of Securities who wish to trade Securities between the date of pricing and the date that is two business days prior to the Issue Date should consult their own adviser.

## DESCRIPTION OF THE ISSUER

Network i2i Limited, the Issuer, is a direct wholly owned submarine cable systems and holding company subsidiary of the Guarantor and was incorporated in Port Louis, Mauritius on November 30, 2000.

The Issuer held all of the Guarantor's African assets and approximately U.S.\$240 million of the Guarantor's consolidated debt as at March 31, 2020.

The issuance of the Securities was approved by the Board of Directors on behalf of the Issuer on February 22, 2021.

The directors of the Issuer at the date of this Offering Memorandum are

- Bashirali Abdulla Currimjee (appointed on February 9, 2001);
- Jantina Catharina Van De Vreede (appointed on May 22, 2013);
- Naushad Ally Sohoboo (appointed on September 6, 2013);
- Ajay Chitkara (appointed on August 24, 2015);
- Rajvardhan Singh Bhullar (appointed on April 18, 2016); and
- Pravin Surana (appointed on January 1, 2020).

The registered office of the Issuer is at C/o IQ EQ Corporate Services Mauritius Ltd., 33 Edith Cavell Street, Port Louis, 11324, Mauritius

## INDIAN GOVERNMENT AND OTHER APPROVALS

The primary exchange control legislation in India is the Foreign Exchange Management Act, 1999 (the “**FEMA**”). Pursuant to FEMA, the central government and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of foreign exchange control. The FEMA Guarantees Regulations and the FEMA ODI Regulations including the provisions of the RBI’s Master Directions on Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary Abroad (WOS) issued by the RBI, on January 1, 2016 and as amended or updated (the “**ODI Master Directions**”) are the primary regulations governing overseas direct investments outside India by an Indian party as well as issuances of guarantees by Indian party to or on behalf of its non-Indian wholly owned subsidiaries or joint ventures.

Under Regulation 5 (b) of the FEMA Guarantee Regulations, an Indian company can provide a guarantee on behalf of its non-Indian wholly owned subsidiaries or joint ventures in connection with its business and subject to compliance with the FEMA ODI Regulations. Pursuant to the FEMA ODI Regulations an Indian company is permitted to provide a guarantee on behalf of its non-Indian wholly owned subsidiaries or joint ventures, in which it has equity participation, without the prior approval of the RBI (i.e. under the “Automatic Route”) subject to:

- (i) such Indian company’s total financial commitment not exceeding 400% of its net worth as per its last audited balance sheet at the time of issuance of any such guarantee;
- (ii) such Indian company’s financial commitment not exceeding USD 1 (one) billion (or its equivalent) in a fiscal year even when the total financial commitment of the Indian party is within the eligible limit under the Automatic Route (i.e., within 400% of its net worth as per the last audited balance sheet);
- (iii) the guarantee not being open-ended, with the maximum amount and duration of the guarantee being specified upfront;
- (iv) such Indian company not being (a) on the RBI’s exporter caution list or the list of defaulters to the banking system circulated by the RBI, the Credit Information Bureau (India) Limited or any other credit information company approved by the RBI; or (b) under investigation by an investigation or enforcement agency or regulatory body; and
- (v) the investments or financial commitments not being in an overseas entity located in the countries identified by the Financial Action Task Force (FATF) as “non co-operative countries and territories” or as notified by the RBI.

Under the ODI Master Directions, the “total financial commitment” of an Indian Party is comprised of:

- (a) 100% of the amount of equity shares, (b) 100% of the amount of compulsorily convertible preference shares, (c) 100% of the amount of other preference shares, (d) 100% of the amount of loan, (e) 100% of the amount of guarantee (other than performance guarantee) issued by the Indian party, (f) 100% of the amount of bank guarantees issued by a resident bank on behalf of JV or WOS of the Indian party provided the bank guarantee is backed by a counter guarantee / collateral by the Indian company, and (g) 50% of the amount of performance guarantee issued by the Indian party provided that the outflow on account of invocation of performance guarantee results in the breach of the limit of the financial commitment in force, prior permission of the RBI is to be obtained before executing remittance beyond the limit prescribed for the financial commitment.

For making any investment or undertaking any financial commitment in an overseas joint venture or wholly owned subsidiary, an application in Form ODI with the prescribed enclosures and documents is to be made with an authorized dealer category I bank. All guarantees (including performance and bank guarantees) are required to be reported to the RBI, in Form ODI-Part I, by the Indian party.



Additionally, the approval of the RBI is not required for the renewal, rollover of an existing original guarantee which is part of the total commitment of the Indian company and such renewed or rolled over guarantee will not be reckoned as a fresh “financial commitment” if:

- (i) the existing or original guarantee was issued in terms of the then prevailing FEMA guidelines;
- (ii) there is no change in the end use of the guarantee, that is, the facilities availed by the JV, WOS or step-down subsidiary;
- (iii) there is no change in any of the terms and conditions, including the amount of the guarantee except the validity period;
- (iv) the reporting of the rolled over guarantee would be done as a fresh financial commitment in Part I of Form ODI; and
- (v) the concerned agency / body being kept informed about the same if the Indian company is under investigation by any investigation and enforcement agency or regulatory body.

If these conditions are not met, the prior approval of the RBI is required for the rollover or renewal of the existing guarantee through the designated authorized dealer bank.

In this regard the RBI has by its letter dated January 28, 2021 granted its approval to the Guarantor to avail additional financial commitments of up to U.S\$569.32 million in the Issuer for the current financial year of 2021 subject to *inter alia* the following conditions:

- (i) the period of guarantee, being co-terminus with the period of the end use of guarantee;
- (ii) the funds raised overseas by the Issuer are not invested in India in any manner;
- (iii) the Guarantor shall not undertake any further financial commitment (other than as has been approved by the RBI) without the prior approval of the RBI during the financial year 2021; and
- (iv) the financial commitment should be utilized solely for the intended purpose as stated in the Guarantor’s letters dated January 12, 2021 and January 27, 2021.

In addition, any payments in respect of indemnity claims will require RBI approval.

## TAXATION

*The information provided below does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase Securities. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Memorandum are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing in securities or on any tax implications arising from the acquisition, sale of or other dealings in Securities. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in Securities) may be subject to special rules.*

**Prospective purchasers of the Securities are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Securities, including the effect of any applicable U.S. federal, state or local taxes as well as the tax laws of India or any political subdivision thereof. Additionally, in view of the number of different jurisdictions where local laws may apply, this Offering Memorandum does not discuss the local tax consequences to a potential holder arising from the acquisition, holding or disposition of the Securities. Prospective investors must, therefore, inform themselves as to any tax laws and regulations in force relating to the purchase, holding or disposition of the Securities in their country of residence and in the countries of which they are citizens or in which they purchase, hold or dispose of the Securities.**

### Indian Taxation

The following is a summary of the existing principal Indian tax consequences for non-resident investors subscribing to the Securities. The summary is based on existing Indian taxation law and practice in force at the date of this offering memorandum and is subject to change, possibly with retroactive effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Securities.

### Taxation of Interest

The Income Tax Act, 1961 (the “**Income Tax Act**”) is the law relating to taxation of income in India. Under the Income Tax Act, interest income payable by issuers of securities to non-resident investors is subject to Indian tax, if the issuance proceeds are for the purpose of business carried on by the issuer in India or for the purposes of making or earning any interest from any source in India. The Issuer will not bring the proceeds raised from the Securities to be used for its business activities in India or for the purposes of earning any income in India. Accordingly, the interest payable by the Issuer on the Securities may not be chargeable to tax in India. The Issuer shall not be required to withhold any tax in India.

In case the Guarantor is required to pay certain amounts on behalf of the Issuer, the said payment could be regarded as a loan granted by the Guarantor to the Issuer and would not have any withholding tax obligations. However, it will be regarded as a related party transaction between associated enterprises and the terms and conditions under which the said loan is granted will have to comply with Indian transfer pricing regulations. Further, in case any guarantee fee is payable by the Issuer to the Guarantor, it would be a transaction with related enterprises and hence, such guarantee fee would have to be determined on an arm’s length basis and will have to comply with the Indian transfer pricing regulations. Such guarantee fee payable by the Issuer would be treated as a tax deductible expense of the Issuer while would be regarded as regular business income in the hands of the Guarantor.

## **Certain U.S. Federal Income Tax Considerations**

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Securities by a U.S. Holder (as defined below). This summary deals only with initial purchasers of Securities that are U.S. Holders that will hold Securities as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Securities by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address state, local, non-U.S. or other tax laws (such as estate and gift tax laws). This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5 per cent. or more of the shares of the Issuer by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, investors that will hold the Securities as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, persons subject to special tax accounting rules as a result of any item of gross income with respect to Securities being taken into account in an applicable financial statement, investors holding Securities in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term “U.S. Holder” means a beneficial owner of Securities that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Securities will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Securities by the partnership.

Except as otherwise noted, the summary assumes that the Issuer is not a passive foreign investment company (a “PFIC”) for U.S. federal income tax purposes. The Issuer’s possible status as a PFIC must be determined annually and therefore may be subject to change. If the Issuer were to be a PFIC in any year, materially adverse consequences could result for U.S. Holders.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

**THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE SECURITIES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

### ***U.S. Federal Income Tax Characterization of the Securities***

The determination of whether an obligation represents debt, equity or some other instrument or interest is based on all the relevant facts and circumstances. Despite the fact that the Securities are denominated as debt, the Issuer intends to take the position that the Securities are properly characterized as equity in the Issuer for U.S. federal income tax purposes. By purchasing a Security, each U.S. Holder agrees to treat the Security as an equity interest in the Issuer for U.S. federal income tax purposes. Each prospective investor should consult its own tax adviser about the proper characterization of the Securities for U.S. federal income tax purposes. The remainder of this summary assumes that the Securities are properly characterized as equity in the Issuer for U.S. federal income tax purposes.

### ***Payments of Interest***

Payments of stated interest on the Securities (including the amount of any withholding taxes and any Additional Amounts paid with respect thereto) will be treated as distributions on an equity interest in the Issuer for U.S. federal income tax purposes that a U.S. Holder must include in income when, actually or constructively, received by such U.S. Holder. Distributions paid by the Issuer out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be taxable to a U.S. Holder as dividend income and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Securities and thereafter as capital gain. However, the Issuer does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any payment of interest by the Issuer on Securities will be reported as ordinary dividend income. U.S. Holders should consult their own tax advisers with respect to the appropriate U.S. federal income tax treatment of any payment of interest received from the Issuer.

A U.S. Holder generally will be entitled, subject to certain limitations, to a credit against its U.S. federal income tax liability, or a deduction in computing its U.S. federal taxable income, for foreign taxes withheld from payments on the Securities. Dividends generally will constitute "passive category income" for purposes of the foreign tax credit. The rules governing foreign tax credits are complex. Prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of any withholding taxes.

### ***Sale or other Disposition***

Upon a sale or other disposition of Securities, a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realized on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Securities. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Securities exceeds one year. Non-corporate U.S. Holders are subject to tax on long-term capital gain at reduced rates. The deductibility of capital loss is subject to limitation. Any gain or loss generally will be U.S. source. Therefore, a U.S. Holder may have insufficient foreign source income to utilize foreign tax credits attributable to any withholding tax imposed on a sale or disposition. Prospective purchasers should consult their tax advisers as to the availability of and limitations on any foreign tax credit attributable to any withholding tax imposed on a sale or disposition of Securities.

### ***Passive Foreign Investment Company Considerations***

A non-U.S. corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average quarterly value of its assets is attributable to assets which produce passive income or are held for the production of passive income. The Issuer does not believe that it should be a PFIC for U.S. federal income tax purposes for its most recent

taxable year and does not expect to become one in the foreseeable future, but the Issuer's possible status as a PFIC must be determined annually and therefore may be subject to change.

If the Issuer were to be a PFIC for any taxable year in which a U.S. Holder holds Securities, gain recognized by the U.S. Holder on a sale or other disposition of Securities would generally be allocated ratably over the U.S. Holder's holding period for those Securities. The amounts allocated to the taxable year of the sale or other disposition and to any year before the Issuer became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to U.S. federal income tax at the highest rate in effect in that year for individuals or corporations, as appropriate, and an interest charge would be imposed on the resulting U.S. federal income tax liability. The same treatment would generally apply to any payments of interest on the Securities and any Additional Amounts with respect thereto to the extent such payment exceeds 125% of the average of the annual payments on Securities received by the U.S. Holder during the preceding three years or the U.S. Holder's holding period, whichever is shorter. Prospective purchasers should consult their tax advisers regarding the potential application of the PFIC regime.

#### ***Substitution of Issuer***

The terms of the Securities provide that, in certain circumstances, the obligations of the Issuer under the Securities may be altered or may be assumed by another entity. Any such alteration or assumption might be treated for U.S. federal income tax purposes as a taxable disposition of Securities by a U.S. Holder in exchange for new securities issued by the new obligor. If so treated, a U.S. Holder would be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the fair market value of the new securities and the U.S. Holder's tax basis in the Securities. U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of an alteration or assumption with respect to the Securities.

#### ***Backup Withholding and Information Reporting***

Payments of interest on and proceeds from the sale or other disposition of the Securities, by a U.S. paying agent or other U.S. intermediary will be reported to the U.S. Internal Revenue Service (the "**IRS**") and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Securities, including requirements related to the holding of certain "specified foreign financial assets."

#### ***Transfer Reporting Requirements***

A U.S. Holder who purchases Securities may be required to file Form 926 (or similar form) with the IRS in certain circumstances. A U.S. Holder who fails to file any such required form could be required to pay a penalty equal to 10% of the gross amount paid for the Securities (subject to a maximum penalty of U.S.\$100,000, except in cases of intentional disregard). U.S. Holders should consult their tax advisers with respect to this or any other reporting requirement that may apply to an acquisition of the Securities.

#### ***FATCA Withholding***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Mauritius and India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way

in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

### **EU Savings Directive**

Under Council Directive 2003/48/EC on the taxation of savings income (the Savings Directive), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the Amending Directive) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfill administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

### **The proposed financial transactions tax (“FTT”)**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

### **Certain Mauritian tax considerations**

The Issuer holds a Category 1 Global Business License (“**GBL1**”) issued by the Financial Services Commission of Mauritius (“**FSC**”). The Issuer will have to ensure that it is

“centrally managed and controlled” in Mauritius by ensuring that it:

- (a) has at all times at least two (2) resident directors of appropriate caliber who are able to exercise independence of mind and judgment;
- (b) maintains, at all times, its principal bank account in Mauritius;
- (c) keeps and maintains, at all times, its accounting records at a registered office in Mauritius;
- (d) prepares its statutory financial statements and causes its financial statements to be audited in Mauritius; and
- (e) provides for meetings of directors to include at least two (2) directors from Mauritius.

In addition to the above, the Issuer shall, at all times:

- (a) carry out its core income generating activities in, or from, Mauritius by:
  - (iii) employing, either directly or indirectly, a reasonable number of suitably qualified persons to carry out the core activities; and
  - (iv) having a minimum level of expenditure, which is proportionate to its level of activities;
- (b) be managed and controlled from Mauritius; and
- (c) be administered by a management company.

In 2020, the GBL1 was renamed as Global Business License and existing companies holding the GBL1, where the licenses were issued on or before October 16, 2017, will be grandfathered until June 30, 2021 and licenses issued after October 16, 2017 were grandfathered until December 31, 2018.

## PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated February 25, 2021 (the “**Purchase Agreement**”) among the Guarantor, the Issuer and the Managers named below (the “**Managers**”), the Managers have severally agreed to purchase from the Issuer, and the Issuer has agreed to sell to the Managers, the aggregate principal amount of the Securities set forth opposite its name below:

| <b>Managers</b>                                            | <b>Principal<br/>Amount of<br/>Securities<br/>(U.S.\$)</b> |
|------------------------------------------------------------|------------------------------------------------------------|
| Barclays Bank PLC.....                                     | 71,428,000                                                 |
| BNP Paribas .....                                          | 71,428,000                                                 |
| Citigroup Global Markets Inc. ....                         | 71,428,000                                                 |
| The Hongkong and Shanghai Banking Corporation Limited..... | 71,428,000                                                 |
| J.P. Morgan Securities plc .....                           | 71,428,000                                                 |
| Merrill Lynch (Singapore) Pte. Ltd. ....                   | 71,429,000                                                 |
| Standard Chartered Bank .....                              | 71,429,000                                                 |
| DBS Bank Ltd.....                                          | 1,000                                                      |
| SMBC Nikko Capital Markets Limited .....                   | 1,000                                                      |
| <b>Total</b> .....                                         | <b>500,000,000</b>                                         |

The Purchase Agreement provides that the obligations of the Managers to take and pay for the Securities are subject to the approval of certain legal matters by their counsel and certain other conditions. The Managers have severally agreed to take and pay for all of the Securities. The Purchase Agreement provides that upon the occurrence of certain events, the Purchase Agreement may be terminated by the Managers.

The Guarantor has agreed to indemnify the Managers against certain liabilities and to contribute to payments which the Managers may be required to make in respect thereof.

The Securities are a new issue of securities with no established trading market. Approval-in-principle has been received from the SGX-ST for the listing and quotation of the Securities on the SGX-ST. The Issuer has been advised that the Managers presently intend to make a market in the Securities, as permitted by applicable laws and regulations. The Managers are not obligated, however, to make a market in the Securities, and any such market making may be discontinued at any time without prior notice at the sole discretion of the Managers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Securities.

In connection with this offering, the Managers and/or any of their affiliates may purchase the Securities for their own account and enter into transactions, including (i) credit derivatives (including convertible asset swaps, repackaging transactions and credit default swaps) relating to the Securities and/or the Issuer’s securities, and (ii) equity derivatives and stock loan transactions relating to the Shares. Such transactions may occur either at the same time as the offer and sale of the Securities, or in secondary market transactions. Such transactions would be carried out as bilateral transactions with selected counter-parties and separately from any existing sale or resale of the Securities to which this Offering Memorandum relates (notwithstanding that such selected counter-parties may also be purchasers of the Securities). As a result of such transactions, a Manager or its affiliates may hold long or short positions relating to the Securities. The Managers or certain of their affiliates



may purchase the Securities and be allocated Securities for asset management and/or proprietary purposes but not with a view to distribution.

It is expected that delivery of the Securities and the Guarantee will be made against payment therefor on or about the Issue Date, which will be the fifth business day following the date of pricing of the Securities. Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Securities on the date of pricing will be required, by virtue of the fact that the Securities initially will settle five business days following the pricing date (T+5), to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Securities who wish to trade the Securities on the date of pricing should consult their own advisor.

The Guarantor is concurrently conducting an offering of an aggregate principal amount of U.S.\$750,000,000 3.25% senior notes due 2031 (such offering, the “**Concurrent Notes Offering**”). The Concurrent Notes Offering is not part of this offering and is being conducted pursuant to a separate offering memorandum.

In case of additional market demand for the Securities, the Issuer may launch and price additional securities during the period from this Offering Memorandum to, or shortly after, the Issue Date. Such additional securities, if issued, could be fully fungible with and consolidated into, and form a single series with, the Securities offered in this Offering Memorandum. The Issuer intends to use the proceeds of any such issuance of additional securities for the same purposes as the Securities offered pursuant to this Offering Memorandum. Any such offering of additional securities would be offered and sold pursuant to, and on the terms described in, a separate offering memorandum.

Each of the Issuer and the Guarantor will not, until the Closing Date, without the prior written consent of the Managers (a) directly or indirectly, issue, offer, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any securities or any securities convertible into or exercisable or exchangeable for securities or publicly announce an intention with respect to any of the foregoing, (b) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the securities or any securities convertible into or exercisable or exchangeable for securities or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in Clause (a) or (b) hereof is to be settled by delivery of securities or such other securities, in cash or otherwise, or (c) deposit securities or any securities convertible into or exercisable or exchangeable for securities or which carry the right to subscribe for or purchase securities in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of securities in any depositary receipt facility, or publicly announce any intention to enter into any transaction except, in each case, for the Concurrent Notes Offering.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that this offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, this offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer and/or the Guarantor in such jurisdiction.

## **Selling restrictions**

### **General**

No action has been or will be taken in any jurisdiction by us or the Managers that would permit a public offering of the Securities or the possession, circulation or distribution of this Offering Memorandum (in preliminary or final form) or any other material relating to us or the Securities in any jurisdiction where action for the purpose

is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Securities may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose hands this Offering Memorandum comes are required by the Issuer, the Guarantor and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Securities or have in their possession, distribute or publish this Offering Memorandum (in preliminary or final form) or any other offering material relating to the Securities, in all cases at their own expense. This Offering Memorandum does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this Offering Memorandum and resales of the Securities. See “*Transfer Restrictions.*”

### **United States**

Each Manager has represented, warranted and agreed the Securities and the Guarantee have not been and will not be registered under the Securities Act and that the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

Each Manager represents and warrants that it has offered and sold, and agrees that it will offer and sell, any Securities (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, only in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Manager has agreed that, at or prior to confirmation of sale of Securities (other than a sale pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Securities from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the offering, except in either case in accordance with Regulation S or Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

Terms used in the above paragraphs have the meanings given to them by Regulation S.

Each Manager has represented and agreed that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) of Regulation D under the Securities Act) in connection with any offer and sale of the Securities in the United States.

Each Manager may directly or through its U.S. broker-dealer affiliates arrange for the offer and resale of the Securities in the United States only to investors it reasonably believes to be qualified institutional buyers (as defined in Rule 144A) in accordance with Rule 144A.

Each Manager has represented and warranted that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Securities, except with its affiliates or with the prior written consent of the Issuer.

### European Economic Area

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Memorandum to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

### United Kingdom

Each Manager has represented, warranted and agreed that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of The Financial Services and Markets Act 2000, as amended (“**FSMA**”)) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and (ii) it has complied, and will comply with, all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Memorandum to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

## **India**

Each Manager has represented, warranted and agreed that it has not offered or sold and will not offer or sell any Securities in the Republic of India and has not made and will not make any invitation in the Republic of India to subscribe for the Securities. This Offering Memorandum has not and will not be registered or produced or made available as an offer document whether as a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of a private placement under the Indian Companies Act or any other applicable Indian laws, with the Registrar of Companies, the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India. The Securities will not be offered or sold, and have not been offered or sold, in India by means of any document and this offering memorandum or any other offering document or material relating to the Securities will not be circulated or distributed and have not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of any Indian laws.

## **Singapore**

Each of the Managers has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Managers has represented and agreed that it has not offered or sold any Securities or caused such Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell such Securities or cause such Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (in the case of an accredited investor) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:
  - 1. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - 2. where no consideration is or will be given for the transfer;
  - 3. where the transfer is by operation of law;
  - 4. as specified in Section 276(7) of the SFA; or

5. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Singapore SFA Product Classification:** *In connection with Section 309B of the SFA and the Securities and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

### **Hong Kong**

Each Manager has represented, warranted and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities (except for securities which are a “structured product” as defined in the SFO (as defined herein) or any rules made thereunder) other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made thereunder; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “CO”) or that do not constitute an offer or invitation to the public within the meaning of the CO; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

### **Japan**

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (the “**Financial Instruments and Exchange Act**”). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Securities in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### **Canada**

Each Manager has represented, warranted and agreed that (i) the Securities have not been and will not be registered under the laws of any province or territory of Canada, and (ii) the Securities may not be offered or sold in Canada or to, or for the benefit of, residents of Canada except to purchasers resident in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland which are both an “accredited investor” as defined in National Instrument 45-106 Prospectus and Registration Exemptions and a “permitted client” as defined in National Instrument 31-103 “Registration Requirements, Exemptions and Ongoing Registrant Obligations.” Any resale of the Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser

should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Under Canadian securities law, National Instrument 33-105 Underwriting Conflicts ("NI 33-105") provides disclosure requirements with respect to potential conflicts of interest between an issuer and underwriters. To the extent any conflict of interest between the Issuer and any of the underwriters (or any other dealer acting in connection with this offering) may exist in respect of this offering, the applicable parties to this offering are relying on the exemption from these disclosure requirements provided to them by section 3A.3 of NI 33-105 (Exemption based on U.S. disclosure).

Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

### **Other relationships**

Each Manager and some of their respective affiliates have, from time to time, performed, and may in the future perform certain commercial banking, investment banking and advisory and other banking services for the Issuer, the Guarantor and their respective affiliates for which they have received or will receive customary fees and expenses. The Managers and their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve the Issuer's and/or the Guarantor's securities and other financial instruments, including the Securities. The Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Securities or the Issuer's or the Guarantor's other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Securities or other financial instruments.

Each Manager and its affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or the Guarantor or any of their affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Manager and its affiliates may, from time to time after completion of the offering of the Securities, engage in other transactions with, and perform services for, the Issuer or the Guarantor or their affiliates in the ordinary course of their business. Each Manager or its affiliates may also purchase the Securities for asset management and/or proprietary purposes but not with a view to distribution or may hold the Securities on behalf of clients or in the capacity of investment advisors. While each Manager and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Manager or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Securities. Each Manager may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Securities.

## LEGAL PROCEEDINGS

*Except as disclosed below, the Guarantor is not involved in any legal proceedings and disputes, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, financial condition or operations of the Guarantor. Civil, tax and regulatory cases involving an amount of Rs. 7,500 million or more have been disclosed below. Additionally, all material cases pertaining to the Guarantor and its subsidiaries, including criminal cases and environmental cases, the outcome of which may have a material adverse impact on the Guarantor's business, have also been disclosed below.*

*In addition to the cases set out below, the Guarantor and/or its Subsidiaries, from time to time, have been and continue to be involved in legal proceedings, arising in the ordinary course of their respective businesses.*

*Certain of the Guarantor's Subsidiaries and associates are listed in their respective jurisdictions and the disclosures with respect to legal proceedings involving such entities is solely for the purpose of this Offering Memorandum.*

*All terms defined herein in a particular litigation disclosure pertain to that litigation only.*

### ***Litigation involving the Guarantor***

*Proceedings involving material statutory and regulatory violations by the Guarantor*

- 1 The Government published its approval of TRAI's recommendation on "Spectrum Management and Licensing Framework" in relation to spectrum pricing on November 8, 2012. Subsequently, DoT issued an order dated December 28, 2012, levying a one-time spectrum charge on for GSM/CDMA spectrum held by existing telecom operators, in accordance with the rates provided for in the schedule of the decision dated December 28, 2012 on entities holding GSM spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012. Additionally, a one-time charge for holding spectrum beyond 4.4 MHz prospectively from January 1, 2013 until expiry of license was levied upon existing operators in accordance with the rates provided in the schedule of the decision dated December 28, 2012. Thereafter, on January 8, 2013, DoT issued a demand notice raising a demand of Rs. 52,012 million against the Guarantor and Bharti Hexacom as one-time spectrum charges. The Guarantor and Bharti Hexacom challenged the demand notice by filing a writ petition before the Bombay High Court, which by its order dated January 28, 2013 has stayed the enforcement of the impugned demand and directed the DoT not to adopt any coercive action for recovery until the final outcome of the matter. The matter is currently pending for final hearing.

The DoT revised its demand of one-time spectrum charge to Rs. 84,140 million through its letter dated June 27, 2018. The Guarantor and Bharti Hexacom submitted a response against the said demand on August 29, 2018 requesting the DoT to withdraw the revised demand order and await the final outcome of the matter pending before the Bombay High Court.

On August 19, 2019, the Guarantor filed an affidavit before the Bombay High Court seeking a clarification that the revised demand, being a mere re-calculation of the earlier demand and issued in furtherance to the impugned decisions, is covered by scope of the interim order passed by Bombay High Court on January 28, 2013. The Bombay High Court through order dated October 4, 2019 has: (i) taken on record a copy of DoT letter dated September 30, 2019 stating that the revised demand is subject to the decision of the Bombay High Court; and (ii) accepted the statement of the Union of India that no coercive steps are contemplated pursuant to the revised demand.

***Transfer petitions by DoT:*** DoT had filed two transfer petitions (one each in 2015 and 2019) before the Supreme Court seeking transfer of outstanding One Time Spectrum Charge matters from Bombay High Court to the Supreme Court, which were dismissed by the Supreme Court through orders dated February 2, 2015 and September 27, 2019, respectively.

Further, in a similar matter on a petition filed by another telecom service provider, the TDSAT, vide its judgment dated July 4, 2019 (“**TDSAT Order**”), set aside the order of the DoT whereby one-time spectrum charges were levied with retrospective effect, and directed the DoT to revise its demands in accordance with the order. The TDSAT also held that in respect of the spectrum beyond 6.2 MHz allotted after July 1, 2008, the DoT is entitled to levy one-time spectrum charges only from the date of allotment of such spectrum, and in case of spectrum beyond 6.2 MHz allotted before July 1, 2008, one-time spectrum charges can be levied only prospectively i.e. with effect from January 1, 2013. The TDSAT has further set aside the demand for one-time spectrum charges on spectrum allotted beyond the start-up and up-to the contracted limit of 6.2 MHz. In the matter, the telecom service provider concerned had filed an appeal before the Supreme Court of India against the TDSAT Order, which was dismissed by the Supreme Court pursuant to its order dated March 16, 2020. A review petition has been filed by the said telecom operator against the order dated March 16, 2020 before the Supreme Court, which is presently pending.

The DoT has also filed an appeal against the TDSAT Order which is presently pending. Pursuant to an order dated December 7, 2020, the Supreme Court, has directed that status quo be maintained regarding the demands.

- 2 The DoT through its order dated February 25, 2010, revised the 2G spectrum charges applicable on telecom service providers with effect from April 1, 2010. The Guarantor and Bharti Hexacom challenged the DoT order dated February 25, 2010 before the TDSAT. In its order dated September 1, 2010, the TDSAT ruled in favor of the DoT upholding its aforesaid order. The Guarantor and Bharti Hexacom challenged the decision of the TDSAT before the Supreme Court. The Supreme Court, in its order dated October 22, 2010, stayed the operation of the aforesaid order of the DoT, imposing the following conditions: (i) the Guarantor and Bharti Hexacom were to deposit 50% of the disputed outstanding principal amount of the spectrum charges payable net of interest in its registry within a period of two weeks; (ii) the balance 50% of the disputed outstanding amount net of interest be secured by way of bank guarantee of a nationalized bank to be provided within a period of two weeks; and (iii) the managing director of the Guarantor and Bharti Hexacom were to give an affidavit to the effect that, in the event the appeal before the Supreme Court is dismissed; the Guarantor and Bharti Hexacom would pay the balance amount with interest at the rate which may be fixed by the Supreme Court at the appropriate stage. The Supreme Court also stated that in case of a breach of the aforementioned conditions, the impugned DoT order will come into force with immediate effect. All the conditions as stated herein above have been fulfilled and the stay has been maintained. The matters are currently pending before the Supreme Court.
- 3 The Guarantor’s license to maintain and operate cellular services in the telecom circle of Punjab was terminated on July 15, 1999 by the DoT on account of alleged non-payment of license fee and dues, for the period April 18, 1996 to March 10, 1998 (“**Black-out Period**”), including interest and penalty accrued due to such alleged delay. The Guarantor deposited the entire license fee, interest and penalty amount of approximately Rs. 4,855.80 million on account of an understanding between the parties that in case the outcome of the dispute was in favor of the Guarantor, the entire amount shall be refunded back with interest. On accepting such condition, the DoT offered the migration package to the Guarantor for restoration of license on September 27, 2001, and along with the Guarantor referred this case to arbitration in 2001. The arbitrator passed an order dated December 20, 2002 rejecting the claim of the Guarantor for refund of license fee and interest for the Black-Out Period aggregating to Rs. 3,992.90 million (after adjusting the balance amount in a separate matter). The Guarantor challenged the award of the arbitrator before the Delhi High Court which set aside the award on merit through its judgment dated September 14, 2012. However, the Delhi High Court did not grant consequential relief of refund of such amount and observed that The Guarantor was entitled to take appropriate legal recourse under law for the recovery of such amounts. A letter for recovery of the claim (including interest until September 14, 2012) was filed with the DoT on November 6, 2012 seeking refunds and in case of failure to refund for adjustment with the future license fee payments to be made by the Guarantor to the DoT. The DoT had replied through a letter



dated December 26, 2012, directing the Guarantor not to adjust any dues arising out of any court order from the license fee.

The DoT filed an appeal against the order dated September 14, 2012 before the Division Bench of the Delhi High Court praying for the setting aside of the judgement of the Single Bench of the Delhi High Court to the limited extent and to allow the said writ petition filed in the Delhi High Court. The Guarantor filed a writ petition before the Delhi High Court seeking refund of the amount with interest up to the date of payment made. The Delhi High Court through its judgment dated May 11, 2016 dismissed the writ petition filed by the Guarantor for the refund of the license fee paid for the 'Black-Out Period'. The Guarantor filed an appeal against the judgment dated May 11, 2016 before the Division Bench of the Delhi High Court. Both the appeals, filed by the Guarantor and the DoT, respectively have been tagged together and are pending for final hearing.

- 4 The DoT issued various demand notices to the Guarantor and Bharti Hexacom for alleged violation of electromagnetic fields ("**EMF**") radiation norms which, *inter alia*, included non-compliance or delay in submission of self-certificates, missing signage, self-certificate not provided in the format prescribed by telecommunication engineering center and measurement of EMF radiation in base transmission stations. These demand notices have been challenged by the Guarantor and Bharti Hexacom before the TDSAT which has granted interim stay in these matters. In one of the matters, the TDSAT, through its judgement dated July 30, 2019 has set aside the demand raised by the DoT and imposed costs of Rs. 0.1 million on the DoT. The other matters are currently pending.
- 5 The port charges payable by private operators, including the Guarantor, to BSNL, were modified by Telecommunication Interconnect (Port Charges) Amendment Regulations, 2007 ("**Port Charges Regulations**"). The Port Charges Regulations were challenged by BSNL before the TDSAT. The TDSAT through order dated May 28, 2010 set aside the Port Charges Regulations and directed the TRAI to look into port charges as afresh. Thereafter, the TRAI filed an appeal before the Supreme Court, which passed an interim order dated December 15, 2010, wherein it held that in respect of each additional port, the private operators have to provide a bank guarantee on the difference between the rate applicable between the 2001 and 2007 per port. The matter is pending before the Supreme Court.

The TRAI issued Telecommunication Interconnection (Port Charges) (Second Amendment) Regulations, 2012 to be effective from October 1, 2012. The said regulations were challenged before the Delhi High Court ("**Court**") by way of a writ petition. The Delhi High Court passed an interim order dated February 28, 2014 directing that BSNL shall raise bills as per the Telecommunications Interconnection (Port Charges) (Second Amendment) Regulation, 2012. For the existing ports, the Guarantor, Bharti Hexacom and Telenor gave an undertaking that in case the Court decides in favor of BSNL, the Guarantor, Bharti Hexacom and Telenor shall pay the differential amount to BSNL along with the stipulated interest of 9% per annum. The matter is pending for adjudication.

- 6 The Guarantor and Bharti Hexacom have challenged penalty demand notices issued by various Telecom Enforcement Resource Monitoring Cells through separate petitions before the TDSAT/High Courts for alleged non-compliance with subscriber verification guidelines due to identity / address mismatch, forgery, sale of pre-activated SIMs, incomplete information etc. The total amount of demand of penalties across various circles was approximately Rs. 2,178.42 million. The Guarantor has obtained stay from the TDSAT/ High Court against various demand notices and the matters are pending for adjudication.
- 7 The DoT through its order dated August 12, 2016 ("**SUC Office Order**"), *inter alia*, prescribed Spectrum Usage Charges ("**SUC**") to be calculated at a rate based on weighted average for the spectrum held by telecom service providers across all access spectrum bands, including the Broadband Wireless Access ("**BWA**") spectrum in 2300 MHz/2500 MHz band acquired during the 2010 auction, subject to minimum of 3% of adjusted gross revenue excluding revenue from wireline services.

In terms of clause (iii) of the SUC Office Order, the DoT prescribed that, floor amount of SUC be paid by the telecom service providers during Fiscal 2016 at the weighted average rate derived after taking into consideration the spectrum acquired through auctions excluding the spectrum in 2300 MHz / 2500 MHz band acquired / allocated prior to Fiscal 2016. Further, as per the SUC Office Order, in case there is reduction in the adjusted gross revenue of the service provider, the floor amount of SUC shall be reduced proportionately.

The Guarantor challenged the clause (iii) of the SUC Office Order where BWA spectrum is excluded, before the TDSAT through telecommunications petition dated February 13, 2017 and sought (i) setting aside and quashing of the aforesaid clause; and (ii) passing an ad-interim order staying the operation of the aforesaid clause. The TDSAT through interim order dated March 21, 2017, *inter alia*, stayed the operation of the aforesaid clause. The matter is currently pending.

- 8 The DoT issued a Rs. 500 million penalty notice on November 11, 2011 in relation to violation of terms and conditions of International Long Distance (“ILD”) service license by providing ILD services to a non-licensed entity SingTel by entering into agreement dated December 20, 2007. The Guarantor challenged the penalty notice before the TDSAT and the TDSAT quashed the penalty notice. The DoT, however, was granted liberty to proceed afresh. The DoT constituted a committee to grant hearing to the Guarantor albeit without issuing any fresh show cause notice. This committee granted the hearing to the Guarantor. The Guarantor filed a written submission dated December 29, 2014 requesting the DoT to withdraw all the proceedings since the earlier show cause notice served was quashed by the TDSAT (and as such there was no existing show cause notice that survived).

In February 2013, the DoT also filed a criminal complaint with the CBI alleging that an estimated loss of Rs. 482.29 million had been caused to the exchequer on account of raising of bills on Indian customers without obtaining the requisite ILD license from the DoT. The CBI, after investigations, filed a closure report stating that no offence under the IPC has taken place. The closure report is under consideration by the jurisdictional court and is currently pending.

With reference to the TDSAT judgment dated September 28, 2012 the DoT issued a fresh show cause notice dated July 21, 2015 alleging violation of the terms and conditions of ILD license. The Guarantor submitted its response to the DoT on August 28, 2015 submitting, *inter alia*, that the fresh notice was also based on the similar ground, falls foul of the judgment of the TDSAT dated September 28, 2012 and should be withdrawn. The DoT, however, did not withdraw the notice and issued a notice for oral hearing. The Guarantor challenged the show cause notice before the TDSAT. The TDSAT through its order dated August 8, 2017 permitted the DoT to proceed with oral hearing subject to the condition that no order will be passed. Accordingly, the Guarantor appeared before the DoT’s committee and was heard on the show cause notice on August 10, 2017. Pursuant to said hearing, a written representation was also made to the DoT on August 31, 2017. In the meanwhile, the TDSAT dismissed the petition on August 22, 2017 without going into the merits and granted liberty to the Guarantor to challenge the final order of the DoT. The DoT, through order dated November 14, 2018, imposed penalty of Rs. 500 million on the Guarantor and issued a demand for the alleged violation of the license. The Guarantor challenged the order of the DoT before the TDSAT by filing a petition under Sections 14 and 14A of the TRAI Act on November 27, 2018. The TDSAT, through its interim order dated November 29, 2018 stayed the demand notice. The DoT issued a fresh demand notice dated March 8, 2019 alleging that it is in continuation of the earlier demand dated November 14, 2018. The notice has been challenged by the Guarantor before the TDSAT. The TDSAT through order dated March 15, 2019 stayed the fresh demand dated March 8, 2019 issued by the DoT. The matter is pending before the TDSAT.

- 9 DoT enhanced the microwave charges by introducing the slab-wise rates based on the number of carriers in circulars dated November 3, 2006 and November 10, 2008 (earlier it was based on the allocated frequency). The COAI challenged the aforesaid DoT circulars in the TDSAT by filing the petition dated May 28, 2007. The TDSAT through its order dated July 12, 2007 refused to pass any interim order and listed the matter for final

hearing while allowing COAI to adjust the excess payments made in case the matter was decided in their favor. The TDSAT through its order dated April 22, 2010 set aside the DoT circulars dated November 3, 2006 and November 10, 2008 and the petition was allowed. Thereafter the DoT challenged the order of the TDSAT through a special leave petition filed before the Supreme Court, which is currently pending.

- 10 *Adjusted gross revenue matters:* The Government introduced a new package with effect from August 1, 1999, being the ‘Migration Package’ pursuant to the ‘New Telecom Policy 1999’ regime which required the licensees to migrate from fixed license fee to revenue sharing fee, under which the licensee would be required to pay one-time entry fee and license fee as a percentage share of gross revenue under the license. However, disputes arose in relation to the constituent of the revenue (*i.e.* gross revenue and adjusted gross revenue) and, *inter alia*, pertaining to:

- Inclusion of non-telecom revenue (such as interest, dividend, profit on sale of assets, IP1, etc.);
- Inclusion of items which are either not revenue primarily (such as insurance claim, forex gain, etc.) or are not revenue for the Guarantor (such as principal to principal issue);
- Exclusion of items which reduces the revenue (such as bad debts, goodwill waiver, etc.); and
- Allowable deduction of pass through on paid basis (even though revenue is to be considered on accrual).

The definition of adjusted gross revenue was challenged by the Guarantor along with certain other telecommunication service providers and the COAI before the TDSAT. The TDSAT through orders dated July 7, 2006 and August 30, 2007 (“**Orders**”) held that the license fee would be payable only on the revenues arising out of ‘licensed activities’ and not revenue arising out of activities outside the license. Thereafter, the DoT filed an appeal before the Supreme Court which by an order dated October 11, 2011 (“**AUSPI judgment**”), set aside the Orders and held that the TDSAT had no power to get into the validity of the definition and remitted the matter back to the TDSAT to decide by interpreting the terms and conditions of the license agreement and disputes relating to demands raised by the DoT. Subsequently, the Guarantor filed a writ petition before the Kerala High Court and Bharti Hexacom before the Tripura High Court, challenging the validity of the inclusion of the non-telecom heads for the purposes of calculating the adjusted gross revenue and was granted favorable stays by the respective High Courts.

Simultaneously, in the matter remanded to the TDSAT by the Supreme Court for interpreting the terms and conditions of the license agreement, the TDSAT through judgment dated April 23, 2015, adjudicated the matters by interpreting the terms and conditions of license. Per the order the definition of ‘Revenue’ as provided in Accounting Standard AS-9 issued by the Institute of Chartered Accountant of India, is not in conflict with Clauses 19.1 and 19.2 of the license agreement defining gross revenue and adjusted gross revenue. The TDSAT also enunciated certain principles required to be applied for inclusion and exclusion of any items to revenue for the purpose of license fees. Accordingly, the TDSAT set aside all demands for fresh computation in light of the findings, observations and directions made in the judgment of the TDSAT. While the DoT challenged the TDSAT’s judgment before the Supreme Court, the Guarantor filed an appeal dated July 21, 2015 on limited grounds (challenging specific heads of revenue on the grounds that principles of AS 9 have not been applied uniformly). Telenor filed an application in March, 2016 to be impleaded as a necessary party in this appeal before the Supreme Court. The Supreme Court granted liberty to the DoT to file its response to the application filed by Telenor. The Supreme Court through its interim order dated February 29, 2016 allowed the DoT to raise demands as per their understanding with the condition that the demands raised will not be enforced until the final decision of the Supreme Court in the matters. Subsequently, the DoT continued to raise demands.

The Supreme Court heard the matter and through its judgment and order dated October 24, 2019, (i) allowed the appeal filed by the DoT and dismissed the appeals filed by the telecom service providers; and (ii) directed the payments of the amounts due within three months and report compliance. The Guarantor and Bharti

Hexacom had filed review petitions before the Supreme Court, *inter alia*, seeking a review of the judgment dated October 24, 2019 including on the issue of levy of interest, penalty and interest. The review petitions were dismissed by the Supreme Court through its order dated January 16, 2020. Thereafter, the Guarantor filed a modification application seeking the modification of the judgment and order dated October 24, 2019 by permitting the Guarantor and DoT to conduct a mutual exercise for ascertaining the amounts due pursuant to the judgment dated October 24, 2019 and time and methodology for discharge of the same.

Pursuant to an order dated February 14, 2020, the Supreme Court, raised questions on compliance of the order dated October 24, 2019 and directed the managing directors / directors of the telecom service providers to show cause as to why contempt proceedings should not be initiated against them for violating the order dated October 24, 2019 by not depositing the specified amounts. In accordance with the DoT's direction to the telecom service providers to pay the dues on the basis of self-assessment, the Guarantor and Bharti Hexacom paid a total amount of Rs. 180,040 million (comprising of Rs. 130,040 million basis self-assessment and an additional amount of Rs. 50,000 million as an ad-hoc payment to cover the differences, if any, after reconciliation/re-verification) and filed an affidavit of compliance before the Supreme Court in response to the show cause notice issued by the Supreme Court on February 14, 2020, recording the details of the payments made.

On March 16, 2020, the DoT filed a modification application seeking permission of the Supreme Court to recover the unpaid amounts due through annual instalments spread over 20 years as specified in the modification application. The Supreme Court, pursuant to its order dated March 18, 2020, among others, held that no exercise of self-assessment/re-assessment is to be done and the dues that were placed before the Supreme Court are final and are to be paid, including interests, penalty and interest on penalty, as specified in the order dated October 24, 2019. Thereafter, pursuant to the order dated July 20, 2020, the Supreme Court upheld the amounts stated as payable in the modification application filed by the DoT.

The Supreme Court, through its judgment dated September 1, 2020, held that except for the modifications concerning time schedule for making payment of arrears, the rest of the decisions taken by DoT shall stand and issued following directions: (i) that for the demand raised by the **DoT** in respect of the adjusted gross revenue dues based on the judgment of Supreme Court, there shall not be any dispute raised by any of the telecom operators and there shall be no re-assessment, (ii) that, at the first instance, the respective telecom operators shall make the payment of 10% of the total dues as demanded by the DoT by March 31, 2021, (iii) telecom operators have to make payment in yearly instalments commencing from April 1, 2021 to March 31, 2031 payable by March 31 of every succeeding financial year, (iv) various companies, through their managing directors / chairman or other authorized officer, shall furnish an undertaking within four weeks to make payment of arrears, (v) the existing bank guarantees that have been submitted regarding the spectrum shall be kept alive by the telecom operators until the payment is made, (vi) in the event of any default in making payment of annual instalments, interest would become payable as per the agreement along with penalty and interest on penalty automatically without reference to the Supreme Court, and any such default would be punishable for contempt of court, (vii) compliance of the judgment shall be reported by all telecom operators and the DoT every year by April 7 of each succeeding year.

On October 7, 2020, the DoT issued a letter to the Guarantor ("**DoT Letter**") directing the Guarantor to pay its liability of the outstanding adjusted gross revenue dues of Videocon Telecommunications Limited in compliance of the Supreme Court judgement dated September 1, 2020. The Guarantor, through its response dated October 16, 2020, has stated that the assertions made in the DoT Letter are impermissible and the DoT Letter has no basis in law, and further that the DoT Letter does not disclose the facts or rationale for the demand. There has been no further communication from the DoT in this regard.

The Guarantor and Bharti Hexacom have filed a modification application in December 2020 before the Supreme Court, among others, highlighting arithmetical, clerical and computational errors and praying for the modification / recalling of certain orders passed by the Supreme Court and seeking a direction to the DoT to

undertake an exercise of correcting the arithmetical, clerical and computational errors. The application is pending adjudication.

### ***High Court of Kerala***

The Single Judge of Kerala High Court, on March 28, 2018, dismissed the writ petition filed by the Guarantor. The Single Judge held that the license was not a statutory contract and the terms and conditions of an agreement could not be questioned on the basis that the same are arbitrary in violation of Article 14 of the Constitution of India as doctrine of fairness cannot be used for judging the contractual terms. The Single Judge further held that there was no law that prevented the state from making a bargain in a commercial contract. Accordingly, the Single Judge dismissed the batch writ petition. While dismissing the writ petition, the Single Judge directed the Government not to take any coercive steps for a period of one month or until the filing of appeal, whichever is earlier. Aggrieved by the judgment passed by the Single Judge of the Kerala High Court, the Guarantor filed an appeal before the Division Bench of the Kerala High Court. The Division Bench of the Kerala High Court through its order dated May 29, 2018 granted interim stay of the judgment appealed against and further allowed the Guarantor to continue making payment as was being done throughout the period of license with respect to the telecom activities. The matter is currently pending.

### ***High Court of Tripura***

Pursuant to the AUSPI judgment, Bharti Hexacom through a writ petition challenged the validity of the definition of the adjusted gross revenue in license agreement before the Single Judge of the Tripura High Court. The Single Judge through judgment dated May 16, 2017 held that the Clauses 19.1 (Gross Revenue) and 19.2 (Adjusted Gross Revenue) of the license agreement are *ultra vires* Section 4 of the Telegraph Act and set aside the demands imposed on Bharti Hexacom by the DoT. Further, the DoT has been directed to levy license fee from Fiscal 2006 as per the recommendations of the TRAI made in September 2006. Aggrieved by the judgment passed by the Single Judge of the Tripura High Court, the DoT filed an appeal before the Division Bench of the Tripura High Court, which was admitted through order dated November 27, 2018. The Division Bench stayed the operation of judgment dated May 16, 2017, subject to the condition that no coercive action will be taken by the DoT including for the recovery of the amount on the basis of demand notice. The matter is currently pending.

Telenor along with another party filed petitions before the TDSAT on July 5, 2017 challenging the validity of the demand of license fee raised by the DoT for Fiscals 2007-08 to 2013-14, claiming that the demand was levied, computed and raised wrongfully and prayed that such demand be quashed. The TDSAT through order dated July 10, 2017 stayed the demand raised by the DoT. Further, Telenor along with another party filed another petition before the TDSAT in December 2017 challenging the validity of the demand of SUC raised by the DoT, claiming that the demand was levied, computed and raised wrongfully and prayed that such demand be quashed. The TDSAT through order dated December 14, 2017 stayed the demand. The matters are currently pending.

## **11 SMS Termination matters:**

*TATA SMS Termination matter:* the Guarantor and Bharti Hexacom filed a petition before the TDSAT against TTML and TTSL (collectively “**Tata Teleservices**”) for recovery of SMS termination charges which was allowed by the TDSAT through a judgment dated August 30, 2012. Tata Teleservices have challenged the TDSAT judgment before the Supreme Court. The Supreme Court admitted the appeal of Tata Teleservices and further through order dated October 17, 2012 ordered that if the appeal is allowed then the Guarantor and Bharti Hexacom will have to refund the amount paid by Tata Teleservices along with interest at the rate of 12% per annum. Tata Teleservices have made a payment of approximately Rs. 4,012 million post deduction of tax at source to the Guarantor. The matter is currently pending.

*Aircel SMS Termination matter:* the Guarantor raised a demand on Aircel Limited (“**Aircel**”) towards SMS termination charge of approximately Rs. 245.89 million at Rs. 0.10 per SMS. This demand was challenged by

Aircel before the TDSAT. The said petition was disposed of by the TDSAT through its order dated September 24, 2012 with a direction to Aircel to restitute to the Guarantor an amount that was suffered as loss by way of damages, i.e., SMS termination charges at Rs. 0.10 per SMS on net inflow of traffic for the restitution period. Aircel challenged the TDSAT judgment before the Supreme Court which admitted the appeal, however rejected the interim prayer. Aircel filed another application before the Supreme Court seeking stay of recovery. The said application was dismissed by the Supreme Court through order dated December 5, 2012. “Aircel complied with the orders of the TDSAT and paid the SMS termination charges amounting to approximately Rs. 580 million against the initial demand (as well as one interim demand of Rs. 11.13 million). The matter is currently pending”

*Reliance Communications SMS Termination matter:* the Guarantor’s demand of approximately Rs. 118 million at Rs. 0.10 per SMS towards SMS termination charges was challenged by Reliance Communications Limited (“**Reliance Communications**”) before the TDSAT. The TDSAT through interim order dated December 3, 2012 restrained the Guarantor from disconnection of SMS services of Reliance Communications and directed Reliance Communications to pay 50% of the demanded amount at Rs. 0.10 per SMS from the date of filing of the petition. The interim order was challenged by Reliance Communications before the Delhi High Court. The Delhi High Court dismissed the writ petition filed by Reliance through order dated January 21, 2013. The TDSAT through judgment dated March 31, 2016 disposed of the petition by directing the parties to reconcile the accounts within four weeks of the receipt of necessary details including bifurcation of SMS data. Reliance Communications challenged the TDSAT judgment before the Supreme Court which is tagged with other matters.

*BSNL SMS Termination matter:* the Guarantor raised a demand of approximately Rs. 434.6 million towards SMS termination charges on BSNL. The Guarantor filed a recovery petition before the TDSAT. The TDSAT through judgment dated March 31, 2016 disposed of the petition by directing the parties to reconcile the accounts within four weeks of the receipt of necessary details including bifurcation of SMS data. BSNL challenged the TDSAT judgment before the Supreme Court and the same was tagged with other matters. The Guarantor filed a petition against the judgment dated March 31, 2016 before the TDSAT for the recovery of the SMS dues, which was admitted by the TDSAT on April 4, 2019. The matter is currently pending for adjudication.

- 12 The DoT opposed intra-circle 3G roaming arrangement between the Company and certain other telecom service providers and through order dated March 15, 2013 directed the Guarantor to stop providing 3G services wherein the Guarantor has not been allotted 3G spectrum and levied a financial penalty of Rs. 3,500 million (for 7 circles at Rs. 500 million each). Thereafter, the DoT issued SCNs dated May 31, 2013 in respect of certain circles of the Guarantor alleging that by providing 3G intra-circle roaming, the Guarantor had acted in violation of the terms of license and asking the companies to show cause as to why action be not taken. The communication dated March 15, 2013, imposing a penalty of Rs. 3,500 million, was challenged before different forums including the High Court of Delhi and the Supreme Court and finally before the TDSAT which through its judgment dated April 29, 2014, quashed the DoT’s order, holding the service to be competent on merits. Consequently, the DoT has filed an appeal before the Supreme Court which is currently pending.
- 13 The DoT through its letters dated June 22, 2018 and June 26, 2018 demanded an amount of Rs. 12,879.7 million from the Guarantor towards one-time spectrum charge for GSM Spectrum in respect of Chennai service area for the extended period of the license from November 30, 2014 to September 27, 2021 pursuant to a WPC wing order dated December 28, 2012. The Guarantor through letters to the DoT dated July 12, 2018 and December 24, 2018, respectively, provided a detailed response, stating its grounds for refuting the demand raised by the DoT and its rationale for withdrawal of such demand. Subsequently, DoT through its letter dated April 10, 2019, while granting the in-principle approval for the merger of Tata Teleservices Limited with the Guarantor and Bharti Hexacom Limited, has imposed, among others, a condition to pay the said one-time spectrum charge related to the Chennai region. The Guarantor challenged the said condition before the TDSAT. The TDSAT,

through its interim order dated May 2, 2019, had *inter alia*, stayed the enforcement of the demand of Rs. 12,879.70 million, subject to the Guarantor submitting 50% of demand amount by way of bank guarantee with the registry of TDSAT, which bank guarantees were submitted by the Guarantor. Subsequently, the TDSAT, pursuant to its judgment dated December 23, 2020 has declared the OTSC demand of the DoT to be bad in law and has directed that the bank guarantees be returned to the Guarantor.

- 14 The TRAI issued a show cause notice on September 27, 2016 to the Guarantor alleging violations of the **Standards** of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 and the provisions of the License Agreement in terms of Allocation of POIs to Reliance Jio Infocomm Limited (“**RJIL**”). Further, the TRAI on October 21, 2016 recommended a penalty of Rs. 10,500 million on the Guarantor (including Bharti Hexacom for the alleged violations mentioned above. A committee of the DoT, formed for the purpose of examining such recommendation of the TRAI dated October 21, 2016 rejected the recommendations on April 5, 2017. Subsequently, the TRAI through its response dated May 24, 2017 reiterated its recommendation of the imposition of penalty on the Guarantor. The Guarantor made its submissions before the DoT on December 21, 2017 and January 24, 2018. On February 4, 2018, the Guarantor wrote to the DoT seeking attention to a judgement passed by the Supreme Court in an appeal filed by the Competition Commission of India in a parallel matter and represented that in view of this judgement, the Government was estopped from operating on the recommendations dated October 21, 2016. The Guarantor subsequently also wrote to the Minister of State for Communications seeking intervention to advise DoT to refrain from operating on the recommendations and reject the same. The matter is currently pending with the DoT.

- 15 On September 6, 2019, and September 7, 2019, the Andhra Pradesh Telecom Enforcement Resources **Management** Cell (“**TERM Cell**”) issued demand notices to the Guarantor, in respect of the Special Audit for Paper CAF for the months of October, 2016 to May, 2017 for Rs. 19.41 million against the Guarantor and for Rs. 2.09 million against Telenor respectively. The Guarantor has filed two appeals on September 12, 2019 before Deputy Director General, TERM (“**DDG**”), against the demand raised by the Andhra Pradesh TERM Cell on September 6, 2019, and September 7, 2019. In these appeals, amongst other grounds, the Guarantor mentioned that the Andhra Pradesh High Court, pursuant to a writ petition filed by the Guarantor, stayed the circulars on the basis of which the TERM Cell had levied the penalty on the Guarantor. The appeals are pending with the DDG.

On September 17, 2019 and September 18, 2019, the Andhra Pradesh TERM cell issued demand notices to the Guarantor, pertaining to the audits (Paper + EKYC) conducted for the months of August, 2017 to December, 2017 for approximately Rs. 2,247.83 million for the Guarantor and approximately Rs. 222.58 million for Telenor. The Guarantor filed two appeals on September 23, 2019 before the DDG TERM against the demand raised by the Andhra Pradesh TERM Cell on September 17, 2019 and September 18, 2019. In these appeals, amongst other grounds, the Guarantor mentioned that the Punjab and Haryana High Court and Andhra Pradesh High Court, pursuant to a writ petition filed by the Guarantor, stayed the circulars on the basis of which the TERM Cell had levied the penalty on the Guarantor. The appeals are pending with the DDG.

On December 3, 2019, the Andhra Pradesh TERM cell issued demand notices to the Guarantor, pertaining to the (Paper + EKYC ) audits conducted for the months of January, 2018 to March, 2018 for Rs. 2,013.91 million. The Guarantor filed an appeal before the DDG on December 9, 2019 against the demand raised by the Andhra Pradesh TERM Cell on December 3, 2019, which is pending before the DDG. In the appeal, amongst other grounds, the Guarantor mentioned that the Andhra Pradesh High Court and the Punjab and Haryana High Court, pursuant to writ petitions filed by the Guarantor, stayed the circulars on the basis of which the TERM Cell had levied the penalty on the Guarantor. The appeal is pending before the DDG.

On December 17, 2019, the Andhra Pradesh TERM Cell issued demand notices pertaining to the audits (Paper+ EKYC) conducted for the months of April, 2018 and May, 2018 for approximately Rs. 1,541.15 million against

the Guarantor and for the months of January, 2018 to May, 2018 for approximately Rs. 442.86 million against Telenor. The Guarantor has filed two appeals on December 23, 2019 before Deputy Director General, TERM (“**DDG**”), against the demand raised by the Andhra Pradesh TERM Cell on September 17, 2019. In these appeals, amongst other grounds, the Guarantor mentioned that the Andhra Pradesh High Court and the Punjab and Haryana High Court, pursuant to writ petitions filed by the Guarantor, stayed the circulars on the basis of which the TERM Cell had levied the penalty on the Guarantor. The appeals are pending with the DDG.

- 16 The Telecom Service Providers were required to pay distance-based carriage charges to BSNL for mobile to fixed calls. TRAI had, pursuant to the Telecommunication Interconnection Usage Charges Regulation 2003, (“**IUC-2003 Regulations**”) prescribed a uniform carriage charge of Rs. 0.20 per minute in case of intra-circle calls, irrespective of the distance from the local exchange. However, BSNL continued to levy distance-based carriage charges at higher slab rates. TRAI had, in certain communications to BSNL, reconfirmed that the flat charge of Rs. 0.20 would continue to be applicable regardless of certain amendments to the IUC-2003 Regulations. In an appeal filed by BSNL before the TDSAT, the TDSAT, through its judgment and order dated May 21, 2010 (“**TDSAT Judgment**”) allowed BSNL’s appeal and held that BSNL is entitled to recover distance-based carriage charges even in respect of intra-circle Calls. The Cellular Operators Association of India (“**COAI**”), an industry association of telecommunications service providers, of which the Guarantor is also a member has filed an appeal against the TDSAT Judgment before the Supreme Court. The matter is presently pending.
- 17 The Cellular Operators Association of India, the Guarantor, Bharti Hexacom and others have filed a petition (“**Petition**”) under section 14(a)(i) of the TRAI Act, against the DoT before the TDSAT. The NIA of 2010 provided that the spectrum usage charges (“**SUC**”) of telecom service providers (“**TSPs**”) would be based on the GSM spectrum holding of such operators and that while calculating the slab for payment of SUC, the 2100 MHz spectrum was not to be counted. Further, SUC rate was fixed at 3% of the adjusted gross revenue for the TSPs. Pursuant to the expiry of licenses in 7 Circles where the Guarantor no longer held administratively allocated spectrum, the Guarantor calculated SUC at the rate of 3% for the 2100 MHz spectrum acquired in the auctions of 2010 as per the NIA conditions on SUC. However, the CCAs of different circles interpreted the NIA conditions of 2010 differently thereby uniformly denying the benefit of SUC at the rate of 3% to TSPs for the 2100 MHz Spectrum acquired in the auction of 2010. In the Petition, the TDSAT has granted interim relief and allowed operators to pay as per their interpretation of the conditions of the NIA of 2010. The matter is pending before TDSAT for final adjudication.
- 18 The DoT through a circular dated June 29, 2012 imposed annual license fee on internet service providers and amended the definition of adjusted gross revenue in the ISP-IT license agreements to provisionally include all types of revenue from internet services for payment of license fee. The said circular of the DoT was challenged before TDSAT in the matter titled Internet Service Providers Association of India and others vs. Union of India and another (Petition No. 429 of 2012) (“**ISPAI Matter**”) and paragraph 2 of the said circular was set aside by the TDSAT through its judgment dated October 12, 2012, thereby disallowing the Government from levying license fee on pure internet service revenues. Thereafter, the DoT released its guideline document “Guidelines for Grant of Unified License” dated August 19, 2013 and an amendment dated December 8, 2013 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. As the Guarantor’s ISP license was nearing its expiry, the Guarantor applied for Unified License, which was duly granted by DoT. The TDSAT, through its interim order dated March 25, 2014, had ordered that if the petitioners filed an undertaking by March 27, 2014 that in case the petition fails, it would pay the full amount demanded by the DoT along with the interest as may be directed by the TDSAT, the petitioner’s license will be provisionally extended until the disposal of the petition and thereafter, such petitioners were protected against the arbitrary and unlawful demand of the DoT of adding revenue earned from pure internet services in the adjusted gross revenue. However, the Guarantor was not a party to this petition.



The UL License was signed by the Guarantor on October 16, 2014 with ISP Category “A” Authorization which was effective from March 03, 2014. However, the new UL regime also mandated for payment of license fee on pure internet services. This was challenged by the CJ Online Private Limited and the Guarantor (“**Petitioners**”) on the ground that the GoI has created a distinction between the existing ISP licensees and the licensees migrating to the UL regime as a result of the renewal, forcing upon the latter category to pay license fee, thereby discriminating them and disturbing the level playing field within the industry. The TDSAT through its order dated October 13, 2015 stayed the demand of license fee with respect to pure internet services, subject to submission of an undertaking within fifteen days, that in case the petition fails, the Petitioners would pay the full amount demanded by the DoT along with interest as may be directed by the TDSAT. Accordingly, the Guarantor submitted the undertaking.

Internet Service Providers Association of India (“**ISPAI**”), an industry association of ISPs, had also filed a similar petition before TDSAT, which was allowed by TDSAT through judgment dated October 18, 2019 (ISPAI Judgment), wherein the TDSAT set aside the decision to include revenue from pure internet service in the adjusted gross revenue for levy of license fee on the ISPs under UL. TDSAT had also set aside all demands of license fee with a direction to DoT to raise revised demands on the basis of same concept of adjusted gross revenue, as is being done in respect of ISPs with licences under the old regime. Further, the Petitioners were 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 their understanding. Further, the TDSAT on December 12, 2019 and January 21, 2020, rendered judgments in eight other petitions filed by various ISPs and held that the decision and directions of ISPAI Judgment shall cover the cases and accordingly set aside the demand notices. The TDSAT further directed the DoT to revise the demand notices.

The TDSAT, on June 12, 2020, following ISPAI judgment, allowed the petition filed by the Guarantor and set aside the demand notices.

DoT has filed an appeal against the ISPAI Judgment before the Supreme Court. The Guarantor has filed an intervention application in the appeal. The Supreme Court through order dated January 5, 2021 admitted the appeal and also allowed the Guarantor’s intervention application. The matter is pending for adjudication.

#### *Other Regulatory Matters involving the Guarantor*

1. Pursuant to the provisions of the “Guidelines for Transfer/Merger of various categories of Telecommunication service licenses/authorisation under Unified License (“**UL**”) on compromises, arrangements and amalgamation of the companies” dated February 20, 2014 (“**Transfer-Merger Guidelines**”), Airtel Broadband Services Private Limited (“**ABSPL**”) notified the DoT on February 28, 2014 of its proposed scheme of amalgamation with the Guarantor and its intention to merge its ISP license along with its access spectrum with the UASL of the Guarantor for four service areas, namely, Delhi, Mumbai, Haryana and Kerala. The Bombay High Court through its order dated April 11, 2014 approved the aforesaid merger and the Guarantor approached the DoT for taking the merger on record. After multiple correspondences between the DoT and the Guarantor, the DoT through its communication dated February 2, 2015 granted in-principle approval for merger of licenses between the Guarantor and ABSPL, subject to fulfillment of conditions stated therein. Out of the conditions imposed by the DoT, the Guarantor and ABSPL were aggrieved of the following three conditions and challenged the same before the TDSAT: (i) demand for Rs. 4,360.9 million as additional entry fee; (ii) furnishing unconditional and unequivocal undertaking from the Guarantor for payment of all demands which would be issued in the future with respect to All India ISP License No. 820 1106 / 010 LR dated March 15, 2012 issued to ABSPL; and (iii) demand for bank guarantee equivalent to one-time spectrum charge demanded by the DoT.

The TDSAT passed an interim order dated February 9, 2015, staying the imposition of the impugned conditions and permitted the Guarantor to operationalize the spectrum subject to an undertaking without prejudice that in the event of the matter being decided against it, the demand of Rs. 4,360.9 million would be paid with interest as may be determined, within eight weeks of the date of such judgment. Further, the TDSAT, through order dated May 19, 2015 directed the concerned authority of the DoT to record the merger subject to the outcome of the matter. The matter was heard before the TDSAT, which through its order dated March 19, 2019 quashed the demand raised by DoT towards entry fee. Aggrieved with the TDSAT order for not addressing other prayers in the petition, the Guarantor filed a review application for, *inter alia*, setting aside the aforesaid conditions imposed by the DoT and a direction to the DoT to extend the effective date of allocation of spectrum to offset the delay caused by the DoT. The TDSAT through its order dated April 4, 2019 has admitted the review petition and granted six weeks' time to the DoT to file a detailed reply, extended the interim stay order on the demands raised by the DoT and directed the DoT to take the merger on record.

DoT has filed an appeal before the Supreme Court of India against the judgment dated March 19, 2019, wherein TDSAT had set aside the demand raised by the DoT towards entry fee. The appeal is pending before the Supreme Court.

On July 31, 2019, the TDSAT passed its order in the matters and held, *inter alia*, that (i) the condition relating to demand of bank guarantee was not sustainable, and that the DoT is not entitled to seek a bank guarantee in respect of the specific demands which have been stayed by the Bombay High Court; (ii) any condition in the undertaking required to be given by the Guarantor shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process; and (iii) the DoT shall consider the Guarantor's request for finally taking on record the merger within six weeks.

DoT has filed an appeal against the TDSAT judgment dated July 31, 2019, which is pending before the Supreme Court.

2. Pursuant to the provisions of the Transfer-Merger Guidelines, the Guarantor notified the DoT on August 27, 2015 of its intention to merge with Augere Wireless Broadband India Private Limited (“**AWBIPL**”) entailing the merger of AWBIPL's ISP and UASL with those of the Guarantor. The Delhi High Court through its order dated December 19, 2016 approved the aforesaid scheme. The DoT through its communication dated January 17, 2017 granted in-principle approval of merger of license of AWBIPL with the Guarantor but imposed conditions which were challenged by the Guarantor before the TDSAT. The conditions imposed *inter alia* included: (i) payment of Rs. 172.25 million as additional entry fee; (ii) in case of judicial intervention in relation to demand raised for one-time spectrum charges, submission of bank guarantee equivalent to such one-time spectrum charges for the merging license; and (iii) submission of an unconditional and unequivocal undertaking by the Guarantor as required by the DoT to pay all future demands that may be raised in connection with the merging ISP license held by AWBIPL. The TDSAT through its order dated January 25, 2017 stayed the impugned conditions and allowed the Guarantor to operationalize the spectrum subject to the Guarantor providing an undertaking without prejudice that in case the petition fails, the Guarantor shall pay Rs. 172.25 million along with interest as may be determined by the TDSAT within eight weeks from the date of judgment. The matter was heard before the TDSAT which through its order dated March 19, 2019 quashed the demand raised by DoT towards entry fee. Aggrieved with the TDSAT order for not addressing other prayers in the petition, the Guarantor filed a review application for, *inter alia*, setting aside the aforesaid conditions imposed by the DoT and directing the DoT to take the merger on record. The TDSAT through its order dated April 4, 2019 has admitted the review petition and granted six weeks' time to file a detailed reply

to DoT, extended the interim stay order against the DoT and directed the DoT to take the merger on record.

The Union of India has filed an appeal before the Supreme Court of India against the judgment dated March 19, 2019, wherein TDSAT had set aside the demand raised by the DoT towards entry fee. The appeal is pending before the Supreme Court.

On July 31, 2019, the TDSAT passed its order in the matters and held, *inter alia*, that (i) the condition relating to demand of bank guarantee was not sustainable, and that the DoT is not entitled to seek a bank guarantee in respect of those specific demands which have been stayed by the Bombay High Court; (ii) any condition in the undertaking required to be given by the Guarantor shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process; and (iii) the DoT shall consider the Guarantor's request for finally taking on record the merger within six weeks.

DoT has filed an appeal against the TDSAT judgment dated July 31, 2019, which is also pending before the Supreme Court.

3. Pursuant to the provisions of the Transfer-Merger Guidelines, the Guarantor notified the DoT on March 2, 2017 of its intention to merge with Telenor (India) Communications Private Limited ("**Telenor**"), entailing the merger of Telenor's business and UL along with the service authorizations of Telenor pertaining to NLD, ILD and internet services with those of the Guarantor. Subsequently, the Guarantor filed a petition before the NCLT, Delhi for sanction of the aforesaid merger. The NCLT, Delhi through its order dated March 8, 2018 granted sanction to the aforesaid scheme. The DoT through its letter dated April 3, 2018 granted in-principle approval for the aforesaid merger, but imposed conditions for taking the merger on record. The imposed conditions *inter alia* included (i) that the Guarantor submit a bank guarantee towards the demand for one-time spectrum charges of Rs. 14,990.9 million; (ii) submission of an unconditional and unequivocal undertaking by the Guarantor to pay all past dues in relation to the merging entities. The conditions so imposed by the DoT were challenged by the Guarantor before the TDSAT. The TDSAT through order dated April 10, 2018 stayed the demand for bank guarantee to secure the amount of Rs. 14,990.9 million made by the DoT and directed DoT to take the merger on record subject to the Guarantor providing an undertaking without prejudice as demanded by the DoT in the impugned letter. The DoT preferred an appeal against the order passed by the TDSAT which was dismissed by the Supreme Court. Subsequently, on May 14, 2018, the DoT gave its approval for the merger of Telenor with the Guarantor. The matter was heard before the TDSAT which in its order dated March 19, 2019 did not address the prayers in its petition. The Guarantor filed a review application for, *inter alia*, setting aside the aforesaid conditions imposed by the DoT and directing the DoT to issue the confirmation letter to the Guarantor for taking the merger on record. The TDSAT through its order dated April 4, 2019 admitted the review petition.

On July 31, 2019, the TDSAT passed its order in the matters and held, *inter alia*, that (i) the condition relating to demand of bank guarantee was not sustainable, and that the DoT is not entitled to seek a bank guarantee in respect of those specific demands which have been stayed by the Bombay High Court; (ii) any condition in the undertaking required to be given by the Guarantor shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process; and (iii) the DoT shall consider the Guarantor's request for finally taking on record the merger within six weeks.

DoT has filed an appeal against the TDSAT judgment dated July 31, 2019, which is pending before the Supreme Court.

4. Pursuant to the provisions of the Transfer-Merger Guidelines, the Guarantor notified the DoT on August 31, 2017, of its intention to merge with Bharti Digital Private Limited (“**Bharti Digital**”) and to merge ISP license of Bharti Digital (in Gujarat, Himachal Pradesh, Uttar Pradesh (East) and Uttar Pradesh (West) with the Guarantor’s UASL. NCLT, Delhi through its order dated July 4, 2018 sanctioned the aforesaid scheme of amalgamation and the DoT was approached for taking the merger on record. The DoT through communication dated August 17, 2018 granted in-principle approval for the merger of the Guarantor and Bharti Digital, but imposed conditions for taking the merger on record. The imposed conditions *inter alia* included: (i) payment of Rs. 1,856.25 million towards the difference between the entry fee; (ii) securing the demand of one-time spectrum charge for Rs. 14,412.7 million dues by way of bank guarantee; and (iii) submitting an unconditional and unequivocal undertaking to DoT for payment of past demands inclusive of anything remaining unpaid of the past period and subject to outcome of the judicial process. The Guarantor and Bharti Digital challenged the impugned conditions before the TDSAT and the TDSAT through its order dated August 30, 2018 directed the DoT to take the merger on record and allowed the Guarantor to operationalize the spectrum subject to the Guarantor submitting an undertaking without prejudice before the TDSAT that in case the petition fails, it shall pay Rs. 1,856.25 million along with interest as may be determined by the TDSAT, within eight weeks of final judgment. The DoT had preferred an appeal against the TDSAT order dated August 30, 2018 before the Delhi High Court, which has been dismissed by the Delhi High Court through its judgment dated November 30, 2018. The matter was heard before the TDSAT which through its order dated March 19, 2019 quashed the demand raised by DoT towards entry fee. Aggrieved with the TDSAT order for not addressing other prayers in the petition, the Guarantor filed a review application for, *inter alia*, setting aside the aforesaid conditions imposed by the DoT and directing the DoT to take the merger on record. The TDSAT through its order dated April 4, 2019 has admitted the review petition and granted six weeks’ time to file a detailed reply to DoT, extended the interim stay order against the DoT and directed the DoT to take the merger on record.

DoT has filed an appeal before the Supreme Court of India against the judgment dated March 19, 2019, wherein TDSAT had set aside the demand raised by DoT towards entry fee. The appeal is pending before the Supreme Court.

On July 31, 2019, the TDSAT passed its order in the matters and held, *inter alia*, that (i) the condition relating to demand of bank guarantee was not sustainable, and that the DoT is not entitled to seek a bank guarantee in respect of those specific demands which have been stayed by the Bombay High Court; (ii) any condition in the undertaking required to be given by the Guarantor shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process; (iii) the DoT shall consider the Guarantor’s request for finally taking on record the merger within six weeks; and (iv) the time period to comply with the cross-holding conditions was extended by 12 weeks from the date of the order.

DoT has filed an appeal against TDSAT judgment dated July 31, 2019, whereby TDSAT had held that DoT is not entitled to seek BGs in respect of OTSC demands. This appeal is also pending before the Supreme Court.

5. Pursuant to the provisions of the Transfer-Merger Guidelines, the Guarantor and Bharti Hexacom notified the DoT on May 22, 2018, of its intention to merge the consumer mobile business of Tata Teleservices Limited (“**TTSL**”) with the Guarantor and Bharti Hexacom (in Andhra Pradesh, Bihar, Delhi, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Kolkata, Madhya Pradesh, Orissa, Punjab, Tamil Nadu (including erstwhile Chennai), Uttar Pradesh (E), Uttar Pradesh (W), West Bengal and Rajasthan). NCLT, Delhi through its order dated January 30, 2019 sanctioned this composite scheme of arrangement and the DoT was approached for taking the transfer/merger on record. The DoT through

its communication dated April 10, 2019 granted in-principle approval for the aforesaid scheme of arrangement, but imposed certain conditions for taking the transfer/merger on record. The imposed conditions *inter alia* included: (i) securing the demand of one-time spectrum charge (“OTSC”) of Rs. 71,559.30 million due, by way of bank guarantee; (ii) payment of an amount of Rs. 12,879.70 million to the DoT purportedly towards the alleged one-time spectrum charges for the erstwhile Chennai licensed service area; and (iii) submission of an unconditional and unequivocal undertaking to DoT for payment of past demands inclusive of anything remaining unpaid for the past periods and subject to outcome of the judicial process.

The Guarantor and Bharti Hexacom challenged the aforesaid conditions before the TDSAT, which, through orders dated May 2, 2019 and May 6, 2019 has, among other things, stayed the demand of bank guarantee of Rs. 71,559.30 million, and held that any condition in the undertaking required to be given by the Guarantor shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process. The TDSAT has further stayed the demand of Rs. 12,879.70 million. The Guarantor has also been directed to submit 50% of Rs. 12,879.70 million demand by way of bank guarantee with the registry of the TDSAT and the DoT has been directed to take the merger on record. In compliance with the directions issued by the TDSAT, the Guarantor has submitted bank guarantees amounting to Rs. 6,439.85 million. Further, the DoT had filed special leave petitions before the Supreme Court, challenging the TDSAT orders dated May 2, 2019 and May 6, 2019, wherein the Supreme Court did not interfere with the TDSAT orders and disposed of the said special leave petitions through its order dated November 18, 2019. The TDSAT through its order dated January 16, 2020, directed the DoT to take on record the merger between the Guarantor, Bharti Hexacom and TTSL. As a result, the DoT has taken the merger on record on February 6, 2020. The DoT has stated that the merger is being taken on record without prejudice to the rights and contentions of the DoT, until the matters pending before the TDSAT are disposed of. The TDSAT, pursuant to its judgment dated December 23, 2020, among other things, has (i) quashed the demand towards the alleged OTSC dues for the extended period of license of the erstwhile Chennai service area, (ii) held that the DoT is not entitled to seek bank guarantees in respect of OTSC demands disputed before the Bombay High Court, (iii) held that the conditions of the undertaking shall be without prejudice to the rights and contentions of the parties before a court of law and subject to the outcome of the judicial proceedings, and (iv) directed that the bank guarantees be returned to the Guarantor.

The DoT has filed an application before the NCLT alleging that the merger has been illegally completed prior to receipt of the approval of the DoT and has sought action under the Companies Act, 2013 in this regard. The matter is presently pending.

6. Pursuant to the provisions of the Transfer-Merger Guidelines, the Guarantor notified the DoT on April 18, 2018, of its intention to merge the consumer mobile business of Tata Teleservices (Maharashtra) Limited (“TTML”) with the Guarantor (in Mumbai and Maharashtra). NCLT Delhi through its order dated January 30, 2019 sanctioned the scheme of arrangement and the DoT was approached for taking the transfer/merger on record. The DoT through its communication dated April 10, 2019 granted in-principle approval for the aforesaid scheme of arrangement, but imposed certain conditions for taking the transfer/merger on record. The imposed conditions *inter alia* included: (i) securing the demand of one-time spectrum charge (“OTSC”) for Rs. 10,425.10 million dues by way of bank guarantee; and (ii) submission of an unconditional and unequivocal undertaking to DoT for payment of past demands inclusive of anything remaining unpaid of the past period and subject to outcome of the judicial process.

The Guarantor has challenged the aforesaid conditions before the TDSAT, which through orders dated May 2, 2019 and May 6, 2019 has, among other things, stayed the demand of bank guarantee of Rs. 10,425.10 million, and held that any condition in the undertaking required to be given by the Guarantor

shall be without prejudice to the rights and contentions of the parties before a court of law and the validity of such conditions shall be subject to the outcome of the judicial process. Further, the DoT has been directed to take the merger on record. Further, the DoT had filed special leave petitions before Supreme Court, challenging the TDSAT orders dated May 2, 2019 and May 6, 2019, wherein the Supreme Court did not interfere with the TDSAT orders and disposed of the said special leave petitions through its order dated November 18, 2019. The TDSAT through its order dated January 16, 2020, directed the DoT to take on record the merger between the Guarantor and TTSL. As a result, DoT has taken the merger on record pursuant to its order dated February 6, 2020 and has stated that the merger is being taken on record without prejudice to the rights and contentions of the DoT, until the matters pending before the TDSAT are not disposed of. The TDSAT, pursuant to its judgment dated December 23, 2020, among other things, has (i) held that the DoT is not entitled to seek bank guarantees in respect of OTSC demands disputed before the Bombay High Court, (ii) held that the conditions of the undertaking shall be without prejudice to the rights and contentions of the parties before a court of law and subject to the outcome of the judicial proceedings.

Further, the DoT has filed an application before the NCLT alleging that the merger has been illegally completed prior to receipt of the approval of the DoT and has sought action under the Companies Act, 2013 in this regard. The matter is presently pending.

7. *TRAI matters:*

(I) *IUC–2015 matter:* the Guarantor and Bharti Hexacom (“**Petitioners**”) have filed a writ petition challenging the Telecommunication Interconnection Usage Charges (Eleventh Amendment) Regulations, 2015 dated February 23, 2015 (“**IUC–2015 Regulations**”) before the Delhi High Court, inter alia, on the ground that which, inter alia, fixed MTC at Rs. 0.14 and FTC as ‘nil’ for local and NLD calls. The Petitioners have challenged the IUC–2015 Regulations, inter alia, on the following alleged grounds:

- The IUC–2015 are *ultra vires* the TRAI Act and contrary to the object and purpose of Section 11 of the TRAI Act;
- The consultation paper lacked transparency as the TRAI did not share the model used by it to determine the cost model for calculating Interconnection Usage Charges (“**IUC**”);
- The IUC–2015 are in violation of Articles 14 and 19(1)(g) of the Constitution of India to the extent it arbitrarily and in a non-transparent manner, fixes mobile termination charges (“**MTC**”) for local and National long-distance call at Rs. 0.14 per minute and fixed termination charges (“**FTC**”) as ‘nil’; and
- The TRAI allegedly departed from its policy of work done and cost-based principle in the IUC–2015. It fixed the FTC at ‘nil’ thereby allegedly completely ignoring its settled policy.

The matter is currently pending.

(II) The TRAI, by way of the International Telecommunication Access to Essential Facilities at Cable Landing Standing Regulations, 2007 dated June 7, 2007, and an amendment thereto dated October 19, 2012 (together, “**2007 Regulations**”), and the International Telecommunication Cable Landing Stations Access Facilitation Charges and Co location Charges Regulations, 2012 dated December 21, 2012 (“**2012 Regulations**”, and together with the 2007 Regulations, the “**Regulations**”) had specified that the charges for access facilitation, co-location, and operation and management were to be charged by the owner of CLS with effect from January 1, 2013. The

Guarantor and Tata challenged the Regulations before the Madras High Court, wherein they were granted a stay. Thereafter, the Madras High Court through judgment dated November 11, 2016, dismissed both the petitions. The Guarantor filed an appeal before a Division Bench of the Madras High Court. The High Court, through its judgment dated July 2, 2018, set aside Schedules I, II and III of the 2012 Regulations and further directed TRAI to re-enact the quashed Schedules after adhering to the procedure of transparency and principles of natural justice.

The Association of Competitive Telecom Operators (“**ACTO**”), TRAI and RCOM preferred appeals against the Division Bench’s judgment, which were dismissed by the Supreme Court through order dated October 8, 2018, directing that TRAI should re-determine the fixation of rates within 6 weeks from the date of the order, after following the procedure of transparency and principles of natural justice.

Thereafter, TRAI thereafter notified International Telecommunication Cable Landing Stations Access Facilitation Charges and Co location Charges (Amendment) Regulation, 2018 with effect from November 28, 2018 (“**2018 Regulations**”), substituting the aforesaid Schedules I, II and III of the 2012 Regulations ACTO and Reliance Jio Infocom Limited (“**RJIL**”) filed an application before the Supreme Court seeking a direction that the 2018 Regulations should be made applicable retrospectively with effect from January 1, 2013 along with a direction to refund the excess CLS amount. The Supreme Court through its order dated January 28, 2019 disposed of the application granting liberty to ACTO to take up the matter before TDSAT.

RJIL and AT&T, citing retrospective application of 2018 Regulations and seeking refund of excess amount, had not paid CLS charges approximately amounting to Rs. 1,227.16 million and Rs. 82.77 million respectively, including interest. Thereafter, the Guarantor issued demand/disconnection notices to RJIO and AT&T. Pursuant to demand/disconnection notice RJIO and AT&T approached TDSAT seeking a stay on the disconnection notice and further seeking a clarification about the retrospective applicability of 2018 Regulations from January 1, 2013. The TDSAT through a common order dated November 7, 2019 declined to grant any interim relief. The TDSAT also stated that the payments, if any, made by RJIL and AT&T shall be subject to the final outcome of the petition. RJIL challenged the TDSAT order before the Madras High Court, wherein the Madras High Court directed RJIL to furnish the bank guarantees for the demanded amount and further requested the TDSAT to decide the matter before February 28, 2020. RJIO furnished bank guarantee in the TDSAT in compliance with the orders passed by the Madras High Court. BSNL also filed a fresh petition before TDSAT seeking retrospective applicability of the 2018 Regulations, and for refund of the excess charges paid. The TDSAT dismissed the petitions through its Judgment dated April 16, 2020, *inter alia* holding that the re-enacted schedules that are part of the 2018 Regulations and are not effective from an earlier date, i.e., January 1, 2013. Further, the TDSAT held that the Bank Guarantee furnished by RJIL would stand invoked for immediate payment to the Guarantor. The Bank Guarantee was invoked by the Guarantor. The Guarantor’s counter claim in the BSNL petition shall be listed before TDSAT later for consideration. RJIO and ACTO have filed the appeals before the Supreme Court against TDSAT’s Judgment dated April 16, 2020 and the same is pending for adjudication.

*Proceedings involving moral turpitude or criminal liability on the Guarantor*

1. Mr. Jyoti Prasad Chandra (“**Complainant**”) filed a criminal complaint (“**Complaint**”) in September, 2011 under Sections 406, 418, and 420 read with Section 120(B) of the IPC before Additional Chief Judicial Magistrate, Barrackpore against the Guarantor, the managing director of the Guarantor, Indus Towers and other persons (collectively, the “**Accused Persons**”) in the Complaint. He alleged that pursuant to a leave and license agreement entered into with the Guarantor dated June 9, 2007 (“**Leave and License Agreement**”), his land was acquired by the Accused Persons for the purpose of installation and maintenance of telegraph equipment, but said equipment was never installed by the Accused

Persons. Further, he alleged that the Accused Persons defaulted on making monthly payments to the Complainant as provided under the Leave and License Agreement. On November 28, 2011 the Court of Judicial Magistrate-III, Barrackpore issued summons to the Accused Persons under Section 63 of the Cr. PC. Subsequently, the Guarantor filed a petition under Section 482 of the Cr. PC before the Calcutta High Court challenging the criminal proceedings pending before the Trial Court. The Calcutta High Court issued an order on July 25, 2012 staying the proceedings before the Trial Court until further orders. The matter is currently pending.

2. Mr. Md. Fazlur Rehman (“**Complainant**”) filed a complaint (“**Complaint**”) before the Court of Chief Judicial Magistrate, Dibrugarh on February 22, 2015 under Sections 406 and 34 of the IPC against the chief executive officer of the Guarantor, alleging that the Guarantor had advertised a scheme wherein, upon an online recharge of Rs. 449, through the website of the Guarantor, internet data of 2.5 GB with a validity period of 30 days was provided. However, the Complainant claims that after doing the aforementioned recharge he received only 2 GB data with a validity period of 28 days. The Complaint was subsequently transferred to the Court of Sub Divisional Judicial Magistrate (Sadar), Dibrugarh, who took cognizance of the offences, alleged in the Complaint, through its order dated October 16, 2015. Pursuant to this, the Guarantor filed a criminal petition under Section 482 of the Cr. PC before the Gauhati High Court for quashing of the Complaint. The Gauhati High Court through orders dated April 4, 2016 and May 6, 2016 stayed the proceedings in the Court of Sub Divisional Judicial Magistrate (Sadar), Dibrugarh with respect to the Complaint. The matter is currently pending.
3. Mr. Shailesh Navalshankar Pandya (“**Applicant**”) filed application under Section 319 of the Cr. PC (“**Application**”) before the Judicial Magistrate, First Class, Vasai praying that the Guarantor be impleaded as an accused in the regular case filed by the Applicant and that cognizance of offences under Sections 420, 465, 467, 468, 471, and 474 read with Section 34 of the IPC be taken against the Guarantor. The Applicant alleged that the Guarantor, in collusion with its agents and hirelings, forged signature of the Applicant and prepared a rubber stamp of Bhakti Infotech Private Limited, a private company of which the Applicant is a director. Further, he alleged that the Guarantor along with the other respondents mentioned in the Application also forged the Pan Card, electricity bill, memorandum of association and articles of association of Bhakti Infotech Private Limited, and by using these documents got 77 SIM cards issued in the name of Bhakti Infotech Private Limited without the consent, knowledge and permission of the Applicant, owing to which the Applicant alleged having suffered a loss of Rs. 1,250 million. The Guarantor filed a reply before the Judicial Magistrate, First Class, Vasai on September 29, 2016 denying the averments and seeking dismissal of the Application. Subsequently, the Guarantor filed written arguments on record of the Court on March 16, 2017 and the matter is pending for orders on the Application.
4. Ms. Akansha Srivastava (“**Complainant**”) filed an application under Section 156(3) of the Cr. PC before the Chief Judicial Magistrate, Ghaziabad against the Guarantor and certain officers of the Guarantor (collectively the “**Accused Persons**”) alleging the commission of offences under Sections 323, 504, 506, and 406 of the IPC and Section 72 of the IT Act on August 24, 2006 claiming that owing to certain loopholes in the network security of the Guarantor, personal and confidential information of her son such as billing address, call details, call duration, etc. were disclosed to other persons. Further, she alleged that when her son visited the office of the Guarantor and raised his grievances with the Accused Persons, they instead of resolving the grievance assaulted and threatened him. The Court ordered investigation basis the Police Report and took cognizance of the matter. The matter is currently pending.
5. Mr. Bishnu Prasad Mishra (“**Complainant**”), an ex-employee of the Guarantor, filed a complaint (“**Complaint**”) under Section 200 of the Cr. PC against the Guarantor and its managing director, and others before the Sub-Divisional Judicial Magistrate, Bhubhaneshwar on December 2, 2014 for offences



under Sections 477, 420, 415, 427, 426, 418, and 406 read with Section 34 of the IPC alleging *mala-fide* appropriation of EPF payments and variable pay due to him and seeking recovery of such arrears. The Sub-Divisional Judicial Magistrate, Bhubhaneshwar took cognizance of the offences through order dated December 19, 2016. A petition under Section 482 of the Cr. PC was filed before the Orissa High Court seeking to quash the Complaint and the order dated December 19, 2016, and the Orissa High Court has stayed the proceedings before the Trial Court. The matter is currently pending.

6. Mr. K. Lakshmana Kailash (“**Complainant**”) filed criminal complaint before the Court of Additional Chief Metropolitan Magistrate-VI, Bangalore on August 28, 2008 under Section 190(A) read with Section 200 of the Cr. PC and Sections 197 and 203 of the IPC against the Guarantor amongst others, alleging that the Guarantor intentionally fabricated false evidence against the Complainant and misdirected the police investigation with respect to the offence of posting of derogatory remarks about Shivaji Maharaj on Orkut, a social media website in order to protect the person who actually posted such remarks. The Court of Additional Chief Metropolitan Magistrate-VI, Bangalore through its order dated September 5, 2009 took cognizance of the aforementioned offences and issued summons against the Guarantor and some of its officials. The Guarantor filed a petition under Section 482 of the Cr. PC before the Karnataka High Court seeking to quash the proceedings initiated by trial court. By way of order dated August 30, 2013, the Karnataka High Court partially allowed the petition filed by the Guarantor, quashing the proceedings against the other accused persons and directed the Guarantor to nominate a person to continue with the proceedings against the Guarantor. The matter is currently pending.
7. Mr. V.S. Suresh (“**Complainant**”) filed a private complaint (“**Complaint**”) before the Metropolitan Magistrate-VII, Chennai against the Guarantor and its erstwhile CEO Mr. Rajiv Rajgopal (collectively “**Accused Persons**”). A FIR was registered by Police as per instructions of Metropolitan Magistrate-VII Chennai under Sections 292, 292A and 294 of the IPC, Sections 3, 4 and 6 of the Indecent Representation of Women Act, 1956 and Sections 2, 3 and 6 of Young Person (Harmful Publication) Act, 1956 wherein the complainant alleged that the Guarantor through its mobile services had sent obscene messages soliciting the Complainant to purchase such obscene pictures through his mobile service. The original petitions under Section 482 of the Cr. PC filed by the Accused persons before the Madras High Court seeking to stay the proceedings in the Complaint, has been dismissed with a direction to the court below to complete the trial. The order passed by Madras High Court has been challenged by erstwhile CEO Mr. Rajiv Rajgopal before the Supreme Court. The Supreme Court has granted interim relief and has stayed the trial proceedings before the lower court. The matter is pending.
8. The Delhi Development Authority (“**DDA**”) filed two criminal complaints before the Trial Court against the Guarantor and others for misuse of property under Section 14 read with Section 29(2) of the Delhi Development Authority Act, 1957 (“**Act**”) with respect to sites situated at K-6, ground floor, NDSE II and C-657 New Friends Colony, New Delhi on September 27, 2002 and February 27, 2003 respectively. The DDA alleged that the Guarantor installed a Remote Switching Unit in residential area without taking prior permission of DDA, at such sites, thereby violating the provisions of the Act. The Guarantor filed petitions under Section 482 of the Cr. PC pursuant to which the Delhi High Court stayed the proceedings before Trial Court in both criminal complaints through orders dated November 4, 2004. The matters are currently pending.
9. Mr. Malik Mushtaq Ahmed (“**Complainant**”) filed a criminal complaint under Sections 406, 418, 420, 109, 120-B of Ranbir Penal Code (“**RPC**”) in the Court of Judicial Magistrate of First Class, Pulwama against the Guarantor, its managing director and other officials alleging non-activation of his mobile connection. The Guarantor filed a petition under Section 561-A of the Code of Criminal Procedure, 1989 (Jammu & Kashmir) before the Jammu and Kashmir High Court at Srinagar for dismissing the

Complaint, and the High Court has granted a stay on the proceedings before the Trial Court. The matter is currently pending.

10. Mr. Jawahar Lal Saini (“**Complainant**”) filed complaint (“**Complaint**”) before the Court of Judicial Magistrate, First Class, Jabalpur under Section 138 of Negotiable Instrument Act, 1881 read with Section 200 of the Cr. PC against an unnamed director of Bharti Cellular Limited along with Mr. Amit Agrawal, proprietor of Delta Telecom (collectively “**Accused Persons**”), alleging that Mr. Amit Agrawal represented to the Complainant that he is the authorized signatory/representative of Bharti Cellular Limited and entered into a lease and license agreement with the Complainant on December 8, 2017 (“**Agreement**”) on behalf of Bharti Cellular Limited for establishment of transmission tower and took Rs. 0.2 million as security deposit from the Complainant. He further alleged as no transmission site was established on the property of the Complainant, Mr. Amit Aggarwal issued two cheques for an amount of Rs. 0.27 million to the Complainant, which on presenting to Bank were dishonoured. The Judicial Magistrate, First Class, Jabalpur through its order dated April 25, 2008 issued summons to the Accused Persons. The Guarantor filed petition before the Madhya Pradesh High Court at Jabalpur under Section 482 of the Cr. PC for quashing the Complaint and setting aside the order of the Judicial Magistrate, First Class, Jabalpur dated April 25, 2008. The matter is pending.
11. Mr. Nitin Jayantibhai Patel filed a criminal complaint before the Judicial Magistrate, First Class, Anand, at Gujarat under Sections 211 and 503 of the IPC on March 14, 2006 against the Guarantor and an employee thereby alleging that the Guarantor and its employee harassed him in order to collect outstanding dues owed by the Complainant to the Guarantor. The Chief Judicial Magistrate, Anand through order dated January 18, 2008, issued summons against the Guarantor. The matter is currently pending.
12. Mr. Iqbal Ahmed filed a complaint under Section 156(3) of the Cr. PC (“**Complaint**”) before the Chief Judicial Magistrate, Saharanpur (Uttar Pradesh) alleging that the Guarantor through its managing director along with some other persons, have illegally taken possession of his land for installation of a telecom tower. The magistrate through its order dated March 8, 2010 dismissed the Complaint under Section 203 of the Cr. PC holding the dispute as civil in nature. Against the said order, a criminal revision was filed on August 11, 2010 and was allowed ex parte and the Court took cognizance under Section 447 of the IPC and issued summons on September 21, 2010. Against the order dated September 21, 2010 another revision complaint was filed on March 16, 2012 which was dismissed by the learned District Judge. The managing director of the Guarantor filed a petition before the Allahabad High Court for quashing of the proceedings. The Allahabad High Court has stayed proceedings before the Trial Court. The matter is currently pending.
13. The Municipal Corporation of New Delhi filed a complaint (“**Complaint**”) before the Metropolitan Magistrate, Patiala House Court, New Delhi against the Guarantor under Sections 461, 416, 417 and 430 of the Delhi Municipal Corporation Act, 1957 (“**Act**”) alleging misuse and violation of the aforesaid provisions of the Act with respect to premises situated at K-6, Ground Floor, NDSE-II, New Delhi. On November 27, 2007 the Metropolitan Magistrate, Patiala House Court, New Delhi passed ex-parte orders and a issued a non-bailable warrant in name of accused persons. Consequently, the Guarantor filed a petition under Section 482 of the Cr. PC before the Delhi High Court, which through its order has stayed the proceedings before Trial Court. The matter is currently pending.
14. Four criminal complaints were filed by the Municipal Corporation, Cochin in the Police Stations at Ernakulum (Kerala) against the Guarantor, alleging violation of provisions of Prevention of Damage to Public Property Act, 1984 and that the Guarantor has laid underground cables without prior permission from the Corporation. The Police sought certain information from the Guarantor, which the Guarantor provided. The matters are currently pending.

15. The complainant Alok Kumar (“**Complainant**”) being aggrieved of sudden disconnection/barring of his mobile number and receipt of threatening calls, approached police station – Patrakar Nagar, Patna and requested for a first information report to be lodged against the Guarantor. The police after preliminary investigation found the complaint to be frivolous and refused to register the first information report. Subsequently, the Complainant approached the Court of Chief Judicial Magistrate, Patna under section 156(3) of the Code of Criminal Procedure, 1973 for institution of a first information report and the Court directed the police to register a first information report. The Complainant has alleged in his complaint that he has received numerous threatening calls on his alternate number from one of his primary mobile number which was barred/disconnected by the Guarantor without his consent. The police has registered a first information report as directed by the Court and investigation in the matter is ongoing. The matter is pending.
16. An employee of the Guarantor in Patna who had been removed from services (“**Complainant**”) has filed a criminal complaint before the Court of the Chief Judicial Magistrate, Patna (“**Court**”) against certain officials of the Guarantor, including the Chairman and Chief Executive Officer of the Guarantor, alleging certain malpractices of the Complainant has also alleged that he was forced to be a part of such malpractices, and upon his refusal to participate in them, his services were terminated. The Court of Additional Chief Judicial Magistrate-III, Patna took cognizance against all 11 persons impleaded in the complaint. Criminal revision petitions have been filed before the High Court for quashing of the complaint and stay of proceedings before the trial court. The Patna High Court has stayed the proceedings before the trial court. The matter is pending.
17. Angshuman Sarkar has filed a criminal complaint under section 200 of the Code of Criminal Procedure, 1973 before the Additional Chief Judicial Magistrate, Bidhan Nagar, West Bengal, against the Chief Executive Officer and the Chairman of the Guarantor and others, alleging forgery under sections 465 and 468 of the Indian Penal Code, 1860 in respect of his customer acquisition form. A criminal revision petition for quashing the complaint has been filed wherein the Calcutta High Court has stayed the proceedings before the Trial Court. The matter is pending.
18. An inspector under the Madhya Pradesh Shram Kalyan Nidhi Adhiniyam, 1982 (“**Shram Kalyan Act**”) had filed a private complaint before the Chief Judicial Magistrate, Gwalior against certain officials of the Guarantor, alleging that during inspection of the zonal office of the Guarantor at Gwalior, the Guarantor had failed to show compliance to the provisions of the Act. The Guarantor has challenged the complaint and the summoning order before the High Court of Madhya Pradesh at Gwalior. The High Court has stayed the proceedings before lower court. The matter is pending.
19. The Chief Revenue Officer, Srinagar Municipal Corporation has filed a Complaint before the Sub Judge (Municipal Magistrate), Srinagar, (“**Magistrate**”) alleging that the Guarantor has erected number of hoardings, painted private/public walls with advertisements/logos in Srinagar without the permission of the competent authority and has thus violated sections 115,116 and 302(vi) of the J&K Municipal Corporation Act, 2000. The magistrate has issued summons and the Guarantor has filed an appeal before Munsiff Judge, Srinagar challenging the summoning orders. The proceedings are stayed and matter is pending.

#### *Direct Tax Proceedings*

1. Tax Deducted at Source (“**TDS**”) on income of Distributer: The Calcutta High Court through order dated May 19, 2011 had upheld the order passed by the Income Tax Appellate Tribunal dated April 4, 2006, holding that the trade margin offered by the Guarantor to its distributors in respect of pre-paid products such as SIM card and recharge vouchers, attracted the provisions relating to tax deductible at source under the Income-Tax Act. The Calcutta High Court further held that the relationship between the

Guarantor and its distributors was that of principal to agent and not of principal to principal. The Guarantor had filed an appeal against the Calcutta High Court judgment before the Supreme Court, which is pending.

The Karnataka High Court in a similar writ petition involving the same issue regarding assessment years 2005-2006 to 2008-2009, held through judgment dated August 14, 2014 that “trade margins” do not attract provisions related to deduction of tax at source and that the relationship between the Guarantor and its distributors is that of principal to principal and no commission is paid when the Guarantor sells SIM cards to the distributors. The Karnataka High Court has allowed the Guarantor’s appeal and set aside the orders of the Assessing Authority dated August 23, 2013. The Karnataka High Court remitted the matter back to the Assessing Authority in order to investigate how the Guarantor has maintained its accounting books and how it treats the sale price and the sale discount and noting that if the accounts do not reflect payment of commission, then provisions for deduction of tax at source should not be attracted. The Income Tax Department filed an appeal against the Karnataka High Court’s judgment before the Supreme Court. The matter is currently pending before the Supreme Court and clubbed with the appeal filed by the Guarantor against the judgment of the Calcutta High Court.

The Rajasthan High Court through its judgment and order dated July 11, 2017 allowed the income tax appeals filed by other assessee and dismissed the appeals filed by the Commissioner of Income Tax in matters pertaining to Bharti Hexacom. The High Court further held that there is no occasion to invoke provisions of Section 194H of Income-Tax Act as no amount has been paid by the assessee, Bharti Hexacom to its distributors.

The High Court of Orissa, in matter related to the Guarantor, through its judgment and order dated February 20, 2019 allowed the income tax appeals filed by the assessee while relying on the judgment and order passed by Rajasthan High Court.

Similar issue is pending at different stages in various other jurisdictions across the country before the Commissioners of Income Tax (Appeals), Income Tax Appellate Tribunals, High Courts and the Supreme Court for the Guarantor and Bharti Hexacom. The amounts involved in these matters are approximately Rs. 7,239 million for the Guarantor and Rs. 591 million for Bharti Hexacom. Accordingly, the Guarantor and Bharti Hexacom have paid various amounts under protest in this regard.

2. The Commissioner of Income Tax, Delhi – II (“CIT”) initiated proceedings under Section 263 of the Income-Tax Act directing the assessing officer to reopen the assessment proceeding against the Guarantor for the Fiscal 2007-08 on grounds that the assessment order dated October 30, 2012 of Assessing Officer (“AO”) was erroneous and prejudicial to the interest of revenue through order dated March 30, 2014. The Guarantor filed an income tax appeal before the Income Tax Appellate Tribunal, Delhi Bench ‘A’, New Delhi (“ITAT”) challenging the order of the CIT dated March 30, 2014. While the challenge order of the CIT dated March 30, 2014 was pending before the ITAT, in accordance with directions of the CIT, the AO passed an order under Sections 263, 144C, and 143(3) of the Income-Tax Act on March 31, 2015 in respect of the assessment for the year 2007-08, alleging that the Guarantor did not pay tax under Section 28(iv) of the Income-Tax Act, on the purported notional profit derived from the Guarantor’s transfer of passive infrastructure to Indus Towers. The AO taxed the Guarantor’s notional credit lying in the revaluation reserve being the difference between fair value of the investment in Indus Towers recorded in the Guarantor’s books and the net worth of the undertaking transferred to Indus Towers as benefit arising in the course of business under Section 28(iv) of the Income-Tax Act. Accordingly, the AO by its order dated March 31, 2015 raised a demand of Rs. 12,185 million. Subsequently through order dated May 6, 2015 the ITAT allowed the appeal filed by the Guarantor, setting aside the order of the CIT and holding that the issue had already been examined by the AO and dispute resolution panel at the time of passing the assessment order on October 30, 2012. Further, the

ITAT held that in the absence of receipt of consideration for transfer, no notional sum can be attributed as consideration and hence issue of capital gain does not arise. The ITAT further held that, in the absence of any benefit or perquisite accruing to the assessee during the course of business and the impugned transfer being purely a capital transaction, the notional gain cannot be taxed under Section 28(iv) of the Income-Tax Act. The CIT has filed an appeal before the Delhi High Court against the order of the ITAT being ITA No. 864 of 2015. The Delhi High Court has admitted the appeal and the matter is pending. In the meanwhile, as a result of the order of the ITAT setting aside the order of the CIT passed under Section 263, the order of the AO passed in accordance with the orders of CIT, became futile. Therefore, the Guarantor had also filed an appeal against the order of the AO dated March 31, 2015 before the CIT (Appeal). The CIT (Appeal) allowed the appeal of the Guarantor and deleted the demand raised by the AO. The AO filed an appeal against the order of CIT (Appeal) before the ITAT, which was dismissed by the ITAT by way of order dated July 30, 2019. The CIT (Appeal) has filed an appeal before the Delhi High Court challenging the order of ITAT dated July 30, 2019. Both the appeals are pending before the Delhi High Court.

#### *Indirect Tax Proceedings*

1. Entry Tax: Several states had enacted laws which provided for levy of tax on the entry of goods into the state for sale, use or consumption therein. The constitutional validity of these legislations was challenged in different High Courts on various grounds, *inter alia*, including that the same were in violation of the constitutional right to freedom of trade and commerce enshrined under Article 301 of the Constitution of India and that the levy did not pass the judicially evolved tests of being 'compensatory' in nature. It was also contended that the levies were in violation of Article 304(a) of the Constitution of India for being discriminatory in nature. Some of the High Courts had struck down the Legislations enacted by the respective States being *ultra vires*.

Certain constitutional aspects of Entry Tax were subsequently referred to the Nine Judge Constitutional Bench of the Supreme Court which through judgment dated November 11, 2016 held, *inter alia*, that only such taxes which are discriminatory in nature are prohibited by Article 304(a) of the Constitution of India. It also held that the compensatory tax theory evolved in earlier rulings of the Court (basis which various High Courts ruled the levy to be unconstitutional) had no juristic basis and that there was no constitutional or juristic basis of 'compensatory' tax and that tax simpliciter is not covered under Article 301 of the Constitution of India as an impediment to free flow of trade and commerce between the States, etc. Certain questions of law, including the question whether Entry Tax can be imposed by the States on the goods imported from outside the country, etc., were left open by the Constitutional bench. Thereafter, the regular Division Bench of the Supreme Court disposed of the matters arising from several States through order dated March 22, 2017, granting liberty to the assessee to file fresh petitions before the respective High Courts, raising additional grounds in the light of the judgment of the Constitutional Bench.

Subsequently, in the matters arising from the state of Kerala and other connected matters from Orissa, Bihar, Jharkhand, the regular bench of the Supreme Court held that Entry tax could be and was legitimately imposed by the State on the goods imported from outside the country (settling one of the issues left open by the Constitutional Bench). In terms of the liberty granted by the Supreme Court, fresh writ petitions were filed by the Guarantor, Bharti Hexacom, and Bharti Telemedia Limited in Uttar Pradesh, Kerala, Madhya Pradesh, Assam, Orissa, Chhattisgarh, Jharkhand, and Rajasthan (as may be applicable). The High Courts of Rajasthan, Uttar Pradesh and Kerala granted interim relief to the Guarantor, Bharti Hexacom, and Bharti Telemedia Limited (as may be applicable). The Guarantor, Bharti Hexacom, and Bharti Telemedia Limited challenged the vires of the local legislations, *inter alia*, on grounds of being discriminatory.

The Allahabad High Court through its common Judgment dated May 4, 2018, dismissed a bunch of petitions filed by companies belonging to several industries, upholding the constitutionality of the Uttar Pradesh Entry of Goods Tax in to Local Area Act, 2017 (“**Act**”).

In the state of Bihar there is exposure for the period of Fiscal 2006 to June 2017 and the Guarantor’s and Bharti Telemedia Limited’s challenge is pending before the Patna High Court. In various circles, certain amounts have been deposited under protest with the department. The aforementioned matters, wherein Entry Tax legislations have been challenged by various industries across different High Courts are pending to be decided by respective High Courts, except for the Allahabad High Court.

*Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of the Guarantor*

1. The Guarantor received a notice from the National Company Law Tribunal, Principal Bench at New Delhi (“**NCLT**”) through application (“**Application**”) filed by M/s CPM India Sales & Marketing Private Limited (“**Applicant**”) under Section 9 of the Insolvency and Bankruptcy Code, 2016 (“**the Code**”) dated January 10, 2018, alleging that an outstanding operational debt of approximately Rs. 8.6 million is payable by the Guarantor through purchase orders to the Applicant, which remained unpaid despite serving demand notice under Section 8 of the Code. The Guarantor through its reply dated March 15, 2018, contested the Application, on the grounds, *inter alia*, that that the debt arising out of certain of the contested purchase orders was already paid and that the Applicant has forged and fabricated documents. The matter is pending before the NCLT.
2. Mr. Anand Arya (“**Complainant**”), a subscriber of mobile services offered by the Guarantor, filed a consumer complaint before the National Consumer Complaints Redressal Commission, New Delhi (“**Commission**”) on October 23, 2015, against the Guarantor, alleging that the quality of services offered by the Guarantor had been deteriorating since 2010 and more particularly from March, 2015 and owing to that the Complainant claimed that he had suffered extremely serious mental trauma and mental torture at least three times when there were medical emergencies. The Complainant sought damages to the tune of Rs. 448.2 million and demanded that the Guarantor pay penalty to the rate of one thousand times the amount of mobile bills paid in 2015 by the Complainant which amounts to Rs. 11.73 million. Further, the Complainant also prayed that the Guarantor be directed to deposit amount to the tune of Rs. 44,373.78 million in the Prime Minister’s relief fund. The Commission through order dated November 24, 2015 issued show cause notice to the Guarantor. The Guarantor filed its reply before the Commission on September 26, 2016. The matter is currently pending.

*Proceedings involving material statutory and regulatory violations by Telenor*

1. The Supreme Court through its judgment dated February 2, 2012, in *Centre for Public Interest Litigation v. Union of India & Ors.*, quashed the grant of licenses and allocation of spectrum of various licensees including Unitech Wireless. The judgment further directed TRAI to make fresh recommendations for grant of license and to allocate spectrum in all telecom circles in India by way of an auction. Subsequently, after the completion of such auction in November 2012 (“**November Auctions**”), Supreme Court through another judgment dated February 15, 2013, directed all telecom operators, whose licenses were cancelled pursuant to the previous Supreme Court judgment dated February 2, 2012, to close down their services immediately, however the licensees who continued their operations post February 2, 2012, whether or not participated in the November Auctions, were ordered to pay the reserve price fixed by the Government. Telenor participated in the November Auctions and through the bid terms it was entitled to acquire and continue to operate the business of Unitech Wireless in the six circles of Andhra Pradesh, Bihar, Gujarat, Maharashtra, Uttar Pradesh (east) and Uttar Pradesh (west), where Telenor was awarded the spectrum. The DoT also issued a letter of intent dated December 19,

2012 pursuant to which Telenor paid the auction price for the aforesaid six circles amounting to Rs. 13,260.32 million. Thereafter, the DoT issued a show cause notice dated November 17, 2014 for payment of reserve price amounting to Rs. 6,526.90 million in addition to interest payable on the said amount, for continuation of services until November 27, 2013 in the aforesaid six circles and until February 16, 2013 in the remaining circles. Later, the DoT reconsidered the demand amount specified in the aforesaid show cause notice and issued a demand notice dated September 22, 2016 for payment of Rs. 8,408.67 million that included interest amounting to Rs. 1,881.77 million, calculated for the period from the date of the aforesaid show cause notice until the date of this demand notice. Telenor and another party challenged this demand notice before the TDSAT which granted interim stay on the matter. While the matter was pending, the DoT issued a revised demand notice dated February 14, 2017 for payment of Rs. 7,701.58 million for the continued service wherein the principle amount was reduced from Rs. 6,526.90 million to Rs. 4,862.30 million, however the interest levied was increased, calculated from February 15, 2013 instead of November 17, 2014 (specified in the earlier demand notice). Telenor and another party challenged this revised demand notice before the TDSAT and obtained stay orders extending the interim protection. The matter is currently pending before the TDSAT for hearing.

2. For details of proceedings involving material statutory and regulatory violations with regards to adjusted gross revenue matters of the Guarantor with Telenor, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.
3. For details of proceedings involving material statutory and regulatory violations with regards to port charges matters by the Guarantor along with Telenor, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.
4. For details of proceedings involving the merger of the Guarantor with Telenor, see “—*Legal Proceedings—Litigation involving the Guarantor—Other Regulatory Matters involving the Guarantor*”.
5. For details of proceedings involving material statutory and regulatory violations with regards to demand notices issued by various Telecom Enforcement Resource Monitoring Cells of the Guarantor with Telenor, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.

***Litigation involving Indus Towers Limited (“Indus Towers”)***

*Except as disclosed below, Indus Towers is not involved in any legal proceedings or disputes, and no proceedings are threatened against Indus Towers, which may have, or have had, a material adverse effect on the business, financial condition or operations of the Company.*

***Proceedings involving moral turpitude or criminal liability on Indus Towers***

1. For details of proceedings involving moral turpitude or criminal liability on the Guarantor along with Indus Towers, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving moral turpitude or criminal liability on the Guarantor*”.

***Direct Tax Proceedings***

1. Under the Income Tax Act 1961, tax assessment proceedings have been completed by the tax department for AY 10-11 to AY 17-18 (Except AY 15-16). During the assessment proceedings of AY 2010-11, basis special audit report conducted by special auditor, tax department has made additions on various issues and followed up in subsequent proceedings as being repetitive issues mainly includes disallowance of depreciation on passive infrastructure assets, provision for accrued expenditure, depreciation on provisional capitalization, amortization of asset restoration obligation etc.

Indus Towers has filed an appeal before the first appellate authorities i.e., CIT (Appeals) which under progress before the appellate authority under new faceless appeal regime.

Demands raised by Assessing officer have been stayed by the Supreme Court for AY 11-12 while in all other matters a stay has been granted by the Assessing Officer until disposal of the appeal by the appellate authority. The aggregate amount involved in these matters is approximately Rs. 38,480 million.

#### *Indirect Tax Proceedings*

##### **1. Gujarat & Tamil Nadu VAT Matter**

The Gujarat VAT department had issued a show cause notice for Fiscal 2012 to the first quarter of Fiscal 2018 levying VAT with interest and penalty on MSA Rentals alleging transfer of right to use.

Post receiving the show cause notice, a writ petition was filed before the Gujarat High Court which was dismissed. Thereafter, a special leave petition was filed before the Supreme Court which is presently pending.

Alongside, the GVAT authorities passed an adverse demand order for Fiscal 2012 to Fiscal 2015 which was stayed. An appeal before GVAT Commissioner (Appeals) was also filed in this regard.

For Fiscal 2016 to the first quarter of Fiscal 2018, a stay has been granted by the Supreme Court against the order received from the authority. For Fiscal 2016, Indus Towers has moved the Gujarat Tribunal, whereas for Fiscal 2017 and the first quarter of Fiscal 2018, the appellate order is awaited from DC(A).

Further, the Tamil Nadu VAT department had issued a show cause notice for Fiscal 2009 to Fiscal 2011 levying VAT with interest and penalty on MSA Rentals alleging transfer of right to use.

Post the demand order, a writ petition was filed before the Madras High Court which was allowed. The aggregate amount involved in these matters is approximately Rs. 24,830 million.

##### **2. CENVAT Credit Matter**

The Commissioner of Service Tax raised a demand by denying the CENVAT Credit on pre-fabricated building (telecom shelter) and towers/tower materials/tower structures as 'immovable capital goods' and towards services which were utilised in relation to erection and installation of pre-fabricated shelters and towers. In appeal, the CESTAT (Larger bench), New Delhi also denied CENVAT credit on towers and shelters treating them as "immovable".

Indus Towers filed an appeal before Delhi High Court against the order passed by CESTAT (Larger Bench) which was decided in favour of Indus Towers pursuant to order dated October 31, 2018. Pursuant to the order, a refund order of pre-deposit was received.

The Commissioner of Service Tax, Delhi has filed a special leave petition before the Supreme Court seeking, among other things, (i) ad-interim ex-parte stay on the operation of the judgment dated October 31, 2018 passed by the Delhi High Court; and (ii) special leave to appeal against such judgment.

Hearing notice is awaited for all years except for Fiscal 2017 and the first quarter of Fiscal 2018, wherein an order is awaited from the Commissioner, Gurugram. The aggregate amount involved in the matter is approximately Rs. 35,657 million.



## ***Litigation involving the Guarantor's Subsidiaries***

### ***Bharti Telemedia Limited***

#### ***Proceedings involving material statutory and regulatory violations by Bharti Telemedia Limited***

1. Bharti Telemedia Limited filed a petition dated April 28, 2009 before the TDSAT for declaration that it is required to pay license fee on adjusted gross revenue basis and for direction to the Union of India (“**UOI**”) to calculate the license fee only from the licensed activities as per adjusted gross revenue. The TDSAT through judgment dated May 28, 2010 *inter alia*, allowed the said petition and provided for license fee on adjusted gross revenue basis. Further, the TDSAT excluded certain items from purview of adjusted gross revenue such as taxes, installation charges, commission, sale of set top boxes and accessories, subscription fees payable to broadcaster in respect of pay channel. The TDSAT in its order dated May 28, 2010 relied on the TDSAT order dated August 26, 2008 passed in the Tata Sky Limited vs. Union of India (“**Tata Sky matter**”). Thereafter, the UOI challenged the TDSAT’s order dated May 28, 2010 which was admitted by the Supreme Court and tagged with the UOI’s appeal in the Tata Sky matter (Civil Appeal No. 3549 of 2009). The Supreme Court through judgment dated October 11, 2011 (“**AUSPI judgment**”), *inter alia*, held that the TDSAT had no jurisdiction to decide on the legality and validity of the license conditions including the definition of adjusted gross revenue in the telecom matter and set aside the TDSAT orders dated July 7, 2006 and August 30, 2007. With the aforesaid findings, the Supreme Court remanded the matter back to the TDSAT for adjudication.

The TDSAT on December 15, 2011 passed the order in the remanded matter that no demand (original or revised) would be enforced without leave of the TDSAT. Subsequently, nearly two years later the UOI on March 19, 2014 raised a demand of approximately Rs. 2,985 million (including interest until March 2014) on account of short payment of license fee from Fiscal 2008-09 until Fiscal 2012-13 and the same had to be paid within 15 days on the alleged basis that Bharti Telemedia Limited was required to pay a license fee at 10% of the gross revenue. Bharti Telemedia Limited challenged the said demand before the TDSAT on April 2, 2014 and the TDSAT through order dated April 4, 2014 granted the interim protection and directed that the UOI shall not take any coercive measure for realization of the said demand.

Further, Bharti Telemedia Limited filed a writ petition before the Kerala High Court against the UOI and the TRAI in December 16, 2015, *inter alia*, seeking issuance of order or direction (i) issuing a writ, order or direction holding Clause 3.1.1 of the license agreement is in violation of Articles 14 and 19(1)(g) of the Constitution of India as it discriminates between similarly placed competing distribution platforms; (ii) holding and declaring that the powers of the DoT to charge license fee under Section 4 of the Telegraph Act is confined only to revenue earned from licensed activities; and (iii) setting aside/quashing Clause 3.1.1 to the license agreement being *ultra vires* of Section 4 of the Telegraph Act to the extent that it includes revenue earned from non-licensed activities and expenses which are of a pass through nature. The Kerala High Court through its order dated December 17, 2015 granted an interim relief as prayed in the petition, which was extended until further orders through the Kerala High Court’s order dated February 18, 2016.

The DoT filed transfer petitions before the Supreme Court on July 4, 2019, praying for the clubbing of all the matters pertaining to adjusted gross revenue and DTH pending before the Kerala High Court. The Supreme Court has, through its order dated September 23, 2019, allowed the said transfer petitions. The matter is currently pending.

On December 24, 2020, MIB issued a demand notice (“**Demand Letter**”) to Bharti Telemedia Limited for the remittance of the purported outstanding license fees for Fiscal 2008-09 to Fiscal 2018-19

amounting to ₹Rs. 16,423.66 million as on November 30, 2020. The Company has, pursuant to its response dated January 8, 2021, stated, among other things, that the issue pertaining to the DTH license fees is pending before the Kerala High Court and that the interim orders passed by the Kerala High Court and the TDSAT are in force and therefore, the Demand Letter ought to be withdrawn.

Thereafter, on December 30, 2020, the MIB issued new guidelines for obtaining the DTH license, specifying, among other things, that the issuance of fresh DTH licenses to existing licensees shall be subject to clearing all dues and fulfilling all obligations under the terms and conditions of the existing license as well as those arising out of legal cases pending before various courts of law.

*Proceedings involving moral turpitude or criminal liability on Bharti Telemedia Limited*

1. Onkar Entertainment Private Limited (“**Complainant**”) filed a criminal complaint (“**Complaint**”) before the Court of Additional Chief Metropolitan Magistrate - VIII, Calcutta, alleging commission of offences under Sections 406 and 420, read with Section 120(B) of the IPC against Bharti Telemedia Limited and certain of its directors and officers, amongst others (“**Accused Persons**”) on December 6, 2017, claiming that the Accused Persons violated the agreement dated November 26, 2015 signed between the Guarantor and the Complainant, by not providing the agreed upon DTH platform for the channel of the Complainant. The Court of Additional Chief Metropolitan Magistrate, VIII Calcutta took cognizance of the matter through order dated December 16, 2017 and issued summons to the Accused Persons under Section 200 of the Cr. PC. Bharti Telemedia Limited filed a petition under Section 482 of the Cr. PC before the Calcutta High Court on May 4, 2018 to quash the proceedings and obtain stay of proceedings before the Trial Court, which was subsequently granted to it. The matter is pending.

*Indirect Tax Proceedings*

1. For details of Indirect Tax Proceedings with respect to Entry Tax matters against the Guarantor along with Bharti Telemedia, see “—*Legal Proceedings—Litigation involving the Guarantor—Indirect Tax Proceedings*”.

*Bharti Hexacom*

*Proceedings involving material statutory and regulatory violations by Bharti Hexacom*

1. For details of proceedings involving material statutory and regulatory violations with regards to spectrum charges matters by the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.
2. For details of proceedings involving material statutory and regulatory violations with regards to EMF matters by the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.
3. For details of proceedings involving material statutory and regulatory violations with regards to port charges matters by the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.
4. For details of proceedings involving material statutory and regulatory violations with regards to CAF matters by the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.

5. For details of proceedings involving the transfer/merger of TTSL with the Guarantor and Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Other Regulatory Matters involving the Guarantor*”.
6. For details of proceedings involving material statutory and regulatory violations with regards to the TRAI matters by the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Other Regulatory Matters involving the Guarantor*”.
7. For details of proceedings involving material statutory and regulatory violations with regards to adjusted gross revenue matters by the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.
8. For details of proceedings involving material statutory and regulatory violations with regards to SMS termination matters by the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.
9. For details of proceedings involving material statutory and regulatory violations with regards to 3G ICR matter by the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Proceedings involving material statutory and regulatory violations by the Guarantor*”.

#### *Direct Tax Proceedings*

1. For details of Direct Tax Proceedings with respect to TDS on income of distributor proceedings against the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Direct Tax Proceedings*”.

#### *Indirect Tax Proceedings*

1. For details of Indirect Tax Proceedings with respect to Entry Tax matters against the Guarantor along with Bharti Hexacom, see “—*Legal Proceedings—Litigation involving the Guarantor—Indirect Tax Proceedings*”.

#### *Bharti Digital*

##### *Proceedings involving material statutory and regulatory violations by Bharti Digital*

For details of proceedings involving the merger of the Guarantor with Bharti Digital, see “—*Legal Proceedings—Litigation involving the Guarantor—Other Regulatory Matters involving the Guarantor*”.

#### *Airtel Congo S.A.*

##### *Indirect Tax Proceedings*

1. Airtel Congo S.A. underwent a general accounting audit for the Fiscals 2012, 2013 and 2014. On November 7, 2016 as a result of this verification, the tax authorities made a notification of adjustments amounting to XAF 57,230,455,658 for IRVM and VAT. On December 22, 2016 Airtel Congo S.A. made a protest against the notification. On September 24, 2018 the services tax authorities maintained the charges against Airtel Congo S.A. On October 3, 2018 the DGE of Brazzaville issued a notice of assessment (AMR) demanding from Airtel Congo S.A. the payment of an amount of XAF 85,296,464,550. On November 5, 2018 Airtel Congo S.A. applied for a waiver of the guarantee deposit of administrative fees before the Minister of Finance. On November 22, 2018 the Minister of Finance granted Airtel Congo S.A. a waiver of the guarantee deposit and processing fees. On November 27, 2018

Airtel Congo S.A. filed an application to the Tax Managing Director to seek arbitration over disagreements between his internal services and Airtel Congo S.A.

*Airtel Congo RDC S.A.*

*Proceedings involving material statutory and regulatory violations by Airtel Congo RDC S.A.*

1. Airtel Congo RDC S.A. (“**Claimant**”) was initially subject to three tax assessments seeking the payment of 1,459,523.53 USD for the alleged implementation of new versions of 3G technology without the requisite license. The Claimant on March 20, 2018 brought an application against the government of D.R. Congo, the DGRAD Tax authority and the Principal Collector (“**Respondents**”) to the Court in order to obtain a rebate of the aforementioned amount sought from the Claimant along with a counterclaim of USD 1,000,000 in damages. The Claimant argued that the tax assessments were illegal since they were not based on a piece of legislation enacted by the Congolese national parliament that was in force at the time of the taxation. The Claimant further argued that based on the applicable legislation on the matter, there was no tax base for the taxation made by the administration in light of the terms and conditions of the license granted to the Claimant by the government. All the pleadings were entered. The matter was heard by the Court on June 26, 2018 and sent to the Public Prosecutor’s Office for its legal opinion on the case before the Court’s final ruling. The matter will be taken by the Court for its ruling on the case once the Public Prosecutor issues his legal opinion on the case.
2. The Nederland British Company (NBC Sprl) (“**Claimant**”) sought a court injunction against Airtel Congo RDC S.A., Africell DRC, Vodacom Congo and Oasis (“**Respondents**”) on the ground that the Respondents were using spectrum which was allocated to the Claimant by provision of its license. The Claimant and the Respondents thereafter failed to settle the matter under the mediation of the Telecom regulator. The Claimant subsequently moved to seek a court order compelling the Respondents to pay USD 20,000,000 in damages. The Court delivered an injunction against the Respondents to cease the usage of the aforesaid spectrum on October 25, 2012 which was overruled by the Court of Appeal on June 7, 2013. The Claimant has not initiated any further proceedings as of date.

*Proceedings involving moral turpitude or criminal liability on Airtel Congo RDC S.A.*

1. Mr. Nengbangba and another person (“**Claimants**”), two DRC local ex-officials filed a claim on August 19, 2018 against Airtel Congo RDC S.A., seeking a court order compelling Airtel Congo RDC S.A. to reimburse a sum of USD 2,950 and to pay USD 1,000,000 in damages for the alleged fraudulent swaps of the Claimant’s SIM cards. The Court subsequently issued an investigation order to search Airtel Congo RDC S.A.’s premises and interview witnesses which have been appealed against by Airtel Congo RDC S.A. for violation of the constitutional right to a fair trial. The trial is pending for the appeal before the Supreme Court (now the
2. Constitutional Court) regarding the investigation order mentioned above.
3. Mr. Lulanga Zihundula (“**Plaintiff**”) is the former landlord of Mr. Thomas Mayuma De Souza (“**Defendant**”), a former Airtel Congo RDC S.A. employee. The Plaintiff brought an action to Court in order to recover USD 900 of rent arrears which the defendant owed to the Plaintiff, who undertook garnishment procedures over the Defendant’s monies held by Airtel Congo RDC S.A. in order to recover these rent arrears and costs. The claim was granted by the Trial Judge along with legal cost of about USD 230. The Defendant challenged the garnishment procedure before the Tribunal de Grande Instance de Kinshasa/Gombe. On May 15, 2018 the Plaintiff brought an action against Airtel Congo RDC S.A. before the Trial Court in Kinshasa/Gombe for concealment and handling of the stolen goods arguing that Airtel Congo RDC S.A. should be held liable under civil law and responsible under criminal law. The

Plaintiff sought damages for USD 150,000. At this stage pleadings were entered. The case was pleaded on October 11, 2019 and the decision of the court is awaited.

4. Ms. Ndudi Bakambu (“**Claimant**”), a local DRC national filed an application on July 30, 2007 against Airtel Congo RDC S.A., seeking a court order compelling Airtel Congo RDC S.A. to make a payment of USD 200,000 in general damages following a traffic accident allegedly caused by Airtel Congo RDC S.A.’s vehicle. Airtel Congo RDC S.A. moved to bring its insurer into the lawsuit as a third-party defendant. Subsequently, the third-party defendant initiated negotiations to reach an out of court settlement agreement with the Claimant. There is an on-going search at the registrar’s to verify whether a settlement agreement is recorded.
5. Mr. Alain Bassie (“**Claimant**”), an ex-employee served a notice on February 25, 2016 to Airtel Congo RDC S.A. and the then managing director and human resources manager (“**Respondents**”) purporting that the assignment letter received by the Claimant on March 11, 2013 was wrongfully backdated by the Respondents to December 26, 2012. The Claimant subsequently filed an application seeking USD 3,500,000 in damages. The matter is pending before the High Court of Kinshasa/Gombe.
6. Mr. Babel Mbaya (“**Claimant**”), an ex-employee of Airtel Congo RDC S.A. filed a complaint against Airtel Congo RDC S.A. and a local labour inspector (“**Respondents**”), alleging that the settlement agreement entered into on June 20, 2015 before the labour office is forged. The amount claimed in damages under the notice dated January 12, 2017 to the Respondents is USD 500,000. The High Court of Kinshasa/Matete rejected the claim, pointing the validity of the settlement agreement between the Claimant and Airtel Congo RDC S.A. The ruling is yet to be notified to all the parties by the registrar. Another complaint lodged by the Claimant seeking the annulment of the minutes of non-conciliation pertaining to the proceeding before the labor inspectorate was also denied by the High Court of Kinshasa/Matete.
7. Mr. Otiom Apiker (“**Claimant**”), an ex-employee of Airtel Congo RDC S.A. filed a complaint through notice on June 26, 2013 to Airtel Congo RDC S.A. (civilly liable) and the then line manager of the Claimant (“**Respondents**”), seeking a court order compelling the Respondents to make a payment of USD 45,000 in damages. The Claimant accused the line manager of fraudulently adding 1,200 customer acquisitions to the Claimant’s KPI in an attempt to reduce the Claimant’s chances to meet his monthly sales targets and obtain the related bonus. The Tribunal of Gombe dismissed the case on July 10, 2013 for lack of jurisdiction and the Claimant moved to file the complaint before the Tribunal of Ngaliema which ruling has been appealed by the line manager. The matter is pending before the Supreme Court.
8. Socoda (“**Claimant**”), a local copyright agency initiated a complaint through notice dated September 18, 2018 to Airtel Congo RDC S.A., seeking to compel Airtel Congo RDC S.A. to pay an outstanding fee of USD 25,975 and USD 500,000 in damages for the alleged infringement of copyright, counterfeit, rebellion and forgery. The Claimant had filed the complaint to block the then impending dismissal of the civil lawsuit the Claimant brought against Airtel Congo RDC S.A., which sought to recover the aforesaid outstanding amount and obtain an attachment order in that respect. The Claimant’s civil lawsuit was nevertheless dismissed and the Claimant has not moved to continue the complaint before the High Court of Matadi as of date. The parties have agreed to amicably settle all the pending cases between them. Socoda submitted a withdrawal notice to the court on February 3, 2020 and the formal court closure notice is awaited.
9. Following investigations led by the Prosecutor Office in 2016, the management of Airtel Congo RDC S.A. was summoned to explain gaps between the amounts declared in certain of its importation licenses and the value of goods eventually imported. The Prosecutor Office alleged that the said gaps amounted into illegal transfers of foreign currency made by Airtel Congo RDC S.A. to the range of USD

72,000,000. Airtel Congo RDC S.A. clarified to the Prosecutor Office that importation licenses are issued by banks based on the estimated value of proposed imports indicated by the importer prior to the importation of the said goods. Airtel Congo RDC S.A. further clarified that upon the effective importation of the goods, the banks are to issue updated importation licenses reflecting the value of the imported goods, subject to the Central Bank approval, and in accordance with the foreign exchange regulations in the Democratic Republic of Congo. Airtel Congo RDC S.A. proceeded to share the updated licenses issued by the banks in full to the Prosecutor Office. As of date the Prosecutor Office has not made any new demand with regard to its initial query and Airtel Congo RDC S.A. awaits the conclusion of investigation.

*Airtel Money RDC S.A.*

*Proceedings involving moral turpitude or criminal liability on Airtel Money RDC S.A.*

1. Mr. Christian Mupanda along with another person (“**Claimants**”), two local nationals of DRC filed a claim against the former director and manager of Airtel Money RDC S.A. and Airtel Money RDC S.A. (“**Respondents**”), alleging forgery by the Respondents of the Claimants’ concept of electronic money wallet, seeking a court order compelling the Respondents to make a payment of USD 1,000,000 in damages and the cessation of any activity affecting the Claimant’s rights. Through judgment dated April 20, 2015, the High Court rejected the claim ruling that the alleged “*forgery was not proven in fact nor in law*”. The appeal lodged by the Claimants against the above ruling was found admissible in part. The matter is pending the determination of the Supreme Court.

*Airtel Networks Kenya Limited (“**ANKL**”)*

*Proceedings involving material statutory and regulatory violations by ANKL*

1. On August 7, 2017 ANKL filed a suit against the Communications Authority of Kenya (“**Communications Authority**”) seeking the following:
  - An order of Certiorari to quash the unlawful demand of USD 20,025,000 made by the Communications Authority. The Communications Authority stated that payment of the aforesaid amount was a condition precedent to the renewal of ANKL’s radio frequency spectrum and operating licenses.
  - An order of Prohibition to prohibit Communications Authority from in any manner seeking to enforce the unlawful demand of USD 20,025,000.
  - An order of Mandamus to compel Communications Authority to renew ANKL’s Network Facility Provider License and issue ANKL the signed license terms and conditions.

The parties presented their respective legal arguments before the High Court on various dates. The High Court through judgment dated December 18, 2017 held that the renewal of ANKL’s license was not conditional on the payment of USD 20,025,000 as demanded by the Communications Authority. The High Court issued an order of Mandamus directing the Communications Authority to conclude the terms of the reserved Network Facility Provider License or such other documents confirming the renewal of the ANKL’s Network Facility Provider License as well as the signed license terms and conditions. The Communications Authority filed a notice of appeal on January 24, 2018 and through letter dated January 24, 2018 addressed to the Deputy Registrar of the High Court requested for typed copies of the court proceedings for the purpose of compiling the record of appeal. Although no purposeful steps have been taken to obtain the proceedings, the Communications Authority may be content to await the High Court to provide the typed proceedings. During this waiting period and notwithstanding inertia by the Authority, the proposed appeal is still within time. Rule 82 of the Court of Appeal Rules excludes from

computation of time, the period taken by the High Court to type the proceedings. As a consequence of the failure by the Communications Authority to comply with the order issued by the High Court on December 18, 2017, ANKL filed an application seeking that the Director General of the Communications Authority be cited for contempt of court. On June 6, 2018 ANKL filed the aforesaid application and served the application upon the Communications Authority. The Communications Authority filed an affidavit in response to the application. The suit was mentioned on December 16, 2019. The purpose of such mention was to inform the court whether the board of directors of the Communications Authority had been appointed and if so, to take a date for hearing of the contempt application. As the board of directors of the Communications Authority had not been appointed, the court directed the suit to be listed for mention on several occasions and the parties were required to present their legal submissions in respect of the contempt of court application against the director general of the Communications Authority. The matter was mentioned on 7 October 2020 and 9 December 2020 to take a date for the highlighting of submissions for the contempt of court application. The court directed that the suit be listed for mention on 15 February 2021 however external counsel has requested the court to allocate an early date for the hearing of the contempt of court application.

Separately, the Communications Authority issued the ANKL with its outstanding operating licences in August 2020 but made payment of the disputed amount as one of the licence conditions. ANKL reverted that it is not agreeable to the condition and that the licences should be re-issued without the said condition failing which the contempt proceedings are to continue. The Communications Authority is yet to revert on the ANKL's reservations.

#### *Airtel Madagascar S.A.*

##### *Proceedings involving moral turpitude or criminal liability on Airtel Madagascar S.A.*

1. Ms. Rakotondrabe Lalatiana Maryse Yvonne ("**Claimant**"), a distributor, alleged that her SIM card was swapped by a dealer on the March 14, 2018 on the basis of a false identity card and without adequate verification. The dealer and Airtel Madagascar S.A. are the Respondents in this matter. The Claimant alleged that a sum of Ariary 4,165,917 (approx. USD 1,175) was stolen as a result from her Airtel money account. Airtel Madagascar S.A. reimbursed the above sum of Ariary 4,165,917 (approx. USD 1,175) to the Claimant following the court hearing held on the July 23, 2018. On September 6, 2018 the court delivered its judgment and held that the Airtel representative be released for lack of evidence. Airtel Madagascar S.A. is no longer exposed to any liability however it is still party to the proceeding as the distributor continued proceedings against his own agent. The appeal is ongoing and the next date of hearing is awaited.
2. Mr. Wang Jing Xue, a local customer filed a complaint against Airtel Madagascar S.A., alleging that his mobile number was being used by a third party. Airtel Madagascar S.A. confirmed in writing on June 21, 2018 that the aforesaid mobile phone number was not used by another customer. There are no damages sought against Airtel Madagascar S.A. The Economic Police investigation is ongoing.

#### *Airtel Networks Zambia PLC ("**ANZ**")*

##### *Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of ANZ*

1. On June 16, 2015, Thomas Allan Zgambo and Clayson Hamasaka ("**Petitioners**") commenced an action against ANZ, claiming that ANZ had breached various security and privacy laws under the Constitution and the Electronic Communications and Transactions Act ("**ECT**") by allegedly intercepting their communications and providing them to Government investigatory and security agencies in or around April, 2014. The Petitioners claimed the following reliefs:

- (i) A declaration that ANZ had breached its obligations under the Constitution and the ECT by diverting the Petitioners' communications;
- (ii) Damages for breach of privacy;
- (iii) An injunction, restraining ANZ from further invading the privacy of the petitioners; and
- (iv) Costs for the action.

In order to prove their case, the Petitioners had applied to court for the submission by ANZ of their Call Data Records ("CDRs") and those of five other numbers, which they claimed to have been the numbers to which the alleged interceptions had been diverted. ANZ opposed the application on the basis that the Petitioners could not request CDRs in respect of phone numbers that were not registered to them and the court, agreeing with ANZ, restricted the production only to the Petitioners' CDRs, which were to be produced at the Petitioners' expense.

The matter was scheduled to commence for trial on December 6, 2019 but was struck off the active cause list due to non-attendance by the Petitioners in addition to their failure to comply with the cost of producing the CDRs. The Petitioners have since had the matter restored to the active cause list and matter is scheduled for hearing on June 6, 2020. However, the matter did not commence to trial when it came up on 6 June 2020 as the Court ordered that the parties ensure that all preliminary matters (i.e. in respect of production of CDRs) be settled before trial. The matter is scheduled for trial on January 12, 2021. ANZ has made an application to Court to vary the order of production and exclude the five months whose data no longer exists due to corrupted files.



## TRANSFER RESTRICTIONS

*Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Securities.*

This offering is being made in reliance on Rule 144A under the Securities Act and Regulation S under the Securities Act. The Securities and the Guarantee have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State in the United States or any other jurisdiction, and may only be offered or sold (a) within the United States to qualified institutional buyers (“**QIBs**”) within the meaning of Rule 144A in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (b) to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act, and in each case in accordance with any other applicable law.

### **Rule 144A Securities**

Each purchaser of the Securities and the Guarantee within the United States pursuant to Rule 144A, by accepting delivery of this Offering Memorandum, will be deemed to have represented, agreed and acknowledged that it has received such information as it deems necessary to make an investment decision and that:

1. It is (a) a QIB within the meaning of Rule 144A, (b) acquiring such Securities and Guarantee for its own account or for the account of one or more QIBs, (c) not acquiring the Securities or Guarantee with a view to further distribute such Securities or Guarantee, and (d) aware, and each beneficial owner of such Securities and Guarantee has been advised, that the sale of such Securities to it is being made in reliance on Rule 144A.
2. It understands that such Securities and Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, resold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that the holder and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of the States of the United States; and the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the Securities and Guarantee of the resale restrictions referred to in this Clause (2).
3. It acknowledges that the Securities offered and sold hereby in the manner set forth in paragraph (1) above are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, are being offered and sold in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Securities and Guarantee.
4. It understands that any offer, sale, pledge or other transfer of the Securities made other than in compliance with the above-stated restrictions may not be recognized by the Issuer or the Guarantor.
5. The Issuer, the Registrar, the Managers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any Securities and Guarantee for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make (and does make) the foregoing acknowledgments, representations and agreements on behalf of each such account.
6. It understands that the Securities and Guarantee offered in reliance on Rule 144A will be represented by the Rule 144A Global Certificate. Before any interest in the Rule 144A Certificate may be offered, sold,

pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Paying Agency Agreement) as to compliance with applicable securities laws.

7. It understands that such Securities and Guarantee, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

“THE SECURITY AND THE GUARANTEE RELATED TO THIS SECURITY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER OF THIS SECURITY WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.”

### **Regulation S Securities**

Each purchaser of the Securities and Guarantee offered hereby in reliance on Regulation S under the Securities Act, by accepting delivery of this Offering Memorandum, the Securities and Guarantee, will be deemed to have represented, agreed and acknowledged that it has received such information as it deems necessary to make an investment decision and that:

1. It understands that such Securities and Guarantee have not been and will not be registered under the Securities Act, and such Securities and Guarantee are being offered and sold in reliance on Regulation S.
2. It is, or at the time the Securities and Guarantee are purchased will be, the beneficial owner of such Securities and Guarantee and (a) it is purchasing the Securities and Guarantee in an offshore transaction (within the meaning of Regulation S); (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate and (c) it is not a U.S. person (as defined in Regulation S under the Securities Act) and is located outside the United States and will continue to be located outside the United States at the time the buy order is originated.
3. It will not offer, sell, pledge or transfer Securities or the Guarantee, except in accordance with the Securities Act and any applicable laws of the states of the United States and any other jurisdiction.
4. The Issuer, the Registrar, the Managers and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

5. It understands that the Securities and Guarantee offered in reliance on Regulation S will be represented by the Regulation S Global Certificate. For the period until and including the 40th day after the commencement of the offering, any interest in the Regulation S Global Certificate may be offered, sold, pledged or otherwise transferred to a U.S. person or a person located in the United States or a person who takes delivery in the form of an interest in the Rule 144A Global Certificate, provided that it will be required to provide a Transfer Agent with a written certification (in the form provided in the Paying Agency Agreement) to the effect that the transferee is a “qualified institutional buyer” (as defined in Rule 144A) and as to compliance with applicable securities laws. It understands that the Securities will, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, bear a legend to the following effect:

“THIS SECURITY AND THE GUARANTEE RELATED TO THIS SECURITY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.”

For further discussion of the requirements (including the presentation of transfer certificates) under the Trust Deed to effect exchanges of transfer of interests in Securities represented by a global certificate and of Securities in certificated form, see “*Terms and Conditions of the Securities—Form, Denomination and Title.*”

## **LEGAL MATTERS**

Certain legal matters in connection with this offering will be passed upon for the Guarantor and the Issuer by Linklaters Singapore Pte. Ltd., the Guarantor's and the Issuer's counsel as to matters of the law of England and Wales and United States federal law. Certain legal matters in connection with this offering will be passed upon for the Managers by Latham & Watkins LLP, the Managers' counsel, as to matters of law of England and Wales and United States federal law, Cyril Amarchand Mangaldas, the Managers' Indian counsel, as to matters of Indian law and Appleby, the Managers' Mauritius counsel, as to matters of Mauritius law.

## INDEPENDENT AUDITORS

The audited interim condensed consolidated financial statements of the Guarantor as at and for the nine month period ended December 31, 2020 (with comparative financial information as at and for the nine months ended December 31, 2019 and restated comparative financial information as at and for the fiscal year ended March 31, 2020) and audited consolidated financial statements as at and for Fiscal 2019 (with comparative information as at and for the fiscal year ended March 31, 2018), as included in this Offering Memorandum, have been audited by Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors.

Deloitte Haskins & Sells LLP (“**DHS LLP**”), the current statutory auditors of the Guarantor, i.e. Bharti Airtel Limited, is a firm registered with the Institute of Chartered Accountants of India. It has been reported that in connection with certain alleged lapses identified by the Serious Fraud Investigation Office in one of its audit assignments, the Ministry of Corporate Affairs in India (“**MCA**”) has filed, among others, a petition with the National Company Law Tribunal (“**NCLT**”) seeking an order under Section 140(5) of the Companies Act to impose a restriction on DHS LLP (and another large audit firm which was the joint auditor with DHS LLP) from being appointed as an auditor of any company for a five-year period, (the “**Proposed Restriction**”). The MCA has also made other applications before other judicial/quasi-judicial forums seeking certain other orders against DHS LLP and the other audit firm. In addition, the NFRA has issued an order under Section 132(4) of the Companies Act, 2013 against a former partner of DHS LLP and two current partners of DHS LLP in relation to the Fiscal 2018 statutory audit of one of the companies which they had audited pursuant to ‘audit quality reports’. DHS LLP and the joint auditor for Fiscal 2018 have been served notices by the NFRA, based on the similar observations contained in ‘audit quality reports’. These aforementioned matters are currently pending adjudication/being challenged before various judicial/quasi-judicial forums and the relevant authorities. As of date, there are no orders that prevent DHS LLP from continuing as auditors of the Guarantor. These alleged matters are unrelated to the Guarantor’s financial statements and procedures.

## SECURITY HOLDERS' REPRESENTATIVE APPOINTMENT LETTER

Pursuant to the Security Holders' Representative Appointment Letter dated on or about the Issue Date (the "**Appointment Letter**") entered into between the Managers and Farzanah Nawool, attorney at law, or any employee of Appleby (JV) Ltd & Cie as may be appointed from time to time, 7th Floor Happy World House, 37, Sir William Newton Street, Port Louis, Republic of Mauritius (the "**Appointee**") and as acknowledged by the Trustee dated on or about the Issue Date, the Joint Lead Managers will appoint the Appointee to act as the "Security Representative" of the Security Holders and to act as such with respect to the Securities pursuant to the Mauritius Companies Act 2001 (the "**Companies Act 2001**") with respect to the Securities, and the Appointee will accept such appointment as the Security Representative.

Under the Companies Act 2001, where a company issues or agrees to issue debentures (such as the Securities) of the same class to more than 25 persons, or to any one or more persons with a view to the debentures or any of them being offered for sale to more than 25 persons, the company shall before issuing any of the debentures appoint a person to act as a debenture holders' by: (a) signing under its seal a deed of appointment; and (b) procuring the signature to the deed of appointment by a person qualified to act as a debenture holders' representative. The Companies Act 2001 also provides that no person shall be qualified to act as a debenture holders' representative unless he is: (i) a notary; (ii) a banking company; (iii) an attorney-at-law; (iv) an insurance company; (v) a qualified auditor; or (vi) an investment trust company, finance or other corporation or person approved in writing by the Minister of Finance for purpose of section 121 of the Companies Act 2001, either generally or in respect of a particular issue.

By accepting such appointment, the Security Representative will agree to be bound by and to perform the services set out in respect of the Security Representative in the Securities and the Appointment Letter.

The Security Representative will, on written demand by the Trustee at any time after an event of default under the Trust Deed has occurred and subject to certain conditions, until notified by the Trustee to the contrary, as far as permitted by applicable law act thereafter as the Security Representative of the Trustee and the Securities *mutatis mutandis* on the terms provided in the Appointment Letter and hold all certificates and moneys, documents and records held by them in respect of the Securities to the order of the Trustee.

Under the Appointment Letter, the Security Representative may at any time resign by giving written notice of its resignation to the Joint Lead Managers and the Trustee; provided that the date on which its resignation will become effective will be at least 60 days after the date on which such notice is given unless the Joint Lead Managers agree to accept shorter notice. Upon such notice of resignation, the Joint Lead Managers will promptly appoint a successor representative.

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## **Bharti Airtel Limited and subsidiaries**

### **Interim Condensed Consolidated Financial Statements – December 2020**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE BOARD OF DIRECTORS OF BHARTI AIRTEL LIMITED

#### Report on the Audit of the Interim Condensed Consolidated Financial Statements

##### Opinion

We have audited the accompanying Interim Condensed Consolidated Financial Statements of **BHARTI AIRTEL LIMITED** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of net loss in its associates and joint ventures, which comprise the Interim Condensed Consolidated Balance Sheet as at December 31, 2020, and the Interim Condensed Consolidated Statement of Profit and Loss (including Other Comprehensive Loss) for the quarter and nine months then ended, the Interim Condensed Consolidated Statement of Changes in Equity and the Interim Condensed Consolidated Statement of Cash Flows for the nine months then ended, and a summary of other explanatory notes (hereinafter referred to as "the Interim Condensed Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of the other auditor on separate financial statements of the joint venture referred to in the Other Matter section below, the aforesaid Interim Condensed Consolidated Financial Statements give a true and fair view in conformity with the Indian Accounting Standard 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS 34") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at December 31, 2020, and their consolidated profit for the quarter and loss for the nine months then ended, consolidated total comprehensive income for the quarter and loss for the nine months then ended, consolidated changes in equity and consolidated cash flows for the nine months then ended.

##### Basis for Opinion

We conducted our audit of the Interim Condensed Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act ("SAs"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Interim Condensed Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Interim Condensed Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the Interim Condensed Consolidated Financial Statements.

*CPA NML*

**Emphasis of Matter**

**Material uncertainty arising out of certain developments and its consequential impact on business operations of Indus Towers Limited, a joint venture**

We draw attention to Note 4(g) of the Interim Condensed Consolidated Financial Statements, which describes that the effect on business operations and financial position of the Joint Venture Company's on account of the Joint Venture Company's one of the largest customer's ability to continue as a going concern. The customer's assumption of going concern is essentially dependent on successful negotiations with lenders and its ability to generate cash flows that it needs to settle/ refinance its liabilities and guarantees as they fall due. The Board of Directors of the customer, at their meeting held on September 4, 2020 have approved the fund-raising plan of up to Rs. 250,000 million.

Our opinion is not modified in respect of this matter.

**Management's Responsibility for the Interim Condensed Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Ind AS 34 and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective interim financial information / financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Interim Condensed Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

In preparing the Interim Condensed Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

**Auditor's Responsibility for the Audit of the Interim Condensed Consolidated Financial Statements**

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

*Chauhan*

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

- Identify and assess the risks of material misstatement of the Interim Condensed Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal financial controls of Group, its associates and joint ventures.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Interim Condensed Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Interim Condensed Consolidated Financial Statements, including the disclosures, and whether the Interim Condensed Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associates and joint ventures to express an opinion on the Interim Condensed Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the interim financial information / financial statements of such entities included in the Interim Condensed Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Interim Condensed Consolidated Financial Statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the Interim Condensed Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

*Chen mm*

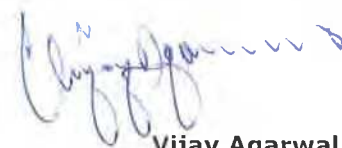
**Other Matter**

The Interim Condensed Consolidated Financial Statements also includes the Group's share of net profit after tax of Rs. 2,596 million and Rs. 7,835 million for the period October 1, 2020 to November 18, 2020 and April 1, 2020 to November 18, 2020, respectively and total comprehensive income of Rs. 2,594 million and Rs. 7,828 million for the period October 1, 2020 to November 18, 2020 and April 1, 2020 to November 18, 2020, respectively as considered in the Interim Condensed Consolidated Financial Statements, in respect of erstwhile joint venture whose interim financial statement has not been audited by us. This financial statement has been audited by other auditor whose report has been furnished to us by the Management and our opinion on the Interim Condensed Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this erstwhile joint venture, is based solely on the report of the other auditor.

Our opinion on the Interim Condensed Consolidated Financial Statements is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

*nm*

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



**Vijay Agarwal**  
Partner  
(Membership No. 094468)  
UDIN: 21094468AAAABF4501

Place: Gurugram  
Date: February 03, 2021

**Bharti Airtel Limited**  
**Interim Condensed Consolidated Balance Sheet**  
*(All amounts are in millions of Indian Rupee)*



|                                                    | As of             |                  |
|----------------------------------------------------|-------------------|------------------|
|                                                    | December 31, 2020 | March 31, 2020   |
| <b>Assets</b>                                      |                   |                  |
| <b>Non-current assets</b>                          |                   |                  |
| Property, plant and equipment (refer note 5)       | 832,549           | 877,573          |
| Capital work-in-progress (refer note 5)            | 53,747            | 39,972           |
| Right-of-use assets (refer note 6)                 | 278,692           | 259,049          |
| Goodwill (refer note 7)                            | 334,667           | 346,192          |
| Other intangible assets (refer note 7)             | 768,525           | 809,741          |
| Intangible assets under development (refer note 7) | 1,268             | 2,851            |
| Investment in joint ventures and associates        | 248,489           | 96,808           |
| <b>Financial assets</b>                            |                   |                  |
| - Investments                                      | 360               | 20,278           |
| - Derivative instruments                           | -                 | 41               |
| - Security deposits                                | 7,912             | 8,728            |
| - Others                                           | 15,531            | 14,696           |
| Income tax assets (net)                            | 21,699            | 21,088           |
| Deferred tax assets (net)                          | 200,423           | 270,160          |
| Other non-current assets                           | 71,685            | 74,181           |
|                                                    | <b>2,835,547</b>  | <b>2,841,358</b> |
| <b>Current assets</b>                              |                   |                  |
| Inventories                                        | 2,446             | 1,569            |
| <b>Financial assets</b>                            |                   |                  |
| - Investments                                      | 6,139             | 137,679          |
| - Derivative instruments                           | 731               | 2,792            |
| - Trade receivables                                | 45,826            | 46,058           |
| - Cash and cash equivalents                        | 98,345            | 135,507          |
| - Other bank balances                              | 33,890            | 23,420           |
| - Others                                           | 190,972           | 210,523          |
| Other current assets                               | 130,584           | 208,884          |
|                                                    | <b>508,933</b>    | <b>766,432</b>   |
| <b>Total assets</b>                                | <b>3,344,480</b>  | <b>3,607,790</b> |

Continued

*(This space has been intentionally left blank)*



|                                                    | As of             |                  |
|----------------------------------------------------|-------------------|------------------|
|                                                    | December 31, 2020 | March 31, 2020   |
| <b>Equity and Liabilities</b>                      |                   |                  |
| <b>Equity</b>                                      |                   |                  |
| Equity share capital                               | 27,278            | 27,278           |
| Other equity                                       | 569,792           | 744,170          |
| <b>Equity attributable to owners of the Parent</b> | <b>597,070</b>    | <b>771,448</b>   |
| Non-controlling interests ('NCI')                  | 181,341           | 249,847          |
|                                                    | <b>778,411</b>    | <b>1,021,295</b> |
| <b>Non-current liabilities</b>                     |                   |                  |
| <b>Financial liabilities</b>                       |                   |                  |
| - Borrowings                                       | 1,015,769         | 910,792          |
| - Lease liabilities                                | 248,365           | 243,678          |
| - Derivative instruments                           | 263               | 292              |
| - Others                                           | 130,675           | 67,399           |
| Deferred revenue                                   | 29,971            | 22,844           |
| Provisions                                         | 5,046             | 7,548            |
| Deferred tax liabilities (net)                     | 16,425            | 16,877           |
| Other non-current liabilities                      | 1,818             | 2,189            |
|                                                    | <b>1,448,332</b>  | <b>1,271,619</b> |
| <b>Current liabilities</b>                         |                   |                  |
| <b>Financial liabilities</b>                       |                   |                  |
| - Borrowings                                       | 131,144           | 167,034          |
| - Current maturities of long-term borrowings       | 110,338           | 98,364           |
| - Lease liabilities                                | 76,164            | 62,413           |
| - Derivative instruments                           | 1,177             | 568              |
| - Trade payables                                   | 301,101           | 250,232          |
| - Others                                           | 167,390           | 168,321          |
| Deferred revenue                                   | 66,221            | 54,588           |
| Provisions                                         | 227,551           | 451,093          |
| Current tax liabilities (net)                      | 12,680            | 13,519           |
| Other current liabilities                          | 23,971            | 48,744           |
|                                                    | <b>1,117,737</b>  | <b>1,314,876</b> |
| <b>Total liabilities</b>                           | <b>2,566,069</b>  | <b>2,586,495</b> |
| <b>Total equity and liabilities</b>                | <b>3,344,480</b>  | <b>3,607,790</b> |

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

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

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

**Vijay Agarwal**  
Partner  
Membership No: 094468  
Place: Gurugram, India



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

**Rakesh Bharti Mittal**  
Director

DIN: 00042494  
Place: New Delhi, India

**Badal Bagri**

**Badal Bagri**  
Chief Financial Officer  
Place: Gurugram, India



**Gopal Vittal**  
Managing Director & CEO  
(India and South Asia)

(DIN: 02291778)  
Place: Gurugram, India

**Pankaj Tewari**  
Company Secretary  
Place: New Delhi, India

**Bharti Airtel Limited**  
**Interim Condensed Consolidated Statement of Profit and Loss**  
*(All amounts are in millions of Indian Rupee; except per share data)*



|                                                                                                                                             | For the three months ended |                   | For the nine months ended |                   |
|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------------|-------------------|
|                                                                                                                                             | December 31, 2020          | December 31, 2019 | December 31, 2020         | December 31, 2019 |
| <b>Income</b>                                                                                                                               |                            |                   |                           |                   |
| Revenue from operations (refer note 12)                                                                                                     | 265,178                    | 213,436           | 748,685                   | 616,578           |
| Other income                                                                                                                                | 492                        | 3,067             | 5,589                     | 7,159             |
|                                                                                                                                             | <b>265,670</b>             | <b>216,503</b>    | <b>754,274</b>            | <b>623,737</b>    |
| <b>Expenses</b>                                                                                                                             |                            |                   |                           |                   |
| Network operating expenses                                                                                                                  | 55,479                     | 49,849            | 160,640                   | 144,795           |
| Access charges                                                                                                                              | 30,632                     | 27,109            | 87,872                    | 79,125            |
| License fee / Spectrum charges                                                                                                              | 22,952                     | 17,875            | 66,072                    | 53,257            |
| Employee benefits expenses                                                                                                                  | 10,260                     | 8,914             | 31,157                    | 25,617            |
| Sales and marketing expenses                                                                                                                | 10,524                     | 8,979             | 26,525                    | 24,901            |
| Other expenses                                                                                                                              | 14,801                     | 13,546            | 46,021                    | 42,524            |
|                                                                                                                                             | <b>144,648</b>             | <b>126,272</b>    | <b>418,287</b>            | <b>370,219</b>    |
| <b>Profit before depreciation, amortisation, finance costs, share of profit of associates and joint ventures, exceptional items and tax</b> | <b>121,022</b>             | <b>90,231</b>     | <b>335,987</b>            | <b>253,518</b>    |
| Depreciation and amortisation expense (refer note 5, 6, 7)                                                                                  | 75,031                     | 68,178            | 219,025                   | 202,329           |
| Finance costs                                                                                                                               | 39,719                     | 32,893            | 112,304                   | 99,261            |
| Share of loss of associates and joint ventures (net)                                                                                        | 2,206                      | 2,015             | 6,202                     | 5,384             |
| <b>Profit / (loss) before exceptional items and tax</b>                                                                                     | <b>4,066</b>               | <b>(12,855)</b>   | <b>(1,544)</b>            | <b>(53,456)</b>   |
| Exceptional items (net) (refer note 11)                                                                                                     | 45,599                     | 10,500            | 163,549                   | 332,304           |
| <b>Loss before tax from continuing operations</b>                                                                                           | <b>(41,533)</b>            | <b>(23,355)</b>   | <b>(165,093)</b>          | <b>(385,760)</b>  |
| <b>Tax expense / (credit)</b>                                                                                                               |                            |                   |                           |                   |
| Current tax                                                                                                                                 | 5,594                      | 5,986             | 14,126                    | 14,911            |
| Deferred tax                                                                                                                                | 37,473                     | (17,623)          | 70,098                    | (118,515)         |
| <b>Loss for the period from continuing operations</b>                                                                                       | <b>(84,600)</b>            | <b>(11,718)</b>   | <b>(249,317)</b>          | <b>(282,156)</b>  |
| Profit from discontinued operation before tax                                                                                               | 98,697                     | 8,327             | 113,698                   | 27,400            |
| Tax expense of discontinued operation                                                                                                       | 596                        | 1,258             | 3,131                     | 2,116             |
| <b>Profit for the period from discontinued operation</b>                                                                                    | <b>98,101</b>              | <b>7,069</b>      | <b>110,567</b>            | <b>25,284</b>     |
| <b>Profit / (loss) for the period</b>                                                                                                       | <b>13,501</b>              | <b>(4,649)</b>    | <b>(138,750)</b>          | <b>(256,872)</b>  |

.....Continued

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**Interim Condensed Consolidated Statement of Profit and Loss**  
*(All amounts are in millions of Indian Rupee; except per share data)*


|                                                                                                         | For the three months ended |                   | For the nine months ended |                   |
|---------------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------------|-------------------|
|                                                                                                         | December 31, 2020          | December 31, 2019 | December 31, 2020         | December 31, 2019 |
| <b>Profit / (loss) for the period (continued from previous page)</b>                                    | <b>13,501</b>              | <b>(4,649)</b>    | <b>(138,750)</b>          | <b>(256,872)</b>  |
| <b>Other comprehensive income ('OCI')</b>                                                               |                            |                   |                           |                   |
| Items to be reclassified subsequently to profit or loss:                                                |                            |                   |                           |                   |
| Net (loss) / gain due to foreign currency translation differences                                       | (7,275)                    | 781               | (10,625)                  | 2,813             |
| Net (loss) / gain on net investment hedge                                                               | (229)                      | (1,015)           | 977                       | (2,324)           |
| Net gain on cash flow hedge                                                                             | -                          | 220               | -                         | 27                |
| Net loss on fair value through OCI investments                                                          | (34)                       | -                 | (124)                     | (107)             |
| Tax (charge) / credit on above                                                                          | (11)                       | 195               | (436)                     | 559               |
|                                                                                                         | <b>(7,549)</b>             | <b>181</b>        | <b>(10,208)</b>           | <b>968</b>        |
| Items not to be reclassified to profit or loss:                                                         |                            |                   |                           |                   |
| Re-measurement (loss) / gain on defined benefit plans                                                   | (126)                      | 140               | (119)                     | (110)             |
| Tax credit / (charge) on above                                                                          | 71                         | (9)               | 56                        | 58                |
| Share of OCI of associates and joint ventures                                                           | (37)                       | 7                 | (117)                     | 4                 |
|                                                                                                         | <b>(92)</b>                | <b>138</b>        | <b>(180)</b>              | <b>(48)</b>       |
| <b>Other comprehensive (loss) / income for the period</b>                                               | <b>(7,641)</b>             | <b>319</b>        | <b>(10,388)</b>           | <b>920</b>        |
| <b>Total comprehensive income / (loss) for the period</b>                                               | <b>5,860</b>               | <b>(4,330)</b>    | <b>(149,138)</b>          | <b>(255,952)</b>  |
| <b>Profit / (loss) for the period attributable to:</b>                                                  | <b>13,501</b>              | <b>(4,649)</b>    | <b>(138,750)</b>          | <b>(256,872)</b>  |
| Owners of the Parent                                                                                    | 8,536                      | (10,353)          | (158,427)                 | (269,462)         |
| Non-controlling interests                                                                               | 4,965                      | 5,704             | 19,677                    | 12,590            |
| <b>Other comprehensive (loss) / income for the period attributable to:</b>                              | <b>(7,641)</b>             | <b>319</b>        | <b>(10,388)</b>           | <b>920</b>        |
| Owners of the Parent                                                                                    | (3,305)                    | (1,070)           | (2,211)                   | (1,901)           |
| Non-controlling interests                                                                               | (4,336)                    | 1,389             | (8,177)                   | 2,821             |
| <b>Total comprehensive income / (loss) for the period attributable to:</b>                              | <b>5,860</b>               | <b>(4,330)</b>    | <b>(149,138)</b>          | <b>(255,952)</b>  |
| Owners of the Parent                                                                                    | 5,231                      | (11,422)          | (160,638)                 | (271,363)         |
| Non-controlling interests                                                                               | 629                        | 7,092             | 11,500                    | 15,411            |
| <b>Loss per share from continuing operations (Face value: Rs. 5 each)</b>                               |                            |                   |                           |                   |
| Basic                                                                                                   | (16.10)                    | (2.74)            | (47.90)                   | (56.93)           |
| Diluted                                                                                                 | (16.10)                    | (2.74)            | (47.90)                   | (56.93)           |
| <b>Earnings per share from discontinued operation (Face value: Rs. 5 each)</b>                          |                            |                   |                           |                   |
| Basic                                                                                                   | 17.67                      | 0.72              | 18.85                     | 2.68              |
| Diluted                                                                                                 | 17.67                      | 0.72              | 18.85                     | 2.68              |
| <b>Earnings / (loss) per share from continuing and discontinued operations (Face value: Rs. 5 each)</b> |                            |                   |                           |                   |
| Basic                                                                                                   | 1.57                       | (2.02)            | (29.05)                   | (54.25)           |
| Diluted                                                                                                 | 1.57                       | (2.02)            | (29.05)                   | (54.25)           |

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

**As per our report of even date**  
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**  
**(Firm's Registration No: 117366W / W-100018)**

**Vijay Agarwal**  
**Partner**  
 Membership No: 094468  
 Place: Gurugram, India

Date: February 3, 2021



**For and on behalf of the Board of Directors of Bharti Airtel Limited**

**Rakesh Bharti Mittal**  
**Director**

DIN: 00042494  
 Place: New Delhi, India

**Badal Bagri**  
**Chief Financial Officer**  
 Place: Gurugram, India

**Gopal Vittal**  
**Managing Director & CEO**  
**(India and South Asia)**

DIN: 02291778  
 Place: Gurugram, India

**Pankaj Tewari**  
**Company Secretary**  
 Place: New Delhi, India



# Interim Condensed Consolidated Statement of Changes in Equity

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



|                                                                                    | Equity attributable to owners of this Parent |        |                      |                   |                  |                         |                 |                             |              |                                         |           | Non-Controlling Interests (Refer note 4 (i)) | Total equity |
|------------------------------------------------------------------------------------|----------------------------------------------|--------|----------------------|-------------------|------------------|-------------------------|-----------------|-----------------------------|--------------|-----------------------------------------|-----------|----------------------------------------------|--------------|
|                                                                                    | Equity share capital                         |        | Reserves and surplus |                   |                  |                         |                 |                             | Other equity |                                         |           |                                              |              |
|                                                                                    | No. of shares (in '000)                      | Amount | Securities premium   | Retained earnings | General reserves | Debt redemption reserve | Capital reserve | Share-based payment reserve | NCI reserve  | Components of equity (refer note 4 (i)) |           |                                              |              |
| As of April 1, 2019                                                                | 3,997,400                                    | 19,987 | 123,156              | 435,496           | 23,052           | 7,500                   | 5,315           | 744                         | 164,280      | (94,971)                                | 129,975   | 824,834                                      |              |
| Loss for the period                                                                | -                                            | -      | -                    | (266,462)         | -                | -                       | -               | -                           | -            | -                                       | 12,590    | (256,872)                                    |              |
| Other comprehensive loss                                                           | -                                            | -      | -                    | (66)              | -                | -                       | -               | -                           | -            | (1,835)                                 | 2,821     | 920                                          |              |
| Total comprehensive loss                                                           | -                                            | -      | -                    | (269,528)         | -                | -                       | -               | -                           | -            | (1,835)                                 | 15,411    | (255,952)                                    |              |
| Transaction with owners of equity (refer note 4 (i) and (ii))                      | 1,134,562                                    | 5,673  | 243,603              | -                 | -                | -                       | -               | 216                         | -            | -                                       | -         | 249,476                                      |              |
| Employee share-based payment expense                                               | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | 13        | 229                                          |              |
| Purchase of treasury shares                                                        | -                                            | -      | -                    | -                 | -                | -                       | -               | (356)                       | -            | (492)                                   | (17)      | (487)                                        |              |
| Exercise of share options                                                          | -                                            | -      | -                    | -                 | 121              | -                       | -               | -                           | -            | 222                                     | 43,411    | 47,100                                       |              |
| Transaction with NCI (net of expenses)                                             | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | 3,689        | -                                       | 52,149    | 53,149                                       |              |
| Issue of perpetual securities (refer note 4 (i))                                   | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | 262       | 13,174                                       |              |
| Business combination (refer note 4 (ii))                                           | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | (322)     | (693)                                        |              |
| New tax regime charge on Ind AS 116                                                | -                                            | -      | -                    | (371)             | -                | -                       | -               | -                           | -            | -                                       | -         | (18,425)                                     |              |
| Dividend (including tax) to NCI                                                    | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | (18,435)  | (18,425)                                     |              |
| Movement on account of court approved schemes                                      | -                                            | -      | -                    | (621)             | -                | -                       | -               | -                           | -            | -                                       | (539)     | (1,160)                                      |              |
| As of December 31, 2019                                                            | 5,131,962                                    | 25,660 | 367,259              | 164,976           | 23,171           | 7,500                   | 18,227          | 604                         | 167,969      | (87,001)                                | 272,918   | 911,205                                      |              |
| Loss for the period                                                                | -                                            | -      | -                    | (52,120)          | -                | -                       | -               | -                           | -            | -                                       | 2,600     | (49,770)                                     |              |
| Other comprehensive loss                                                           | -                                            | -      | -                    | (20)              | -                | -                       | -               | -                           | -            | (9,292)                                 | 10,417    | 1,105                                        |              |
| Total comprehensive loss                                                           | -                                            | -      | -                    | (52,140)          | -                | -                       | -               | -                           | -            | (9,292)                                 | 13,017    | (39,125)                                     |              |
| Transaction with owners of equity (refer note 4 (i) and (ii))                      | -                                            | -      | (378)                | -                 | -                | -                       | -               | -                           | -            | -                                       | -         | (378)                                        |              |
| Employee share-based payment expense                                               | -                                            | -      | -                    | -                 | -                | -                       | -               | 129                         | -            | -                                       | -         | 129                                          |              |
| Issue of equity shares to Qualified Institutional Buyers, net of expenses          | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | -         | -                                            |              |
| Issue of equity shares, net of expenses                                            | 323,595                                      | 1,618  | 141,438              | -                 | -                | -                       | -               | -                           | -            | -                                       | 141,438   | 142,056                                      |              |
| Issuance of foreign currency convertible bonds, net of expenses (refer note 4 (b)) | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | -         | -                                            |              |
| Exercise of share options                                                          | -                                            | -      | -                    | -                 | -                | 12                      | -               | (60)                        | -            | 3,542                                   | 766       | 3,542                                        |              |
| Dividend to equity holders of expenses                                             | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | (809)        | (17)                                    | (13)      | (13)                                         |              |
| Transaction with NCI (net of expenses)                                             | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | 18,241    | (43)                                         |              |
| Issue of perpetual securities (refer note 4 (i))                                   | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | -         | -                                            |              |
| Business combination (refer note 4 (ii))                                           | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | 18,241    | 18,241                                       |              |
| Dividend to equity holders of expenses                                             | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | (135)     | (200)                                        |              |
| Movement on account of court approved schemes                                      | -                                            | -      | -                    | (135)             | -                | -                       | -               | -                           | -            | -                                       | (159,427) | (159,562)                                    |              |
| As of March 31, 2020                                                               | 5,455,557                                    | 27,278 | 508,319              | 112,481           | 23,185           | 7,500                   | 18,227          | 673                         | 167,160      | (93,293)                                | 249,847   | 1,021,295                                    |              |
| Loss for the period                                                                | -                                            | -      | -                    | (136,422)         | -                | -                       | -               | -                           | -            | -                                       | 19,627    | (116,795)                                    |              |
| Other comprehensive loss                                                           | -                                            | -      | -                    | (124)             | -                | -                       | -               | -                           | -            | (2,037)                                 | 16,127    | 13,966                                       |              |
| Total comprehensive loss                                                           | -                                            | -      | -                    | (136,546)         | -                | -                       | -               | -                           | -            | (2,037)                                 | 35,754    | (102,788)                                    |              |
| Transaction with owners of equity (refer note 4 (i) and (ii))                      | -                                            | -      | -                    | -                 | -                | -                       | -               | 564                         | -            | 564                                     | 10        | 574                                          |              |
| Purchase of treasury shares                                                        | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | (1,195)   | (1,195)                                      |              |
| Exercise of share options                                                          | -                                            | -      | -                    | -                 | 37               | -                       | -               | (466)                       | -            | 334                                     | (29)      | (249)                                        |              |
| Transaction with NCI (net of expenses)                                             | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | 60           | -                                       | 150       | 210                                          |              |
| Dividend to equity holders of expenses                                             | -                                            | -      | -                    | (10,907)          | -                | -                       | -               | -                           | -            | -                                       | (14,791)  | (15,698)                                     |              |
| Adjustment on account of Indus-Infra merger (refer note 4(a))                      | -                                            | -      | -                    | (1,512)           | -                | -                       | -               | -                           | -            | -                                       | (17)      | (1,529)                                      |              |
| Dividend to equity holders of expenses                                             | -                                            | -      | -                    | -                 | -                | -                       | -               | -                           | -            | -                                       | (65,022)  | (65,039)                                     |              |
| Movement on account of court approved schemes                                      | -                                            | -      | -                    | (722)             | -                | -                       | -               | -                           | -            | -                                       | (222)     | (944)                                        |              |
| As of December 31, 2020                                                            | 5,455,557                                    | 27,278 | 508,319              | (50,341)          | 21,222           | 7,500                   | 18,227          | 794                         | 167,220      | (46,109)                                | 181,343   | 778,111                                      |              |

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

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

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

*Vijay Agarwal*  
Vijay Agarwal  
partner  
Membership No: 094468  
Place: Gurugram, India  
Date: February 3, 2021



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

*Rakesh Bharti Mittal*  
Rakesh Bharti Mittal  
Director  
DIN: 00042494  
Place: New Delhi, India

*Gopal Vittal*  
Gopal Vittal  
Managing Director & CEO  
(India and South Asia)  
DIN: 02291778  
Place: Gurugram, India

*Pankaj Tewari*  
Pankaj Tewari  
Company Secretary  
Place: New Delhi, India



**Bharti Airtel Limited**  
**Interim Condensed Consolidated Statement of Cash Flows**  
*(All amounts are in millions of Indian Rupee)*



| Particulars                                                                             | For the nine months ended |                   |
|-----------------------------------------------------------------------------------------|---------------------------|-------------------|
|                                                                                         | December 31, 2020         | December 31, 2019 |
| <b>Cash flows from operating activities</b>                                             |                           |                   |
| Loss before tax (including discontinued operations)                                     | (51,395)                  | (358,360)         |
| <b>Adjustments for :</b>                                                                |                           |                   |
| Depreciation and amortisation expense                                                   | 222,070                   | 206,346           |
| Finance costs                                                                           | 110,214                   | 98,218            |
| Dividend income                                                                         | -                         | (57)              |
| Net gain on FVTPL instruments                                                           | (4,339)                   | (3,902)           |
| Gain on deemed disposal of subsidiary                                                   | (94,496)                  | -                 |
| Interest income                                                                         | (2,568)                   | (3,043)           |
| Net loss / (gain) on derivative financial instruments                                   | 2,858                     | (870)             |
| Share of profit of joint ventures and associates (net)                                  | (1,633)                   | (5,609)           |
| Exceptional items (net)                                                                 | 163,808                   | 331,319           |
| Employee share-based payment expense                                                    | 548                       | 224               |
| Loss on sale of property, plant and equipment                                           | 97                        | 9                 |
| Other non-cash items                                                                    | 4,874                     | 4,696             |
| <b>Operating cash flow before changes in working capital</b>                            | <b>350,038</b>            | <b>268,971</b>    |
| <b>Changes in working capital</b>                                                       |                           |                   |
| Trade receivables                                                                       | (14,316)                  | (16,813)          |
| Trade payables                                                                          | 22,682                    | 13,152            |
| Inventories                                                                             | (940)                     | (435)             |
| Provisions                                                                              | (71,082)                  | 140,552           |
| Other financial and non-financial liabilities                                           | 6,170                     | 7,260             |
| Other financial and non-financial assets                                                | 88,478                    | (128,063)         |
| <b>Net cash generated from operations before tax</b>                                    | <b>381,030</b>            | <b>284,624</b>    |
| Income tax paid (net)                                                                   | (18,948)                  | (18,788)          |
| <b>Net cash generated from operating activities (a)</b>                                 | <b>362,082</b>            | <b>265,836</b>    |
| <b>Cash flows from investing activities</b>                                             |                           |                   |
| Purchase of property, plant and equipment and capital work-in-progress                  | (178,561)                 | (146,662)         |
| Proceeds from sale of property, plant and equipment                                     | 1,116                     | 1,155             |
| Purchase of intangible assets                                                           | (9,188)                   | (5,647)           |
| Payment towards spectrum - Deferred payment liability*                                  | -                         | (9,866)           |
| Proceeds from sale / (purchase) of current investments (net)                            | 120,635                   | (143,789)         |
| Proceeds from sale of non-current investments                                           | 3,678                     | 2,951             |
| Purchase of non-current investments                                                     | (84)                      | -                 |
| Adjustment on account of deemed disposal of subsidiary                                  | (17)                      | -                 |
| Investment in associates / joint ventures                                               | (32,551)                  | (4,736)           |
| Dividend received                                                                       | 4,200                     | -                 |
| Interest received                                                                       | 2,757                     | 3,540             |
| <b>Net cash used in investing activities (b)</b>                                        | <b>(88,015)</b>           | <b>(303,054)</b>  |
| <b>Cash flows from financing activities</b>                                             |                           |                   |
| Net proceeds from issue of shares (Rights Issue)                                        | -                         | 249,136           |
| Proceeds from borrowings                                                                | 210,349                   | 297,326           |
| Repayment of borrowings                                                                 | (349,523)                 | (275,287)         |
| Repayment of lease liabilities                                                          | (44,932)                  | (34,474)          |
| Repayment of short-term borrowings (net)                                                | (23,779)                  | (121,476)         |
| Purchase of treasury shares                                                             | (1,132)                   | (497)             |
| Interest and other finance charges paid                                                 | (59,240)                  | (79,463)          |
| Proceeds from exercise of share options                                                 | 9                         | 4                 |
| Dividend paid (including tax)                                                           | (26,906)                  | (17,934)          |
| Net proceeds from issuance of equity shares to non-controlling interest                 | -                         | 54,956            |
| Net proceeds from issuance of perpetual bonds to non-controlling interest               | -                         | 53,148            |
| Net payment towards derivatives                                                         | -                         | (41,517)          |
| Payment of bond issue / share issue expenses                                            | (17)                      | -                 |
| Purchase of shares from non-controlling interest                                        | (224)                     | -                 |
| Payment on maturity of forwards                                                         | (192)                     | -                 |
| <b>Net cash (used in) / generated from financing activities (c)</b>                     | <b>(295,587)</b>          | <b>83,922</b>     |
| <b>Net (decrease) / increase in cash and cash equivalents during the period (a+b+c)</b> | <b>(21,520)</b>           | <b>46,704</b>     |
| Effect of exchange rate on cash and cash equivalents                                    | (4,522)                   | 3,447             |
| Cash and cash equivalents as at beginning of the period                                 | 130,539                   | 53,793            |
| <b>Cash and cash equivalents as at end of the period (refer note 8)</b>                 | <b>104,497</b>            | <b>103,944</b>    |

\* Cash flows towards spectrum acquisition are based on the timing of payouts to DoT (viz. upfront / deferred).

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

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

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

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

Rakesh Bharti Mittal  
Director

DIN: 00042494  
Place: New Delhi, India

Badal Bagri  
Chief Financial Officer  
Place: Gurugram, India

Gopal Vittal  
Managing Director & CEO  
(India and South Asia)

DIN: 02291778  
Place: Gurugram, India

Pankaj Tewari  
Company Secretary  
Place: New Delhi, India

Vijay Agarwal  
Partner

Membership No: 094468  
Place: Gurugram, India

Date: February 3, 2021



## **1. Corporate information**

Bharti Airtel Limited ('the Company' or 'the Parent') is domiciled and incorporated in India as a public limited company with its shares being listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (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 together with its subsidiaries (hereinafter referred to as 'the Group') has presence primarily in India, Africa and South Asia. The principal activities of the Group, its joint ventures and associates consist of provision of telecommunication services, tower infrastructure services and direct-to-home digital television services. The details as to the services provided by the Group are further provided in note 12.

## **2. Basis of preparation**

These interim condensed consolidated financial statements ('financial statements') have been prepared in accordance with Ind AS 34, 'Interim Financial Reporting' as notified by the Ministry of Corporate Affairs (MCA) under Section 133 of the Companies Act, 2013 ('Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India. Accordingly, the said financial statements do not include all the information required for a complete set of Ind AS financial statements, and should be read in conjunction with the Group's latest annual consolidated financial statements for the year ended March 31, 2020. Further, selected explanatory notes have been included to explain events and transactions that are significant for the understanding of the changes in the Group's financial position and performance since the latest annual consolidated financial statements.

The financial statements are approved for issue by the Company's Board of Directors on February 3, 2021.

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'.

To provide more reliable and relevant information about the effect of certain items in the interim condensed consolidated balance sheet ('balance sheet') and interim condensed consolidated statement of profit and loss ('statement of profit and loss'), the Group has changed the classification of certain items. Comparative figures have been re-grouped or reclassified, to confirm to such current period's grouping / classifications. There is no impact on equity or net loss due to these re-groupings / reclassifications.





### **3. Significant accounting policies and key sources of estimation uncertainties and critical judgements**

#### **a. Significant accounting policies**

The accounting policies adopted in preparation of these financial statements are consistent with those followed in preparation of the Group's latest annual consolidated financial statements except for the following:

#### **Discontinued operation**

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operation are presented separately in the statement of profit and loss for all the periods presented.

#### **New amendments adopted during the period**

MCA vide notification no. G.S.R. 463(E) dated July 24, 2020 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2020 which amends following Ind AS:

- Ind AS 103, Business Combinations
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 116, Leases
- Ind AS 1, Presentation of Financial Statements
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 10, Events after the Reporting Period
- Ind AS 34, Interim Financial Reporting
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments are applicable for annual periods beginning on or after the April 1, 2020, however, these do not have material impact on the financial statements of the Group.

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**b. Key sources of estimation uncertainties and critical judgements**

The preparation of the said financial statements requires use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Group's accounting policies. The areas where judgements and estimates are significant to the financial statements or areas involving a higher degree of judgement or complexity are the same as those applied to the Group's latest annual consolidated financial statements.

**Impairment reviews**

Property, plant and equipment (including capital work-in-progress) 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. Similarly, goodwill and intangible assets under development are tested for impairment, at least annually and whenever circumstances indicate that it may be impaired. Accordingly, the Group has performed impairment reviews for the above assets. However, the said reviews did not result in any impairment charge.

In calculating the value in use, the Group is required to make significant judgements, estimates and assumptions inter-alia concerning the growth in EBITDA, long-term growth rates and discount rates to reflect the risks involved. Also, judgement is involved in determining the CGU / grouping of CGUs for allocation of the goodwill.

The Group mainly operates in developing markets and in such markets, the plan for shorter duration is not indicative of the long-term future performance. Considering this and the consistent use of such robust ten year information for management reporting purpose, the Group uses ten year plans for the purpose of impairment testing.

The key assumptions used to determine the recoverable amount for the CGUs, are disclosed in Note 7.

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#### **4. Significant transactions / new developments**

- a) i) On April 25, 2018, Indus Towers Limited (the 'Transferee Company'), (formerly known as Bharti Infratel Limited, which was a subsidiary of the Company) and erstwhile Indus Towers Limited (the 'Transferor Company') and their respective shareholders and creditors had entered into a proposed scheme of amalgamation and arrangement (under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013) ('Scheme') to create a pan-India tower company operating across all 22 telecom service areas. Over time, the Scheme had received all the necessary approvals from the authorities and a certified copy of the National Company Law Tribunal order was filed with the Registrar of Companies (ROC) on November 19, 2020 i.e. the effective date of merger. Upon the Scheme becoming effective, the Transferor Company stood dissolved without being wound-up. In compliance with the scheme, on merger of Transferor Company with the Transferee Company, 845,328,704 equity shares of the Transferee Company were issued to shareholders of the Transferor Company and Rs. 37,601 were paid to Vodafone Idea Limited towards cash option exercised for its shareholding of 11.15% in the Transferor Company.

The merger has resulted in a loss of control of the Group over the Transferee Company w.e.f. November 19, 2020 and led to a formation of a joint venture with joint control being shared between the Group and Vodafone with a shareholding of 36.73% and 28.12% respectively and the balance 35.15% being owned by other shareholders. The reduction in Group's shareholding in the Transferee Company on account of its loss of control has been considered as a deemed disposal of subsidiary, and accordingly, the Transferee Company's business has been presented as a discontinued operation and its results are presented separately in the statement of profit and loss for all the periods presented. On loss of control, the assets and liabilities of the Transferee Company along with related NCI were derecognised and the Group's retained interest in the Transferee Company was recognised at fair value. The resultant gain on deemed disposal on account of loss of control over the Transferee Company, amounting to Rs. 94,496, is included in profit from discontinued operation in the statement of profit and loss. With effect from November 19, 2020, the Group has applied the equity method to account for its investment in the Transferee Company. The Group's share of profit of the Transferee Company for the current quarter has been accounted on provisional basis, pending finalisation of the purchase price allocation.

Subsequently, on December 2, 2020 and December 28, 2020, the Group has acquired an additional stake of 4.935180% and 0.064816%, respectively, in the Transferee Company.

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**(ii) Financial performance and cash flow information**

The financial performance and cash flow information (net of eliminations) for the discontinued operation is as follows:

|                                                                                              | For the three months ended |                   | For the nine months ended |                   |
|----------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------------|-------------------|
|                                                                                              | December 31, 2020          | December 31, 2019 | December 31, 2020         | December 31, 2019 |
| Income                                                                                       | 4,089                      | 6,683             | 19,016                    | 24,552            |
| Expenses                                                                                     | 2,484                      | 1,894             | 7,649                     | 8,145             |
| Share of profit of joint ventures                                                            | 2,596                      | 3,538             | 7,835                     | 10,993            |
| <b>Profit before tax</b>                                                                     | <b>4,201</b>               | <b>8,327</b>      | <b>19,202</b>             | <b>27,400</b>     |
| Tax expense                                                                                  | 596                        | 1,258             | 3,131                     | 2,116             |
| <b>Profit after tax</b>                                                                      | <b>3,605</b>               | <b>7,069</b>      | <b>16,071</b>             | <b>25,284</b>     |
| Gain on deemed disposal of subsidiary after tax                                              | 94,496                     | -                 | 94,496                    | -                 |
| <b>Profit from discontinued operation</b>                                                    | <b>98,101</b>              | <b>7,069</b>      | <b>110,567</b>            | <b>25,284</b>     |
| <b>Other comprehensive (loss) / income from discontinued operation</b>                       | <b>(7)</b>                 | <b>3</b>          | <b>(8)</b>                | <b>(106)</b>      |
| <b>Total comprehensive income / (loss) attributable to owners of the Parent arises from:</b> | <b>5,231</b>               | <b>(11,422)</b>   | <b>(160,638)</b>          | <b>(271,363)</b>  |
| Continuing operations                                                                        | (91,113)                   | (15,125)          | (263,451)                 | (284,628)         |
| Discontinuing operation                                                                      | 96,344                     | 3,703             | 102,813                   | 13,265            |
| Net cash generated from operating activities                                                 |                            |                   | 4,643                     | 6,403             |
| Net cash generated from / (used in) investing activities                                     |                            |                   | 23,912                    | (6,353)           |
| Net cash (used in) / generated from financing activities                                     |                            |                   | (29,659)                  | 150               |
| <b>Net (decrease) / increase in cash and cash equivalents from discontinued operation</b>    |                            |                   | <b>(1,104)</b>            | <b>200</b>        |

**(iii) Gain on deemed disposal of subsidiary**

|                                                                       |               |
|-----------------------------------------------------------------------|---------------|
| Fair value of retained interest                                       | 184,000       |
| Carrying amount of net assets of subsidiary (net of NCI of Rs 65,022) | 89,504        |
| <b>Gain on deemed disposal of subsidiary before tax</b>               | <b>94,496</b> |
| Tax expense on gain                                                   | -             |
| <b>Gain on deemed disposal of subsidiary after tax</b>                | <b>94,496</b> |

**Date of deemed disposal**

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iv) The carrying amount of assets and liabilities of subsidiary on the date of deemed disposal were as follows:

|                                                           | <b>Date of deemed disposal</b> |
|-----------------------------------------------------------|--------------------------------|
| <b>Non-current assets</b>                                 |                                |
| Property, plant and equipment (including CWIP of Rs. 900) | 49,148                         |
| Right-of-use assets                                       | (12,564)                       |
| Investment in joint ventures and associates               | 61,338                         |
| Other investments                                         | 17,405                         |
| Others                                                    | 9,998                          |
| <b>Current assets</b>                                     |                                |
| Investments                                               | 14,205                         |
| Trade receivables                                         | 7,539                          |
| Others                                                    | 3,560                          |
| <b>Total carrying value of assets (a)</b>                 | <b>150,629</b>                 |
| <b>Non-current liabilities</b>                            |                                |
| Lease liabilities                                         | (23,346)                       |
| Others                                                    | 5,698                          |
| <b>Current liabilities</b>                                |                                |
| Trade payables                                            | 1,000                          |
| Lease liabilities                                         | 2,761                          |
| Others                                                    | 9,990                          |
| <b>Total carrying value of liabilities (b)</b>            | <b>(3,897)</b>                 |
| <b>Net carrying value of assets (a-b)</b>                 | <b>154,526</b>                 |



- b) On October 24, 2019, the Hon'ble Supreme Court of India delivered a judgment 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 Judgment').

Subsequent to the Court Judgment, DoT issued letters dated November 13, 2019 and February 3, 2020 to the Group 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 Judgment. Accordingly, in February 2020, the Group based on its interpretation and assessment of the guidelines / clarifications, and the principles laid down in the Court Judgment, made payments aggregating Rs. 127,490 to the DoT, and an additional Rs. 50,000 as a deposit (subject to subsequent refund/ adjustment) to cover differences resulting from re-verification /reconciliation by DoT.

On March 16, 2020, DoT 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.

In the absence of any potential reliefs, the Group provided for Rs. 368,322 for the periods upto March 31, 2020 which was computed on the basis of demands received and the period for which demands have not been received having regard to assessments carried out in earlier years and the guidelines / clarifications in respect of License Fees and Spectrum Usage Charges ('AGR Provision').

On July 20, 2020 the Hon'ble Supreme Court observed that the amounts of AGR dues given by DoT in their modification application is to be treated as final ('DoT Demand') and there can be no scope of re-assessment or recalculation.

Consequently, without prejudice and out of prudence, during the three months ended June 30, 2020 the Group has further recorded an incremental provision of Rs. 107,444 (including net interest on total provision created considering interest rate as per the affidavit filed by DoT on March 16, 2020 with effect from the date of Court Judgment) to give effect of the differential amount between the AGR Provision and the DoT Demand along with provision for subsequent periods for which demands have not been received, computed on the basis of the License Agreement read with the guidelines / clarifications and the Court Judgment, which has been presented as an exceptional item (refer note 11 (i) (d)). During the three months ended December 31, 2020, the Company has continued to recognise its AGR obligations based on Court Judgement and guidelines/clarifications received from DoT in respect of License Fees and Spectrum Usage Charges.

Further, in its judgment dated, September 1, 2020 the Hon'ble Supreme Court reaffirmed that the Demand raised by the DoT and stated in its modification application is final and no dispute or re-assessment shall be undertaken. In addition, Hon'ble Supreme Court directed that the Telecom Operators shall make a payment of 10% of the total dues as demanded by DoT by March 31, 2021 and remaining dues in yearly



instalments commencing April 1, 2021 till March 31, 2031 and payable by March 31 of every succeeding financial year. The Company has represented to DoT that it has already paid more than 10% of the total dues as demanded by DoT and will ensure ongoing compliance with the Hon'ble Supreme Court's orders.

During the three months ended December 31, 2020, the Company has filed an application before the Hon'ble Supreme Court inter-alia highlighting basic arithmetical, clerical and computational errors in the DOT demand. The application is pending adjudication.

- c) During the nine months ended December 31, 2020, the Company and Nxtra Data Limited, a wholly-owned subsidiary of the Company, have entered into an Investment Agreement with CA Cloud Investments (formerly Comfort Investments II) ('investor'). In accordance with the said agreement, the investor will subscribe to 17,880,000 compulsorily convertible preference shares ('CCPS'), each at Rs. 1,000, and 10 equity shares, each at Rs. 5,780 (including securities premium of Rs. 5,770), of Nxtra Data Limited for an aggregate consideration of Rs. 17,880 in three separate tranches. During the three months ended December 31, 2020, Nxtra Data Limited has received the first tranche of Rs. 7,000 and has allotted 7,000,000 CCPS and 10 equity shares to the investor.
- d) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has released draft rules for the Code on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.
- e) On August 18, 2020, Bharti Telemedia Limited, a subsidiary of the Company, had issued and listed its commercial papers (CPs) valued at Rs 1,000 on NSE which were repaid during the three months ended December 31, 2020. During the year ended March 31, 2020, Bharti Hexacom Limited, a subsidiary of the Company, had listed its CPs valued at Rs 26,150, out of which Rs. 21,150 are listed on NSE as of December 31, 2020.
- These listings are pursuant to Securities Exchange Board of India (SEBI) circulars SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 1, 2019 and SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019.
- f) Subsequent to the balance sheet date, on January 21, 2021, Bharti Hexacom Limited has issued 15,000 listed, unsecured, rated, redeemable, Non-Convertible Debentures (NCDs) having face value of Rs. 1 Mn each, at a coupon rate of 6% per annum payable annually, at par aggregating to Rs. 15,000 on private placement basis. These NCDs will be due for maturity on January 19, 2024.
- g) On January 28, 2021, Indus Towers Limited, a Joint Venture Company ('JVC') of the Company, in its interim financial statements for three and nine months ended December 31, 2020 reported that a large customer in the telecom services industry contributed substantial part of the net sales of the JVC, for the



same period, which also resulted in significant part of the trade receivables due from the said customer as at December 31, 2020. It also reported that the JVC's said customer in its declared results for the three months ended September 30, 2020, had expressed its ability to continue as going concern to be dependent on successful negotiations with lenders and its ability to generate cash flow that it needs to settle /refinance its liabilities and guarantee as they fall due. The said customer has in the meeting held on September 4, 2020 has approved the fund-raising plan up to Rs 250,000.

Subsequently, by virtue of JVC merger as mentioned in note 4(a), the said customer agreed that the payment of outstanding dues under the Master Service Agreement (MSA) would be settled by way of upfront payment which has been received on November 19, 2020 and partly by way of payment in 4 equal instalments along with interest @ 6% per annum, out of which two instalments have been received subsequently. Furthermore, the said customer made an interest bearing (6% per annum) prepayment of Rs 24,000 to the JVC towards its future obligations under MSA. Due to this agreement, the JVC has also recognised contractual exit charges as and when it is due.

Additionally, the payment obligations of the said customer will be secured through a share pledge agreement whereby, subject to RBI approval\* and other terms and conditions agreed between the parties, the JVC has a primary pledge over 190,657,769 shares in the JVC's company, out of those issued to the promoter of the said customer.

In addition, the JVC will have a secondary pledge, subject to RBI approval\* and other terms and conditions agreed between the parties, over the above promoter's remaining shares in the JVC and the corporate guarantee by such promoter which can get triggered in certain situations and events in the manner agreed between the parties up to a maximum of Rs. 42,500. Pursuant to such security and commitment by the said customer and the guarantees by the promoter group of such customer, uncertainty in regard to recovery of trade receivables for the next one year has been mitigated.

These developments during the three months appear positive vis-à-vis the previous period. However, the risk of loss of a significant customer or the failure to attract new customers could have an adverse effect on the business, results of operations and financial condition of the JVC.

\*RBI approval has been received subsequently on January 18, 2021 in relation to pledge of shares subject to certain terms and conditions.

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- h) The Company, after considering its current business plans, likely adoption of lower income tax rate permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019, future projections and timing of taxable income, has re-assessed the carrying amounts of its deferred tax balances, including the Minimum Alternate Tax (MAT) credit available.

Simultaneously, the Company has opted for 'Vivad se Vishwas Scheme 2020', an income tax amnesty scheme to settle tax related litigations / disputes. The Company has decided to settle its disputes pertaining to assessment year 2010-11 till assessment year 2016-17.

The Income Tax Authorities on July 21, 2020, have approved the Company's application for all the assessment years and all required formalities in relation to this have been duly completed.

As a result of the above, tax expense for the nine months ended December 31, 2020 includes the impact of reversal of current tax liability relating to earlier years of Rs. 1,312, and net deferred tax charge of Rs. 68,442 (including provision against MAT credit of Rs. 48,081) aggregating to Rs. 67,130 (refer note 11).

- i) During the nine months ended December 31, 2020, Bharti International Singapore Pte. Limited, a wholly-owned subsidiary of the Company, pursuant to an agreement with NTT Docomo Inc. has bought entire 6.31% shareholding of NTT Docomo, Inc. in Robi Axiata Limited, an associate of the Company, for a consideration of USD 12 Mn (Rs. 907). Consequently, the Group's shareholding in Robi Axiata Limited had increased to 31.31%. Subsequently, Robi Axiata Limited has listed its shares on Bangladesh stock exchange by way of IPO and issued additional 10% shares. This resulted in dilution of Group's shareholding in Robi Axiata Limited from 31.3% to 28.18%.
- j) Network i2i Limited (a wholly-owned subsidiary of the Company) on October 15, 2019 had issued subordinated perpetual securities (original securities) of USD 750 Mn (Rs. 53,489) at an issue price of USD 200,000 which were guaranteed by the Company. Subsequently, on February 18, 2020, Network i2i Limited had issued subordinated perpetual securities (additional securities) of USD 250 Mn (Rs. 17,894) at an issue price of USD 201,300 plus accrued interest from October 15, 2019. The additional securities constituted 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 by the Company and Network i2i Limited until such cumulative interest remains unpaid. Both the securities had been classified as equity instruments. Subsequently, during the nine months ended December 31, 2020, Network i2i Limited has made a distribution of USD 56 Mn (Rs. 4,144) as interest for the period of October 15, 2019 to October 15, 2020 to the holders of these securities, out of which USD 5 Mn (Rs. 368) (constituting the accrued interest collected from holders of additional securities for the period of October 15, 2019 to February 18, 2020) has been debited to its equity and remaining amount of USD 51 Mn (Rs. 3,776) has been debited to its retained earnings as distribution to the security holders.



- k) During the year ended March 31, 2020, the Company had successfully raised Rs. 215,017 of additional long-term financing through a combination of Rs. 144,000 in the form of qualified institutional placement of equity shares (approximately 323.60 Mn fully paid-up equity shares of face value Rs. 5 each were issued and allotted at a price of Rs. 445 per equity share) and Rs. 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).
- l) During the year ended March 31, 2020, the Group had given effect to the merger of consumer mobile businesses of Tata Teleservices Limited ('TTSL') and Tata Teleservices (Maharashtra) Limited ('TTML') with the Company and one of its subsidiaries, 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 Group is indemnified, for the ramifications of past liabilities (viz. for the period prior to the completion of the transaction). Considering that the said merger had been completed and as a consequence of the Court Judgement, the incremental liabilities of TTSL / TTML pertaining to AGR as per the estimates available had been recorded in the books of the Group 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 Group, 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 ROC believes that the required approvals were in place for the Scheme to be effective. Accordingly, the said merger was accounted in accordance with Ind AS 103, 'Business Combinations'. Consequently, the excess of net assets over purchase consideration, amounting to Rs. 13,174 had been recognised as Capital reserve, a component of equity. While the merger was completed in the books of the Group, the same had also been taken on record by the DoT on February 6, 2020.

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

|                                                                                  |                |
|----------------------------------------------------------------------------------|----------------|
| <b>A. Consideration paid*</b>                                                    | 338            |
| <b>B. Net assets acquired</b>                                                    |                |
| <b>Non-current assets</b>                                                        |                |
| Property, plant and equipment<br>(including capital-work-in-progress for Rs. 16) | 3,359          |
| Right-of-use assets                                                              | 20,430         |
| Other intangible assets                                                          | 33,901         |
| Deferred tax assets (net)                                                        | 15,500         |
| Others                                                                           | 6,811          |
| <b>Current assets</b>                                                            |                |
| Indemnification assets                                                           | 48,092         |
| Others#                                                                          | 9,206          |
| <b>Total Assets (a)</b>                                                          | <b>137,299</b> |
| <b>Non-current liabilities</b>                                                   |                |
| Borrowings                                                                       | 3,859          |
| <b>Current liabilities</b>                                                       |                |
| Borrowings                                                                       | 45,680         |
| Provisions^                                                                      | 43,085         |
| Others\$                                                                         | 31,163         |
| <b>Total Liabilities (b)</b>                                                     | <b>123,787</b> |
| <b>Net assets acquired (a-b)</b>                                                 | <b>13,512</b>  |

\* 970,668 equity shares of Rs. 5 each and 957 redeemable preference shares of Rs. 100 each

# mainly includes goods and service tax input credit

^mainly includes regulatory dues

\$ mainly includes trade payable and advances

Out of the above, for 'land and building' included in 'property, plant and equipment' (refer note 5) amounting to Rs 2,865 and 'land' and 'building' included in 'right-of-use assets (ROU)' (refer note 6) amounting to Rs. 250, the title deed and lease agreements are held in the name of TTSL / TTML and are pending to be transferred in the name of Company.

- m) Certain group entities had elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 dated September 20, 2019. Accordingly, during the year ended March 31, 2020, these group entities had recognised provision for income tax and remeasured its deferred tax assets basis the rate prescribed thereby and the related impact was recognised in the statement of profit and loss; except for Group's share as to the rate change impact on account of deferred tax created on transition to Ind AS 116, 'Leases' relating to one of its joint venture (which had been utilised from general reserves created out of scheme of merger as approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 effective from June 11, 2013, as permitted thereunder). This had resulted as an exceptional charge of Rs. 4,195 in statement of profit and loss and a charge of Rs. 856 in the equity for the year ended March 31, 2020.
- n) During the year ended March 31, 2020, pursuant to the closure of rights issue on May 17, 2019, the Company had allotted approximately 1,134 Mn fully paid up equity shares of face value Rs. 5 each at the price of Rs. 220 per equity share (including a premium of Rs. 215 per share) amounting to Rs. 249,390, to the eligible shareholders.



- o) During the year ended March 31, 2020, Airtel Africa plc., a subsidiary of the Company, had listed on the London Stock Exchange and Nigeria Stock Exchange by issuing approximately 676 Mn equity shares at 80 pence and 363 Nigerian Naira per share respectively. Due to the transaction, the shareholding of the Group in Airtel Africa plc. reduced to approximately 56%.
- p) Pursuant to the requirement of New Telecommunication Act in Malawi, it was made mandatory for companies holding electronic communication licences to have 20% local shareholding. To give effect to this, the Group had transferred by way of a secondary sale, its 20% shareholding in Airtel Malawi plc (Airtel Malawi), a wholly-owned subsidiary of Airtel Africa plc, to the public and consequently Airtel Malawi had listed on Malawi Stock Exchange on February 24, 2020. Accordingly, with effect from the date of such transfer, the Group had recognised a non-controlling interest equivalent to 20% of the net assets of Airtel Malawi. The excess of carrying value over consideration received from NCI amounting to USD 20 Mn (Rs. 1,493), had been recognised in the 'transaction with NCI reserve', within equity.
- q) Pursuant to Telecom Regulatory Authority of India's tariff order in relation to broadcasting services, Bharti Telemedia Limited, one of the Company's subsidiary, had entered into revised agreements with the broadcasters. With effect from April 1, 2019, basis such revised agreements and the provisions of the new tariff order, Bharti Telemedia Limited had re-assessed its performance obligations, extent of control over broadcasted content and various other responsibilities and liabilities. Consequently, the Group had considered network capacity fee and, commission and incentives from broadcasters as to subscription services, as part of its revenue from operations. Further, the Telecom Regulatory Authority of India had implemented second amendment to the tariff order effective from March 1, 2020 and Bharti Telemedia Limited had implemented the same to the extent is applicable and is in control of Bharti Telemedia Limited, as a distributor.
- r) During the year ended March 31, 2017, the Group 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 Rs. 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 had been completed and as a consequence of the Court Judgement, during the year ended March 31, 2020, the incremental liabilities of Rs. 29,522 of Telenor pertaining to AGR as per the estimates available had been recorded in the books of the Company with a corresponding indemnity asset (included in Other current financial assets) of Rs. 29,522 for the same. As the said incremental liabilities pertained to the period before the acquisition, Telenor reserves its rights as available to them under law to take appropriate action vis-à-vis the authorities.





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

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

|                                            | Land and building | Plant and equipment | Other PPE      | Total            |
|--------------------------------------------|-------------------|---------------------|----------------|------------------|
| <b>Gross carrying value</b>                |                   |                     |                |                  |
| <b>As of April 1, 2019</b>                 | <b>23,259</b>     | <b>1,665,199</b>    | <b>96,245</b>  | <b>1,784,703</b> |
| Additions                                  | 1,813             | 135,614             | 4,835          | 142,262          |
| Acquisition through business combinations@ | 2,865             | 478                 | -              | 3,343            |
| Disposals / adjustments                    | (95)              | (11,212)            | (780)          | (12,087)         |
| Exchange differences                       | 35                | 1,867               | 931            | 2,833            |
| <b>As of December 31, 2019</b>             | <b>27,877</b>     | <b>1,791,946</b>    | <b>101,231</b> | <b>1,921,054</b> |
| <b>As of April 1, 2020</b>                 | <b>27,419</b>     | <b>1,893,843</b>    | <b>105,070</b> | <b>2,026,332</b> |
| Additions                                  | 240               | 147,548             | 5,285          | 153,073          |
| Disposals / adjustments                    | (389)             | (164,292)           | (1,353)        | (166,034)        |
| Exchange differences                       | (61)              | (4,369)             | (1,235)        | (5,665)          |
| <b>As of December 31, 2020</b>             | <b>27,209</b>     | <b>1,872,730</b>    | <b>107,767</b> | <b>2,007,706</b> |
| <b>Accumulated depreciation</b>            |                   |                     |                |                  |
| <b>As of April 1, 2019</b>                 | <b>12,101</b>     | <b>890,970</b>      | <b>83,116</b>  | <b>986,187</b>   |
| Depreciation#                              | 765               | 129,115             | 5,817          | 135,697          |
| Disposals / adjustments                    | (61)              | (9,962)             | (462)          | (10,485)         |
| Exchange differences                       | 68                | (360)               | 870            | 578              |
| <b>As of December 31, 2019</b>             | <b>12,873</b>     | <b>1,009,763</b>    | <b>89,341</b>  | <b>1,111,977</b> |
| <b>As of April 1, 2020</b>                 | <b>12,790</b>     | <b>1,044,080</b>    | <b>91,889</b>  | <b>1,148,759</b> |
| Depreciation#                              | 741               | 133,225             | 5,767          | 139,733          |
| Disposals / adjustments                    | (306)             | (111,385)           | (1,159)        | (112,850)        |
| Exchange differences                       | (5)               | 562                 | (1,042)        | (485)            |
| <b>As of December 31, 2020</b>             | <b>13,220</b>     | <b>1,066,482</b>    | <b>95,455</b>  | <b>1,175,157</b> |
| <b>Net carrying value</b>                  |                   |                     |                |                  |
| As of April 1, 2019                        | 11,158            | 774,229             | 13,129         | 798,516          |
| As of December 31, 2019                    | 15,004            | 782,183             | 11,890         | 809,077          |
| As of April 1, 2020                        | 14,629            | 849,763             | 13,181         | 877,573          |
| As of December 31, 2020                    | 13,989            | 806,248             | 12,312         | 832,549          |

@refer note 4 (i)

#It includes Rs. 7,392 (December 31, 2019 Rs. 12,783) on account of exceptional item with respect to plant and equipment (refer note 11 (i) (b)) and Rs. 437 (December 31, 2019 Rs. 334) on account of court approved scheme / arrangements.

The carrying value of capital work-in-progress (CWIP) as of December 31, 2020 and March 31, 2020 is Rs. 53,747 and Rs. 39,972 respectively, which mainly pertains to plant and equipment.



## 6. Right-of-use assets ('ROU')

The following table presents the reconciliation of changes in the carrying value of ROU assets for the nine months ended December 31, 2020 and 2019:

|                                                   | Bandwidth     | Plant and equipment | Building      | Land          | Transponder | Vehicle   | Total          |
|---------------------------------------------------|---------------|---------------------|---------------|---------------|-------------|-----------|----------------|
| Balance as of April 1, 2019                       | 16,010        | 177,868             | 14,261        | 12,855        | 1,754       | 117       | 222,865        |
| Additions                                         | 5,283         | 38,344              | 136           | 6,696         | 153         | -         | 50,612         |
| Acquisition through business combinations@        | 20,180        | -                   | 235           | 15            | -           | -         | 20,430         |
| Depreciation                                      | (2,533)       | (26,868)            | (2,212)       | (1,967)       | (928)       | (73)      | (34,581)       |
| Termination / other adjustments                   | 422           | (6,343)             | (5)           | (496)         | -           | -         | (6,422)        |
| Exchange differences                              | (7)           | 1,005               | 46            | -             | -           | (4)       | 1,040          |
| <b>Balance as of December 31, 2019</b>            | <b>39,355</b> | <b>184,006</b>      | <b>12,461</b> | <b>17,103</b> | <b>979</b>  | <b>40</b> | <b>253,944</b> |
| Balance as of April 1, 2020                       | 39,832        | 189,610             | 12,169        | 16,544        | 869         | 25        | 259,049        |
| Additions                                         | 3,986         | 50,949              | 1,484         | 5,822         | 393         | 0         | 62,634         |
| Depreciation                                      | (2,498)       | (30,528)            | (2,314)       | (2,445)       | (638)       | (24)      | (38,447)       |
| Termination / other adjustments                   | (91)          | (12,130)            | (549)         | (2,884)       | (260)       | -         | (15,914)       |
| Net addition due to deemed disposal of subsidiary | 93            | 12,476              | -             | -             | -           | -         | 12,569         |
| Exchange differences                              | 116           | (1,313)             | 2             | (10)          | -           | 2         | (1,199)        |
| <b>Balance as of December 31, 2020</b>            | <b>41,438</b> | <b>209,058</b>      | <b>10,792</b> | <b>17,037</b> | <b>364</b>  | <b>3</b>  | <b>278,692</b> |

@refer note 4 (I)

## 7. Intangible assets

The following table presents the reconciliation of changes in the carrying value of goodwill and other intangible assets for the nine months ended December 31, 2020 and 2019:

|                                            | Goodwill #     | Other intangible assets |                               |                            | Total            |
|--------------------------------------------|----------------|-------------------------|-------------------------------|----------------------------|------------------|
|                                            |                | Software                | Licenses (including spectrum) | Other acquired intangibles |                  |
| <b>Gross carrying value</b>                |                |                         |                               |                            |                  |
| <b>As of April 1, 2019</b>                 | <b>335,199</b> | <b>24,047</b>           | <b>1,043,266</b>              | <b>10,989</b>              | <b>1,078,302</b> |
| Additions                                  | -              | 2,626                   | 7,929                         | 86                         | 10,641           |
| Acquisition through business combinations@ | -              | -                       | 32,890                        | 1,011                      | 33,901           |
| Disposals / adjustments                    | -              | 28                      | 376                           | 5                          | 409              |
| Exchange differences                       | 7,402          | 11                      | 1,065                         | 21                         | 1,097            |
| <b>As of December 31, 2019</b>             | <b>342,601</b> | <b>26,712</b>           | <b>1,085,526</b>              | <b>12,112</b>              | <b>1,124,350</b> |
| <b>As of April 1, 2020</b>                 | <b>348,829</b> | <b>27,586</b>           | <b>1,081,989</b>              | <b>12,201</b>              | <b>1,121,776</b> |
| Additions                                  | -              | 3,133                   | 14,816                        | -                          | 17,949           |
| Disposals / adjustments                    | -              | (954)                   | 4,290                         | (67)                       | 3,269            |
| Exchange differences                       | (11,525)       | (24)                    | (94)                          | (36)                       | (154)            |
| <b>As of December 31, 2020</b>             | <b>337,304</b> | <b>29,741</b>           | <b>1,101,001</b>              | <b>12,098</b>              | <b>1,142,844</b> |
| <b>Accumulated amortisation</b>            |                |                         |                               |                            |                  |
| <b>As of April 1, 2019</b>                 | -              | <b>19,126</b>           | <b>229,094</b>                | <b>8,594</b>               | <b>256,814</b>   |
| Amortisation                               | -              | 2,271                   | 45,859                        | 1,051                      | 49,181           |
| Disposals / adjustments                    | -              | 4                       | 119                           | -                          | 123              |
| Exchange differences                       | -              | 11                      | 441                           | 42                         | 494              |
| <b>As of December 31, 2019</b>             | -              | <b>21,412</b>           | <b>275,513</b>                | <b>9,687</b>               | <b>306,612</b>   |
| <b>As of April 1, 2020</b>                 | -              | <b>22,302</b>           | <b>279,539</b>                | <b>10,194</b>              | <b>312,035</b>   |
| Amortisation                               | -              | 2,516                   | 48,142                        | 1,064                      | 51,722           |
| Impairment*                                | -              | -                       | 6,803                         | -                          | 6,803            |
| Disposals / adjustments                    | -              | (662)                   | 4,130                         | (67)                       | 3,401            |
| Exchange differences                       | -              | (10)                    | 390                           | (26)                       | 354              |
| <b>As of December 31, 2020</b>             | -              | <b>24,146</b>           | <b>339,004</b>                | <b>11,165</b>              | <b>374,315</b>   |
| <b>Net carrying value</b>                  |                |                         |                               |                            |                  |
| As of April 1, 2019                        | 332,562        | 4,921                   | 814,172                       | 2,395                      | 821,488          |
| As of December 31, 2019                    | 339,964        | 5,300                   | 810,013                       | 2,425                      | 817,738          |
| As of April 1, 2020                        | 346,192        | 5,284                   | 802,450                       | 2,007                      | 809,741          |
| As of December 31, 2020                    | 334,667        | 5,595                   | 761,997                       | 933                        | 768,525          |



@refer note 4 (I)

\*It includes exceptional items of Rs. 6,803 (refer note 11 (i) (b)) and Rs. Nil for the nine months ended December 31, 2020 and 2019 with respect to licenses (including spectrum).

#Net carrying value of goodwill is adjusted for accumulated impairment of Rs. 2,637 as of December 31, 2020, April 1, 2020, December 31, 2019 and April 1, 2019.

The carrying value of intangible assets under development as of December 31, 2020 and March 31, 2020 is Rs. 1,268 and Rs. 2,851 respectively, which mainly pertains to spectrum and software / IT platform.

### **Impairment review – Goodwill**

The carrying value of Group's goodwill has been allocated to the following six group of CGUs, whereby Nigeria, East Africa and Francophone Africa (previously referred to as Rest of Africa) group of CGUs pertain to Airtel Africa plc. (Airtel Africa) operations.

|                                             | <b>As of</b>             |                       |
|---------------------------------------------|--------------------------|-----------------------|
|                                             | <b>December 31, 2020</b> | <b>March 31, 2020</b> |
| Mobile services Africa- Nigeria*            | 99,908                   | 103,977               |
| Mobile services Africa- East Africa*        | 135,034                  | 140,535               |
| Mobile services Africa- Francophone Africa* | 52,135                   | 54,259                |
| Mobile services- Africa*                    | 287,077                  | 298,771               |
| Mobile services- India                      | 40,413                   | 40,413                |
| Airtel business                             | 6,833                    | 6,664                 |
| Homes services                              | 344                      | 344                   |
|                                             | <b>334,667</b>           | <b>346,192</b>        |

\*The change in its goodwill is on account of foreign exchange differences.

The Group tests goodwill for impairment annually on December 31. The recoverable amounts of the above group of CGUs are based on value-in-use, which are determined based on ten-year business plans that have been approved by management for internal purposes. The said planning horizon reflects the assumptions for short-to-mid term market developments. The Group mainly operates in emerging markets and in such markets, the plans for the short term is not indicative of the long-term future prospects and performance. Considering this and the consistent use of such robust ten-year information for management reporting purposes, the Group uses ten-year plans for the purpose of impairment testing. Management believes that this planning horizon reflects the assumptions for medium to long term market developments and better reflects the expected performance in the markets in which the Group operates.

The cash flows beyond the planning period are extrapolated using appropriate long term terminal growth rates. The long term terminal growth rates used do not exceed the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with internal/external sources of information.



The key assumptions used in value-in-use calculations are as follows:

- Earnings before interest, taxes, depreciation and amortisation ('EBITDA') margins
- Discount rate
- Growth rates
- Capital expenditures

## 8. Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents are as follows:

|                                                | <b>As of</b>             |                          |
|------------------------------------------------|--------------------------|--------------------------|
|                                                | <b>December 31, 2020</b> | <b>December 31, 2019</b> |
| Cash and cash equivalents as per balance sheet | 98,345                   | 102,060                  |
| Balance held under mobile money trust*         | 32,121                   | 22,535                   |
| Bank overdraft                                 | (25,969)                 | (20,651)                 |
|                                                | <b>104,497</b>           | <b>103,944</b>           |

\*It represents cash received from subscribers of mobile commerce services relating to its subsidiaries in Africa and the same is not available for general use by the Group.

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## 9. Other components of equity

|                                                          | Foreign currency translation reserve | Cash flow hedge reserve | Fair value through OCI reserve | Treasury shares | Equity component of foreign currency convertible bond | Total           |
|----------------------------------------------------------|--------------------------------------|-------------------------|--------------------------------|-----------------|-------------------------------------------------------|-----------------|
| <b>As of April 1, 2019</b>                               | <b>(84,658)</b>                      | <b>62</b>               | <b>179</b>                     | <b>(554)</b>    |                                                       | <b>(84,971)</b> |
| Net loss due to foreign currency translation differences | (140)                                |                         |                                |                 |                                                       | (140)           |
| Net loss on net investment hedge                         | (1,644)                              |                         |                                |                 |                                                       | (1,644)         |
| Net gain on cash flow hedge                              |                                      | 1                       |                                |                 |                                                       | 1               |
| Net loss on fair value through OCI investments           |                                      |                         | (52)                           |                 |                                                       | (52)            |
| Purchase of treasury shares                              |                                      |                         |                                | (497)           |                                                       | (497)           |
| Exercise of share options                                |                                      |                         |                                | 222             |                                                       | 222             |
| <b>As of December 31, 2019</b>                           | <b>(86,442)</b>                      | <b>63</b>               | <b>127</b>                     | <b>(829)</b>    |                                                       | <b>(87,081)</b> |
| Net loss due to foreign currency translation differences | (4,338)                              | -                       |                                |                 |                                                       | (4,338)         |
| Net loss on net investment hedge                         | (5,394)                              | -                       |                                |                 |                                                       | (5,394)         |
| Net loss on cash flow hedge                              |                                      | (63)                    |                                |                 |                                                       | (63)            |
| Net loss on fair value through OCI investments           |                                      |                         | (2)                            |                 |                                                       | (2)             |
| Exercise of share options                                |                                      |                         |                                | 41              |                                                       | 41              |
| Issuance of foreign currency convertible bonds           |                                      |                         |                                |                 | 3,542                                                 | 3,542           |
| <b>As of March 31, 2020</b>                              | <b>(96,174)</b>                      |                         | <b>125</b>                     | <b>(788)</b>    | <b>3,542</b>                                          | <b>(93,295)</b> |
| Net loss due to foreign currency translation differences | (3,198)                              |                         |                                |                 |                                                       | (3,198)         |
| Net gain on net investment hedge                         | 1,317                                |                         |                                |                 |                                                       | 1,317           |
| Net loss on fair value through OCI investments           |                                      |                         | (156)                          |                 |                                                       | (156)           |
| Purchase of treasury shares                              |                                      |                         |                                | (1,111)         |                                                       | (1,111)         |
| Exercise of share options                                |                                      |                         |                                | 334             |                                                       | 334             |
| <b>As of December 31, 2020</b>                           | <b>(98,055)</b>                      |                         | <b>(31)</b>                    | <b>(1,565)</b>  | <b>3,542</b>                                          | <b>(96,109)</b> |

The income tax credit relating to components of OCI for the Group is as follows:

|                                                         | For the three months ended |                   | For the nine months ended |                   |
|---------------------------------------------------------|----------------------------|-------------------|---------------------------|-------------------|
|                                                         | December 31, 2020          | December 31, 2019 | December 31, 2020         | December 31, 2019 |
| Net (loss) / gain on net investment hedge               | (11)                       | 195               | (423)                     | 550               |
| Net (loss) / gain on fair value through OCI investments |                            |                   | (13)                      | 9                 |
|                                                         | <b>(11)</b>                | <b>195</b>        | <b>(436)</b>              | <b>559</b>        |

*(This space has been intentionally left blank)*





## 10. Contingencies and commitments

### (i) Contingent liabilities

#### Claims against the Group not acknowledged as debt:

|                                                                                | As of             |                |
|--------------------------------------------------------------------------------|-------------------|----------------|
|                                                                                | December 31, 2020 | March 31, 2020 |
| (i) Taxes, duties and other demands<br>(under adjudication / appeal / dispute) |                   |                |
| - Sales Tax, Service Tax and GST*                                              | 14,532            | 30,075         |
| - Income Tax                                                                   | 11,329            | 15,331         |
| - Customs Duty*                                                                | 1,712             | 3,837          |
| - Entry Tax                                                                    | 2,540             | 4,315          |
| - Stamp Duty                                                                   | 351               | 596            |
| - Municipal Taxes                                                              | 1                 | 1,943          |
| - Department of Telecom ('DoT') demands                                        | 53,154            | 52,925         |
| - Entertainment Tax                                                            | 7,563             | 7,826          |
| - Other miscellaneous demands                                                  | 996               | 1,327          |
| (ii) Claims under legal cases including arbitration matters                    |                   |                |
| - Access charges / Port charges*                                               | 299               | 14,393         |
| - Others                                                                       | 6,684             | 7,108          |
|                                                                                | <b>99,161</b>     | <b>139,676</b> |

\*Refer note 11(i)(a)

In addition to the above, the Group's share of joint ventures' and associates' contingent liabilities is Rs. 54,335 and Rs. 49,849 as of December 31, 2020 and March 31, 2020 respectively.

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

a) 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 has DoT revised demands on the Company aggregating Rs. 84,140 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 judgment 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 allotted before July 1, 2008, only prospectively i.e. w.e.f. January 1, 2013.



Further, demand for OTSC on spectrum allotted beyond start-up and up-to the limit of 6.2 MHz has been set aside. The 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. The Hon'ble Supreme Court vide order dated August 21, 2020, stayed the TDSAT judgment July 4, 2019 in a case of another telecom service provider. The Supreme Court, vide order dated December 7, 2020, directed status quo to be maintained in case of another telecom service provider. Out of prudence, of the total demands of Rs. 84,140, the Company had recorded a charge of Rs. 18,075 for the year ended March 31, 2020 and along with interest thereon of Rs. 38,345, the aggregate of Rs. 56,420 was disclosed as an exceptional item.

- b) 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 Rs. 3,500 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.
- c) DoT had enhanced the microwave rates by introducing slab-wise rates based on the number of carriers vide circulars issued in 2006 and 2008 from erstwhile basis being allocated frequency. The Company had challenged the matter in TDSAT and it has set aside the respective circulars of DoT vide its Judgment dated April 22, 2010. Thereafter, DoT has challenged the order of TDSAT before the Hon'ble Supreme Court, which is pending for adjudication.

DoT, vide amendment dated November 13, 2014 to Guidelines for Unified License (UL), incorporated new clause that the existing resources including inter-alia Microwave Access and Backbone (MWA and MWB) spectrum, will be reassigned / revalidated to the respective Telecom Service Provider (TSP) under UL, whose licenses have expired / are expiring in future, subject to realisation of charges / fees as applicable in conformity with the extant guidelines / instructions.

Subsequently, DoT notified guidelines October 16, 2015 for allotment of MWA and MWB spectrum for the interim period provisionally pending final decision by the Government, which inter-alia requires TSPs to pay MWA and MWB spectrum charges as per circulars dated 2006 & 2008. DoT guidelines of 2015 were challenged by one of the TSPs before TDSAT, wherein TDSAT, vide its judgment dated March 13, 2019, held that 2006 rates are extant rates applicable to TSP, which DoT has the right to charge TSPs from any future date that may be notified. DoT and the said TSP have filed cross appeals before Supreme Court against the TDSAT judgment, wherein the Supreme Court has stayed the TDSAT Judgment vide order dated November 8, 2019. The appeals are pending for adjudication.



During the three months ended June 30, 2020, the Company has applied for re-assignment / revalidation of its MWA / MWB carriers and accordingly, an amount of Rs 10,175 (including interest and penalty) from the date of migration to UL been recorded as a liability in the financial statements and disclosed as an exceptional item (refer note 11 (i) (e)) and an amount of Rs. 18,644 which pertains to pre-migration to UL is disclosed as contingent liability as on December 31, 2020.

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

## **(ii) Capital commitments**

The Group has contractual commitments towards capital expenditure (net of related advance) of Rs. 101,455 and Rs. 87,885 as of December 31, 2020 and March 31, 2020 respectively.

In addition to the above, the Group's share of capital commitments of joint ventures and associates is Rs. 3,266 and Rs. 3,031 as of December 31, 2020 and March 31, 2020 respectively.

## **11. Exceptional items**

Exceptional items comprise of the following:

(i) For the three and nine months ended December 31, 2020:

- a. charge on account of re-assessment of contractual / regulatory levies and taxes of Rs. 31,596
- b. charge on account of re-assessment of the useful life of certain categories of network assets due to technological advancements and impairment of intangible assets of Rs. 14,195
- c. net credit on account of settlement with a customer and other charge for related entities Rs. 192
- d. charge on account of incremental provision and interest on license fees and spectrum usage charge (SUC) of Rs. Nil and Rs. 107,444 as detailed in note 4(b)
- e. charge on account of royalty charge of MWA and MWB Rs. Nil and Rs. 10,175 as detailed in note 10(i)(c)
- f. gain of Rs. Nil and Rs. 162 pertaining to settlement of levies of entry tax
- g. charge of Rs. Nil and Rs. 493 pertaining to restructuring cost in one of group's subsidiary under a one-time right fitting exercise. Such exercise is expected to complete by March 2021





(ii) For the three and nine months ended December 31, 2019

- a. charge on account of license fee and SUC aggregating Rs. 10,481 and Rs. 294,981 as detailed in note 4(b)
- b. charge of Rs. 4,008 and Rs. 12,949 towards accelerated depreciation on 3G network equipments / operating costs on network re-farming and up-gradation program
- c. provision of Rs. 16,974 on account of rates and taxes including aged balances
- d. deferment of customer acquisition cost of Rs. 1,911 following reassessment of customer life for some of the subsidiaries of Airtel Africa plc
- e. reversal of Rs. 19,052 and an incremental provision of Rs. 27,447 pertaining mainly to customary indemnities to a clutch of investors of Airtel Africa plc determined on the basis of methodology settled prior to listing
- f. credit of Nil and Rs. 15,540 pertaining to re-assessment of levies based on a recent judgement
- g. net charge of Rs. Nil and Rs. 216 due to adjustments towards certain indemnity assets / liabilities pertaining to past transactions
- h. net credit of Rs. Nil and Rs. 2,812 due to re-assessment of levies based on ex-parte judgement

Tax expense / (credit) include:

- Net charge of Rs. 38,676 and Rs. 74,896 (including net charge on adoption of 'Vivad se Vishwas Scheme 2020 and re-assessment of deferred tax assets as detailed in note 4 (h) and credit of deferred tax asset pertaining to one of the subsidiaries recognised) during the three and nine months ended December 31, 2020 respectively.
- Net benefit of Rs. 11,270 and Rs. 94,677 (including credit resulting from internal restructuring, charge due to adoption of new tax regime in certain group entities and reversal of tax credit and deferred tax asset pertaining to one of subsidiary recognised) during the three and nine months ended December 31, 2019 respectively, relating to above exceptional items.

The net impact to non-controlling interests is benefit of Rs. 1,298 and charge of Rs. 311 during the three and nine months ended December 31, 2020 respectively, benefit of Rs. 318 and charge of Rs. 4,200 during the three and nine months ended December 31, 2019 respectively, relating to above exceptional items.



## 12. Segment reporting

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

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

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

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily includes receivables, ROU, PPE, CWIP, intangible assets, intangible assets under development, non-current investments, inventories and cash and cash equivalents. Segment liabilities primarily include operating and lease liabilities. Segment capital expenditure comprises of additions to PPE, CWIP, intangible assets, intangible assets under development, ROU and capital advances.

The reporting segments of the Group are as below:

**Mobile Services India:** 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.

**Mobile Services Africa:** These services cover provision of voice and data telecom services provided through wireless technology (2G / 3G / 4G) offered to customers in Africa. This also includes corporate headquarter costs of the Group's Africa operations.

**Mobile Services South Asia:** These services cover voice and data telecom services provided through wireless technology (2G / 3G) in Sri Lanka.

**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.



**Tower Infrastructure Services:** These services include setting up, operating and maintaining wireless communication towers in India.

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

**Digital TV Services:** This includes digital broadcasting services provided under the direct-to-home platform.

**Others:** It includes certain other strategic investment in joint venture / associates, and administrative / support services provided to other segments.

**Unallocated:** It includes expenses / results, assets and liabilities primarily of corporate headquarters of the Group, non-current investment, current taxes, deferred taxes, borrowings and certain financial assets and liabilities, not allocated to the operating segments.

*(This space has been intentionally left blank)*



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Summary of the segmental information for the three months ended as of December 31, 2020 is as follows:

|                                                                                   | Mobile<br>Services<br>India | Mobile<br>Services<br>Africa | Mobile<br>Services<br>South Asia | Airtel<br>Business | Tower<br>Infrastructure<br>Services | Homes<br>Services | Digital TV<br>Services | Others         | Unallocated  | Eliminations /<br>Adjustments |
|-----------------------------------------------------------------------------------|-----------------------------|------------------------------|----------------------------------|--------------------|-------------------------------------|-------------------|------------------------|----------------|--------------|-------------------------------|
| Revenue from external customers                                                   | 143,804                     | 75,320                       | 1,027                            | 31,474             | -                                   | 5,661             | 7,892                  | -              | -            | -                             |
| Inter-segment revenue                                                             | 3,984                       | 1,121                        | 33                               | 4,741              | -                                   | 13                | -                      | 13             | -            | 9,905                         |
| <b>Total revenue</b>                                                              | <b>147,788</b>              | <b>76,441</b>                | <b>1,060</b>                     | <b>36,215</b>      | <b>-</b>                            | <b>5,674</b>      | <b>7,892</b>           | <b>13</b>      | <b>-</b>     | <b>(9,905)</b>                |
| Share of results of joint ventures and associates                                 | (7)                         | (4)                          | -                                | -                  | 1,536                               | 4                 | -                      | (3,735)        | -            | -                             |
| <b>Segment results</b>                                                            | <b>11,032</b>               | <b>22,815</b>                | <b>(322)</b>                     | <b>10,230</b>      | <b>1,536</b>                        | <b>973</b>        | <b>3,072</b>           | <b>(3,733)</b> | <b>(726)</b> | <b>(336)</b>                  |
| <b>Less:</b>                                                                      |                             |                              |                                  |                    |                                     |                   |                        |                |              |                               |
| Net finance costs*                                                                |                             |                              |                                  |                    |                                     |                   |                        |                |              |                               |
| Non-operating expense (net)                                                       |                             |                              |                                  |                    |                                     |                   |                        |                |              |                               |
| Charity and donation                                                              |                             |                              |                                  |                    |                                     |                   |                        |                |              |                               |
| Exceptional items (net) (refer note 11)                                           |                             |                              |                                  |                    |                                     |                   |                        |                |              |                               |
| Gain on deemed disposal of subsidiary                                             |                             |                              |                                  |                    |                                     |                   |                        |                |              |                               |
| <b>Loss before tax</b>                                                            |                             |                              |                                  |                    |                                     |                   |                        |                |              |                               |
| <b>Other segment items</b>                                                        |                             |                              |                                  |                    |                                     |                   |                        |                |              |                               |
| Capital expenditure                                                               | 40,073                      | 13,822                       | 901                              | 4,028              | -                                   | 3,403             | 3,227                  | -              | -            | (71)                          |
| Addition to ROU                                                                   | 16,094                      | 6,913                        | 83                               | 212                | -                                   | 476               | -                      | -              | -            | -                             |
| <b>Depreciation and amortisation expense</b>                                      | <b>53,564</b>               | <b>13,031</b>                | <b>361</b>                       | <b>3,787</b>       | <b>-</b>                            | <b>2,182</b>      | <b>2,221</b>           | <b>-</b>       | <b>284</b>   | <b>(396)</b>                  |
| <b>As of December 31, 2020</b>                                                    |                             |                              |                                  |                    |                                     |                   |                        |                |              |                               |
| Segment assets                                                                    | 1,947,964                   | 697,269                      | 9,301                            | 208,868            | 214,426                             | 31,150            | 33,886                 | 35,220         | 281,299      | (114,903)                     |
| Segment liabilities                                                               | 877,747                     | 212,318                      | 4,428                            | 146,376            | -                                   | 26,811            | 46,817                 | 449            | 1,326,661    | (75,538)                      |
| Investment in joint ventures and associates<br>(included in segment assets above) | 72                          | 203                          | -                                | -                  | 214,426                             | 43                | -                      | 33,745         | -            | -                             |

\*This is net of income / gain from dividend, interest, FVTPL investments and derivative financial instruments.

#This is net of eliminations.



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Summary of the segmental information for the three months ended December 31, 2019 and as of March 31, 2020 is as follows:

|                                                                                | Mobile<br>Services<br>India | Mobile<br>Services<br>Africa | Mobile<br>Services<br>South Asia | Airtel Business | Homes<br>Services | Digital TV<br>Services | Others         | Unallocated  | Eliminations /<br>Adjustments |
|--------------------------------------------------------------------------------|-----------------------------|------------------------------|----------------------------------|-----------------|-------------------|------------------------|----------------|--------------|-------------------------------|
| Revenue from external customers                                                | 109,480                     | 61,381                       | 1,064                            | 28,088          | 5,506             | 7,917                  | -              | -            | -                             |
| Inter-segment revenue                                                          | 2,174                       | 1,314                        | 91                               | 5,089           | 40                | 5                      | 116            | -            | (8,829)                       |
| <b>Total revenue</b>                                                           | <b>111,654</b>              | <b>62,695</b>                | <b>1,155</b>                     | <b>33,177</b>   | <b>5,546</b>      | <b>7,922</b>           | <b>116</b>     | <b>-</b>     | <b>(8,829)</b>                |
| Share of results of joint ventures and associates                              | 2                           | (19)                         | -                                | -               | 4                 | -                      | (2,002)        | -            | -                             |
| <b>Segment results</b>                                                         | <b>(8,247)</b>              | <b>17,446</b>                | <b>(302)</b>                     | <b>8,092</b>    | <b>1,097</b>      | <b>3,011</b>           | <b>(1,993)</b> | <b>(838)</b> | <b>(342)</b>                  |
| <b>Less:</b>                                                                   |                             |                              |                                  |                 |                   |                        |                |              |                               |
| Net finance costs*                                                             |                             |                              |                                  |                 |                   |                        |                |              |                               |
| Non-operating expense (net)                                                    |                             |                              |                                  |                 |                   |                        |                |              |                               |
| Charity and donation                                                           |                             |                              |                                  |                 |                   |                        |                |              |                               |
| Exceptional items (net) (refer note 11)                                        |                             |                              |                                  |                 |                   |                        |                |              |                               |
| <b>Loss before tax</b>                                                         |                             |                              |                                  |                 |                   |                        |                |              |                               |
| <b>Other segment items</b>                                                     |                             |                              |                                  |                 |                   |                        |                |              |                               |
| Capital expenditure                                                            | 29,003                      | 7,312                        | 819                              | 5,640           | 2,563             | 3,510                  | -              | -            | -                             |
| Addition to ROU                                                                | 12,648                      | 1,994                        | 263                              | 1,346           | 551               | 153                    | -              | -            | -                             |
| Depreciation and amortisation expense                                          | 48,358                      | 10,865                       | 407                              | 4,033           | 2,209             | 2,430                  | -              | 320          | (444)                         |
| <b>As of March 31, 2020</b>                                                    |                             |                              |                                  |                 |                   |                        |                |              |                               |
| Segment assets                                                                 | 2,108,687                   | 675,156                      | 8,188                            | 200,255         | 42,425            | 39,749                 | 36,724         | 441,744      | (109,668)                     |
| Segment liabilities                                                            | 1,025,832                   | 201,937                      | 3,943                            | 131,256         | 23,355            | 41,224                 | 437            | 1,236,696    | (67,526)                      |
| Investment in joint ventures and associates (included in segment assets above) | 77                          | 264                          | -                                | -               | 31                | -                      | 35,766         | -            | -                             |

\*This is net of income / gain from dividend, interest, FVTPL investments and derivative financial instruments.

#This is net of eliminations.



**Bharti Airtel Limited**  
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Summary of the segmental information for the nine months ended December 31, 2020 is as follows:

|                                                   | Mobile<br>Services<br>India | Mobile<br>Services<br>Africa | Mobile<br>Services<br>South Asia | Airtel<br>Business | Tower<br>Infrastructure<br>Services | Homes<br>Services | Digital TV<br>Services | Others         | Unallocated    | Elimination<br>Adjustment |
|---------------------------------------------------|-----------------------------|------------------------------|----------------------------------|--------------------|-------------------------------------|-------------------|------------------------|----------------|----------------|---------------------------|
| Revenue from external customers                   | 402,787                     | 209,399                      | 3,159                            | 93,157             | -                                   | 17,294            | 22,889                 | -              | -              | -                         |
| Inter-segment revenue                             | 12,092                      | 3,216                        | 105                              | 13,898             | -                                   | 39                | -                      | 39             | -              | (29,343)                  |
| <b>Total revenue</b>                              | <b>414,879</b>              | <b>212,615</b>               | <b>3,264</b>                     | <b>107,055</b>     | <b>-</b>                            | <b>17,333</b>     | <b>22,889</b>          | <b>39</b>      | <b>-</b>       | <b>(29,343)</b>           |
| Share of results of joint ventures and associates | (3)                         | 34                           | -                                | -                  | 1,536                               | 13                | -                      | (7,782)        | -              | -                         |
| <b>Segment results</b>                            | <b>19,536</b>               | <b>59,097</b>                | <b>(842)</b>                     | <b>28,778</b>      | <b>1,536</b>                        | <b>3,997</b>      | <b>8,778</b>           | <b>(7,773)</b> | <b>(1,714)</b> | <b>(1,714)</b>            |
| <b>Less:</b>                                      |                             |                              |                                  |                    |                                     |                   |                        |                |                |                           |
| Net finance costs*                                |                             |                              |                                  |                    |                                     |                   |                        |                |                |                           |
| Non-operating expense (net)                       |                             |                              |                                  |                    |                                     |                   |                        |                |                |                           |
| Charity and donation                              |                             |                              |                                  |                    |                                     |                   |                        |                |                |                           |
| Exceptional items (net) (refer note 11)           |                             |                              |                                  |                    |                                     |                   |                        |                |                |                           |
| Gain on deemed disposal of subsidiary             |                             |                              |                                  |                    |                                     |                   |                        |                |                |                           |
| <b>Loss before tax</b>                            |                             |                              |                                  |                    |                                     |                   |                        |                |                |                           |
| <b>Other segment items</b>                        |                             |                              |                                  |                    |                                     |                   |                        |                |                |                           |
| Capital expenditure                               | 105,562                     | 29,972                       | 2,093                            | 12,699             | -                                   | 7,680             | 9,153                  | -              | -              | -                         |
| Addition to ROU                                   | 36,714                      | 19,462                       | 94                               | 212                | -                                   | 1,108             | 394                    | -              | -              | -                         |
| Depreciation and amortisation expense             | 156,207                     | 37,666                       | 1,095                            | 11,328             | -                                   | 6,105             | 6,906                  | -              | 850            | (1,714)                   |

\*This is net of income / gain from dividend, interest, FVTPL investments and derivative financial instruments.

#This is net of eliminations.



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Summary of the segmental information for the nine months ended December 31, 2019 is as follows:

|                                                   | Mobile<br>Services<br>India | Mobile<br>Services<br>Africa | Mobile<br>Services<br>South Asia | Airtel<br>Business | Homes<br>Services | Digital TV<br>Services | Others         | Unallocated    | Eliminations /<br>Adjustments |
|---------------------------------------------------|-----------------------------|------------------------------|----------------------------------|--------------------|-------------------|------------------------|----------------|----------------|-------------------------------|
| Revenue from external customers                   | 316,757                     | 173,208                      | 3,142                            | 83,703             | 16,601            | 23,167                 | -              | -              | -                             |
| Inter-segment revenue                             | 13,378                      | 4,077                        | 207                              | 14,866             | 125               | 37                     | 35             | -              | (32,725)                      |
| <b>Total revenue</b>                              | <b>330,135</b>              | <b>177,285</b>               | <b>3,349</b>                     | <b>98,569</b>      | <b>16,726</b>     | <b>23,204</b>          | <b>35</b>      | <b>-</b>       | <b>(32,725)</b>               |
| Share of results of joint ventures and associates | 5                           | 6                            | -                                | -                  | 26                | -                      | (5,421)        | -              | -                             |
| <b>Segment results</b>                            | <b>(31,638)</b>             | <b>46,780</b>                | <b>(839)</b>                     | <b>22,031</b>      | <b>3,417</b>      | <b>9,866</b>           | <b>(5,371)</b> | <b>(1,581)</b> | <b>(294)</b>                  |
| <b>Less:</b>                                      |                             |                              |                                  |                    |                   |                        |                |                |                               |
| Net finance costs*                                |                             |                              |                                  |                    |                   |                        |                |                |                               |
| Non-operating expense (net)                       |                             |                              |                                  |                    |                   |                        |                |                |                               |
| Charity and donation                              |                             |                              |                                  |                    |                   |                        |                |                |                               |
| Exceptional items (net) (refer note 11)           |                             |                              |                                  |                    |                   |                        |                |                |                               |
| <b>Loss before tax</b>                            |                             |                              |                                  |                    |                   |                        |                |                |                               |
| <b>Other segment items</b>                        |                             |                              |                                  |                    |                   |                        |                |                |                               |
| Capital expenditure                               | 89,208                      | 27,929                       | 1,244                            | 8,380              | 4,755             | 7,998                  | -              | -              | -                             |
| Addition to ROU                                   | 38,222                      | 6,122                        | 282                              | 1,346              | 564               | 153                    | -              | -              | -                             |
| Depreciation and amortisation expense             | 150,407                     | 31,846                       | 1,121                            | 7,145              | 4,906             | 6,445                  | -              | 959            | (500)                         |

\*This is net of income / gain from dividend, interest, FVTPL investments and derivative financial instruments.

#This is net of eliminations.





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**Disaggregation of revenue**

Revenue is disaggregated by geographical market, major products / service lines and timing of revenue recognition. Disaggregation of revenue with customer for the three months ended December 31, 2020 and 2019 is as follows:

|                                                      | Mobile Services |                | Airtel Business |               | Home Services |               | Digital TV Services |               |  |
|------------------------------------------------------|-----------------|----------------|-----------------|---------------|---------------|---------------|---------------------|---------------|--|
|                                                      | December 2020   | December 2019  | December 2020   | December 2019 | December 2020 | December 2019 | December 2020       | December 2019 |  |
| <b>Geographical markets*</b>                         |                 |                |                 |               |               |               |                     |               |  |
| India                                                | 143,804         | 109,480        | 23,260          | 21,727        | 5,661         | 5,506         | 7,892               | 7,917         |  |
| South Asia                                           | 1,027           | 1,064          | -               | -             | -             | -             | -                   | -             |  |
| Africa                                               | 75,320          | 61,381         | -               | -             | -             | -             | -                   | -             |  |
| Others                                               | -               | -              | 8,214           | 6,361         | -             | -             | -                   | -             |  |
|                                                      | <b>220,151</b>  | <b>171,925</b> | <b>31,474</b>   | <b>28,088</b> | <b>5,661</b>  | <b>5,506</b>  | <b>7,892</b>        | <b>7,917</b>  |  |
| <b>Major products / Services lines</b>               |                 |                |                 |               |               |               |                     |               |  |
| Data and Voice Services                              | 187,536         | 140,100        | 26,588          | 24,080        | 5,396         | 5,261         | -                   | -             |  |
| Setting up, operating and maintaining towers         | -               | -              | -               | -             | -             | -             | -                   | -             |  |
| Others                                               | 32,615          | 31,825         | 4,886           | 4,008         | 265           | 245           | 7,892               | 7,917         |  |
|                                                      | <b>220,151</b>  | <b>171,925</b> | <b>31,474</b>   | <b>28,088</b> | <b>5,661</b>  | <b>5,506</b>  | <b>7,892</b>        | <b>7,917</b>  |  |
| <b>Timing of revenue recognition</b>                 |                 |                |                 |               |               |               |                     |               |  |
| Products and services transferred at a point in time | 583             | 813            | 748             | 639           | 104           | 7             | -                   | -             |  |
| Products and services transferred over time          | 219,568         | 171,112        | 30,726          | 27,449        | 5,557         | 5,499         | 7,892               | 7,917         |  |
|                                                      | <b>220,151</b>  | <b>171,925</b> | <b>31,474</b>   | <b>28,088</b> | <b>5,661</b>  | <b>5,506</b>  | <b>7,892</b>        | <b>7,917</b>  |  |

\* Basis location of entity





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Disaggregation of revenue from contracts with customer for the nine months ended December 31, 2020 and 2019 is as follows:

|                                                      | Mobile Services |                | Airtel Business |               | Homes Services |               | Digital TV Services |               |
|------------------------------------------------------|-----------------|----------------|-----------------|---------------|----------------|---------------|---------------------|---------------|
|                                                      | December 2020   | December 2019  | December 2020   | December 2019 | December 2020  | December 2019 | December 2020       | December 2019 |
| <b>Geographical markets*</b>                         |                 |                |                 |               |                |               |                     |               |
| India                                                | 402,787         | 316,757        | 70,256          | 64,744        | 17,294         | 16,601        | 22,889              | 23,167        |
| South Asia                                           | 3,159           | 3,142          | -               | -             | -              | -             | -                   | -             |
| Africa                                               | 209,399         | 173,208        | -               | -             | -              | -             | -                   | -             |
| Others                                               | -               | -              | 22,901          | 18,959        | -              | -             | -                   | -             |
|                                                      | <b>615,345</b>  | <b>493,107</b> | <b>93,157</b>   | <b>83,703</b> | <b>17,294</b>  | <b>16,601</b> | <b>22,889</b>       | <b>23,167</b> |
| <b>Major products / Services lines</b>               |                 |                |                 |               |                |               |                     |               |
| Data and Voice Services                              | 522,744         | 403,223        | 78,630          | 71,954        | 16,649         | 15,821        | -                   | -             |
| Setting up, operating and maintaining towers         | -               | -              | -               | -             | -              | -             | -                   | -             |
| Others                                               | 92,601          | 89,884         | 14,527          | 11,749        | 645            | 780           | 22,889              | 23,167        |
|                                                      | <b>615,345</b>  | <b>493,107</b> | <b>93,157</b>   | <b>83,703</b> | <b>17,294</b>  | <b>16,601</b> | <b>22,889</b>       | <b>23,167</b> |
| <b>Timing of revenue recognition</b>                 |                 |                |                 |               |                |               |                     |               |
| Products and services transferred at a point in time | 2,794           | 2,191          | 2,192           | 2,089         | 113            | 15            | -                   | -             |
| Products and services transferred over time          | 612,551         | 490,916        | 90,965          | 81,614        | 17,181         | 16,586        | 22,889              | 23,167        |
|                                                      | <b>615,345</b>  | <b>493,107</b> | <b>93,157</b>   | <b>83,703</b> | <b>17,294</b>  | <b>16,601</b> | <b>22,889</b>       | <b>23,167</b> |

\* Basis location of entity



### 13. Related party disclosures

The details of significant transactions with the related parties for the three and nine months ended December 31, 2020 and 2019 respectively, are provided below:

|                                                                                                          | For the three months ended |                   | For the nine months ended |                   |
|----------------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------------|-------------------|
|                                                                                                          | December 31, 2020          | December 31, 2019 | December 31, 2020         | December 31, 2019 |
| <b>1. Receiving of services#</b>                                                                         |                            |                   |                           |                   |
| <b>Joint Venture</b>                                                                                     |                            |                   |                           |                   |
| Indus Towers Limited (upto November 18, 2020)\$                                                          | 2,740                      | 3,825             | 11,954                    | 11,561            |
| Indus Towers Limited (w.e.f. November 19, 2020)\$<br>(formerly known as Bharti Infratel Limited)         | 2,696                      | -                 | 2,696                     | -                 |
| <b>2. Reimbursement of energy expenses</b>                                                               |                            |                   |                           |                   |
| <b>Joint Venture</b>                                                                                     |                            |                   |                           |                   |
| Indus Towers Limited (upto November 18, 2020)\$                                                          | 6,069                      | 8,758             | 21,948                    | 24,306            |
| Indus Towers Limited (w.e.f. November 19, 2020)\$<br>(formerly known as Bharti Infratel Limited)         | 5,355                      | -                 | 5,355                     | -                 |
| <b>3. Dividend received</b>                                                                              |                            |                   |                           |                   |
| <b>Joint Venture</b>                                                                                     |                            |                   |                           |                   |
| Indus Towers Limited (upto November 18, 2020)##                                                          | -                          | -                 | 4,200                     | -                 |
| <b>4. Dividend paid</b>                                                                                  |                            |                   |                           |                   |
| <b>Entities having control over the Company / entities having significant influence over the Company</b> |                            |                   |                           |                   |
| Bharti Telecom Limited                                                                                   | -                          | -                 | 3,932                     | -                 |
| Pastel Limited                                                                                           | -                          | -                 | 1,518                     | -                 |
| <b>5. Receiving / termination of assets (net) (ROU)#</b>                                                 |                            |                   |                           |                   |
| <b>Joint Venture</b>                                                                                     |                            |                   |                           |                   |
| Indus Towers Limited (upto November 18, 2020)\$                                                          | 630                        | 8,650             | 4,694                     | 13,222            |
| Indus Towers Limited (w.e.f. November 19, 2020)\$<br>(formerly known as Bharti Infratel Limited)         | 2,839                      | -                 | 2,839                     | -                 |
| <b>6. Investments made</b>                                                                               |                            |                   |                           |                   |
| <b>Associate</b>                                                                                         |                            |                   |                           |                   |
| Airtel Payments Bank Limited                                                                             | -                          | 1,803             | 2,403                     | 4,406             |
| <b>7. Joint Venture</b>                                                                                  |                            |                   |                           |                   |
| Indus Towers Limited (w.e.f. November 19, 2020)\$<br>(formerly known as Bharti Infratel Limited)         | 29,238                     | -                 | 29,238                    | -                 |
| <b>8. Loans taken</b>                                                                                    |                            |                   |                           |                   |
| <b>Entity having control over the Company</b>                                                            |                            |                   |                           |                   |
| Bharti Telecom Limited                                                                                   | -                          | -                 | 36,000                    | -                 |

#Amount does not include GST

\$Refer note 4(a)

*(This space has been intentionally left blank)*



#### 14. Fair value of financial assets and liabilities

The category wise details as to the carrying value, fair value and the level of fair value measurement hierarchy of the Group's financial instruments are as follows:

|                                               |         | Carrying value as of |                | Fair value as of  |                |
|-----------------------------------------------|---------|----------------------|----------------|-------------------|----------------|
|                                               | Level   | December 31, 2020    | March 31, 2020 | December 31, 2020 | March 31, 2020 |
| Financial assets                              |         |                      |                |                   |                |
| Fair value through profit and loss            |         |                      |                |                   |                |
| Derivatives                                   |         |                      |                |                   |                |
| -Currency swaps, forward and option contracts | Level 2 | 731                  | 2,716          | 731               | 2,716          |
| -Interest swaps                               | Level 2 | -                    | 117            | -                 | 117            |
| Investments                                   | Level 1 | 6,141                | 154,682        | 6,141             | 154,682        |
| Investments                                   | Level 2 | 358                  | 3,275          | 358               | 3,275          |
| Amortised cost                                |         |                      |                |                   |                |
| Security deposits                             |         | 7,912                | 8,728          | 7,912             | 8,728          |
| Trade receivables                             |         | 45,826               | 46,058         | 45,826            | 46,058         |
| Cash and cash equivalents                     |         | 98,345               | 135,507        | 98,345            | 135,507        |
| Other bank balances                           |         | 33,890               | 23,420         | 33,890            | 23,420         |
| Other financial assets                        |         | 206,503              | 225,219        | 206,503           | 225,219        |
|                                               |         | 399,706              | 599,722        | 399,706           | 599,722        |
| Financial liabilities                         |         |                      |                |                   |                |
| Fair value through profit and loss            |         |                      |                |                   |                |
| Derivatives                                   |         |                      |                |                   |                |
| -Currency swaps, forward and option contracts | Level 2 | 1,372                | 600            | 1,372             | 600            |
| -Interest rate swaps / others                 | Level 2 | -                    | 26             | -                 | 26             |
| -Embedded derivatives                         | Level 2 | 68                   | 234            | 68                | 234            |
| Amortised cost                                |         |                      |                |                   |                |
| Borrowings - fixed rate                       | Level 1 | 363,224              | 333,510        | 386,231           | 325,204        |
| Borrowings - fixed rate                       | Level 2 | 715,509              | 468,397        | 767,187           | 541,211        |
| Borrowings - fixed rate                       |         | 45,142               | 56,886         | 45,142            | 56,886         |
| Borrowings - floating rate                    |         | 133,376              | 317,397        | 133,376           | 317,397        |
| Trade payables                                |         | 301,101              | 250,232        | 301,101           | 250,232        |
| Other financial liabilities                   |         | 298,065              | 235,720        | 298,065           | 235,720        |
|                                               |         | 1,857,857            | 1,663,002      | 1,932,542         | 1,727,510      |

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

- 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.
- Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- 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.
- 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 Group 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 level 2 financial assets / liabilities as of December 31, 2020 and March 31, 2020:

| 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         |
| - Embedded derivatives                         | Forward currency exchange rates, Interest rates       |
| Investments                                    | Prevailing interest rates in market, future cashflows |
| Fixed rate borrowings                          | Prevailing interest rates in market, future payouts   |

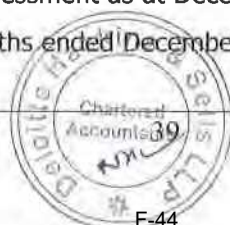
During the three and nine months ended December 31, 2020 and year ended March 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.

## 15. COVID 19

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

The Government is taking necessary steps to manage the situation including vaccination in a phased manner to minimise the impact on the economy and relaxing the lockdown in phases and continues to monitor the evolving situation. For the year ended March 31, 2020, a detailed assessment had been carried out by the Group for each business segment with regards to impact on revenue, costs, receivables, borrowing arrangements, leasing arrangements, recoverability and possible impairment of tangible assets, intangible assets (including goodwill), investments in joint ventures and associates etc. Besides this, the Group also assessed for any impact on the 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 had been noted. Further, the Group had also evaluated its hedging arrangements and hedge effectiveness and no material impact was noted.

The Group has updated the foregoing assessment as at December 31, 2020 and there is no material impact on the financial statements for the nine months ended December 31, 2020.



## INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM CONSOLIDATED FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF BHARTI AIRTEL LIMITED

#### Opinion

We have audited the Consolidated Financial Results for the quarter and nine months ended December 31, 2020 included in the accompanying "Statement of Audited Consolidated Financial Results for the quarter and nine months ended December 31, 2020" of **BHARTI AIRTEL LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net loss after tax and total comprehensive loss of its joint ventures and associates for the quarter and nine months ended December 31, 2020, ("the Statement" / "the Consolidated Financial Results") being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the audit report of the other auditor on separate financial statements of joint venture referred to in Other Matter section below, the Statement:

- (i) includes the results of the entities as given in Annexure to this report;
- (ii) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
- (iii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standard 34 Interim Financial Reporting ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India of the consolidated net profit / loss and consolidated total comprehensive income / loss and other financial information of the Group, its associates and joint ventures for the quarter and nine months ended December 31, 2020.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in Auditor's Responsibilities for audit of the Consolidated Financial Results section below. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion.

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### **Emphasis of Matter**

#### **Material uncertainty arising out of certain developments and its consequential impact on business operations of Indus Towers Limited, a joint venture company**

We draw attention to Note 5 of the Statement, which describes the effect on business operations and financial position of Joint Venture Company's on account of Joint Venture Company's one of the largest customer's ability to continue as a going concern. The customer's assumption of going concern is essentially dependent on successful negotiations with lenders and its ability to generate cash flows that it needs to settle/ refinance its liabilities and guarantees as they fall due. The Board of Directors of the customer, at their meeting held on September 4, 2020 have approved the fund-raising plan of up to Rs. 250,000 million.

Our opinion on the Statement is not modified in respect of this matter.

### **Management's Responsibilities for the Statement**

This Statement, which includes the Consolidated Financial Results is the responsibility of the Parent's Board of Directors and has been approved by them for the issuance. The Statement has been compiled from the related audited Consolidated Financial Results for the quarter and year ended March 31, 2020, audited Interim Condensed Consolidated Financial Statements for the quarter and six months ended September 30, 2020 and audited Interim Condensed Consolidated Financial Statements for the quarter and nine months ended December 31, 2020. This responsibility includes the preparation and presentation of the Consolidated Financial Results that give a true and fair view of the consolidated net loss and consolidated other comprehensive loss and other financial information of the Group including its associates and joint ventures in accordance with the recognition and measurement principles laid down in Ind AS 34, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of this Consolidated Financial Results by the Directors of the Parent, as aforesaid.

In preparing the Consolidated Financial Results, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

### **Auditor's Responsibilities for audit of the Consolidated Financial Results**

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Results, including the disclosures, and whether the Consolidated Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Perform procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations to the extent applicable.
- Obtain sufficient appropriate audit evidence regarding the Standalone Financial Information of the entities within the Group and its associates and joint ventures to express an opinion on the Consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Results of which we are the independent auditors. For the other entities included in the Consolidated Financial Results, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

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

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We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, to the extent applicable.

**Other Matter**

The consolidated financial results also includes the Group's share of net profit after tax of Rs. 2,596 million and Rs. 7,835 million for the period October 1, 2020 to November 18, 2020 and April 1, 2020 to November 18, 2020, respectively and total comprehensive income of Rs. 2,594 million and Rs. 7,828 million for the period October 1, 2020 to November 18, 2020 and April 1, 2020 to November 18, 2020, respectively, as considered in the Statement, in respect of erstwhile joint venture whose interim financial statement has not been audited by us. This interim financial statement has been audited by other auditor whose report has been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this erstwhile joint venture, is based solely on the report of the other auditor and the procedures performed by us as stated under Auditor's Responsibilities for the Audit of the Consolidated Financial Results section above.

Our opinion on the Statement is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditor.

*NM*

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



**Vijay Agarwal**  
Partner  
(Membership No. 094468)  
UDIN: 21094468AAAABG3672

Place: Gurugram  
Date: February 03, 2021



**Annexure to Auditor's Report**

**List of entities:**

|    |                                                                                                                     |    |                                                             |
|----|---------------------------------------------------------------------------------------------------------------------|----|-------------------------------------------------------------|
| 1  | Bharti Airtel Limited                                                                                               |    |                                                             |
|    | <b>Subsidiaries</b>                                                                                                 |    |                                                             |
| 2  | Indus Towers Limited (formerly known as Bharti Infratel Limited) <sup>&amp;</sup>                                   | 36 | Bharti Airtel Niger Holdings B.V.                           |
| 3  | Bharti Hexacom Limited                                                                                              | 37 | Bharti Airtel Nigeria B.V.                                  |
| 4  | Bharti Telemedia Limited                                                                                            | 38 | Bharti Airtel Nigeria Holdings II B.V.                      |
| 5  | Telesonic Networks Limited                                                                                          | 39 | Bharti Airtel RDC Holdings B.V.                             |
| 6  | Bharti Airtel Services Limited                                                                                      | 40 | Bharti Airtel Services B.V.                                 |
| 7  | Nxtra Data Limited                                                                                                  | 41 | Bharti Airtel Tanzania B.V.                                 |
| 8  | Airtel Digital Limited (formerly known as Wynn Limited)                                                             | 42 | Bharti Airtel Uganda Holdings B.V.                          |
| 9  | Nettle Infrastructure Investments Limited                                                                           | 43 | Bharti Airtel Zambia Holdings B.V.                          |
| 10 | Indo Teleports Limited                                                                                              | 44 | Airtel Mobile Commerce (Seychelles) B.V.                    |
| 11 | SmarTx Services Limited <sup>&amp;</sup>                                                                            | 45 | Airtel Mobile Commerce Congo B.V.                           |
| 12 | Bharti Airtel Employees Welfare Trust                                                                               | 46 | Airtel Mobile Commerce Kenya B.V.                           |
| 13 | Indus Towers Employees' Welfare Trust (formerly known as Bharti Infratel Employees' Welfare Trust) <sup>&amp;</sup> | 47 | Airtel Mobile Commerce Madagascar B.V.                      |
| 14 | Airtel International LLP                                                                                            | 48 | Airtel Mobile Commerce Malawi B.V.                          |
| 15 | Network I2I (Kenya) Limited                                                                                         | 49 | Airtel Mobile Commerce Rwanda B.V.                          |
| 16 | Bharti Airtel (UK) Limited                                                                                          | 50 | Airtel Mobile Commerce Tchad B.V.                           |
| 17 | Bharti International (Singapore) Pte. Ltd.                                                                          | 51 | Airtel Mobile Commerce Uganda B.V.                          |
| 18 | Network i2i Limited                                                                                                 | 52 | Airtel Mobile Commerce Zambia B.V.                          |
| 19 | Bharti Airtel Lanka (Private) Limited                                                                               | 53 | Bharti Airtel Africa B.V.                                   |
| 20 | Bharti Airtel (France) SAS                                                                                          | 54 | Celtel (Mauritius) Holdings Limited                         |
| 21 | Bharti Airtel (USA) Limited                                                                                         | 55 | Montana International                                       |
| 22 | Bharti Airtel (Hong Kong) Limited                                                                                   | 56 | Channel Sea Management Company (Mauritius) Limited          |
| 23 | Bharti Airtel (Japan) Private Limited                                                                               | 57 | Société Malgache de Téléphone Cellulaire S.A.               |
| 24 | Bharti Airtel International (Mauritius) Limited                                                                     | 58 | Bharti Airtel Rwanda Holdings Limited                       |
| 25 | Bharti Airtel International (Netherlands) B.V.                                                                      | 59 | Indian Ocean Telecom Limited                                |
| 26 | Africa Towers N.V. <sup>&amp;</sup>                                                                                 | 60 | Bharti Airtel International (Mauritius) Investments Limited |
| 27 | Airtel Mobile Commerce B.V.                                                                                         | 61 | Bharti Airtel Overseas (Mauritius) Limited                  |
| 28 | Airtel Mobile Commerce Holdings B.V.                                                                                | 62 | Airtel Africa plc                                           |
| 29 | Bharti Airtel Chad Holdings B.V.                                                                                    | 63 | Airtel Africa Mauritius Limited                             |
| 30 | Bharti Airtel Congo Holdings B.V.                                                                                   | 64 | Airtel Mobile Commerce Nigeria B.V.                         |
| 31 | Bharti Airtel Gabon Holdings B.V.                                                                                   | 65 | Airtel Networks Limited                                     |
| 32 | Bharti Airtel Kenya B.V.                                                                                            | 66 | Airtel Uganda Limited                                       |
| 33 | Bharti Airtel Kenya Holdings B.V.                                                                                   | 67 | Tanzania Towers Limited *                                   |
| 34 | Bharti Airtel Madagascar Holdings B.V.                                                                              | 68 | Bharti Airtel Malawi Holdings B.V.                          |
| 35 | Airtel Mobile Commerce (Nigeria) Limited                                                                            | 69 | Airtel Mobile Commerce Tchad S.a.r.l.                       |

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|     |                                                              |     |                                                                                                      |
|-----|--------------------------------------------------------------|-----|------------------------------------------------------------------------------------------------------|
| 70  | Airtel Mobile Commerce Uganda Limited                        | 91  | Congo RDC Towers S.A.                                                                                |
| 71  | Airtel Tanzania plc                                          | 92  | Airtel Congo S.A.                                                                                    |
| 72  | Airtel Mobile Commerce (Tanzania) Limited                    | 93  | Mobile Commerce Congo S.A.                                                                           |
| 73  | Airtel Money Tanzania Limited                                | 94  | Airtel Gabon S.A.                                                                                    |
| 74  | Airtel Networks Zambia plc                                   | 95  | Airtel Money S.A.                                                                                    |
| 75  | Airtel Mobile Commerce Zambia Limited                        | 96  | Gabon Towers S.A. *                                                                                  |
| 76  | Airtel Money Transfer Limited                                | 97  | Airtel Money Niger S.A.                                                                              |
| 77  | Airtel Networks Kenya Limited @                              | 98  | Celtel Niger S.A.                                                                                    |
| 78  | Bharti Airtel Developers Forum Limited                       | 99  | Airtel Tchad S.A.                                                                                    |
| 79  | Airtel Mobile Commerce (Kenya) Limited                       | 100 | Airtel Madagascar S.A.                                                                               |
| 80  | Airtel Malawi plc                                            | 101 | Madagascar Towers S.A.                                                                               |
| 81  | Airtel Mobile Commerce Limited                               | 102 | Airtel Mobile Commerce Madagascar S.A.                                                               |
| 82  | Airtel Rwanda Limited                                        | 103 | Malawi Towers Limited                                                                                |
| 83  | Airtel Mobile Commerce (Rwanda) Limited                      | 104 | Airtel Mobile Commerce DRC B.V. ^                                                                    |
| 84  | Airtel (Seychelles) Limited                                  | 105 | Airtel Mobile Commerce Gabon B.V. ^                                                                  |
| 85  | Airtel Mobile Commerce (Seychelles) Limited                  | 106 | Airtel Mobile Commerce Niger B.V. ^                                                                  |
| 86  | Bharti Airtel Holding (Mauritius) Limited                    | 107 | Airtel Money Kenya Limited ^                                                                         |
| 87  | Bharti Airtel Mali Holdings B.V.                             | 108 | Network IZI (UK) Limited ^                                                                           |
| 88  | Airtel Congo (RDC) S.A.                                      | 109 | The Airtel Africa Employee Benefit Trust ^                                                           |
| 89  | Airtel Money (RDC) S.A.                                      | 110 | Airtel Money Trust                                                                                   |
| 90  | Partnership Investments S.a.r.l.                             | 111 | Airtel Digital Services Holdings B.V. ^                                                              |
|     |                                                              |     |                                                                                                      |
|     | <b>Joint Ventures &amp; Associates</b>                       |     |                                                                                                      |
|     | <b>(Including their subsidiaries)</b>                        |     |                                                                                                      |
| 112 | Seychelles Cable Systems Company Limited                     | 120 | Airtel Ghana Limited                                                                                 |
| 113 | Indus Towers Limited (merged with Bharti Infratel Limited) # | 121 | Airtel Mobile Commerce (Ghana) Limited                                                               |
| 114 | FireFly Networks Limited                                     | 122 | RedDot Digital Limited                                                                               |
| 115 | Seynse Technologies Private Limited                          | 123 | Millicom Ghana Company Limited *                                                                     |
| 116 | Juggernaut Books Private Limited                             | 124 | Bharti Airtel Ghana Holdings B.V.                                                                    |
| 117 | Airtel Payments Bank Limited                                 | 125 | Indus Towers Limited (formerly known as Bharti Infratel Limited) #                                   |
| 118 | Robi Axiata Limited                                          | 126 | SmarTx Services Limited #                                                                            |
| 119 | Bridge Mobile Pte Limited                                    | 127 | Indus Towers Employees' Welfare Trust (formerly known as Bharti Infratel Employees' Welfare Trust) # |

@ The Group also holds 100% preference shareholding in the company. The preference shares do not carry any voting rights.

\* Under dissolution

\$ Dissolved

# w.e.f. November 19, 2020

^ Incorporated during the nine months ended December 31, 2020

& Ceased to be a subsidiary on November 19, 2020

*Chw*  
*nm*





# Bharti Airtel Limited

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

CIN: L74899DL1995PLC070609

T: +91-11-4666 6100, F: +91-11-4166 6137, Email id: [compliance.officer@bharti.in](mailto:compliance.officer@bharti.in)

## Statement of Audited Consolidated Financial Results for the quarter and nine months ended December 31, 2020

(Rs. Millions; except per share data)

| Particulars                                                                                                                                 | Quarter ended     |                    |                   | Nine months ended |                   | Year ended       |
|---------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|------------------|
|                                                                                                                                             | December 31, 2020 | September 30, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 | March 31, 2020   |
|                                                                                                                                             | Audited           | Audited            | Audited           | Audited           | Audited           | Audited          |
| <b>Income</b>                                                                                                                               |                   |                    |                   |                   |                   |                  |
| Revenue from operations                                                                                                                     | 265,178           | 250,604            | 213,436           | 748,685           | 616,578           | 846,765          |
| Other income                                                                                                                                | 492               | 1,031              | 3,067             | 5,589             | 7,159             | 15,357           |
|                                                                                                                                             | <b>265,670</b>    | <b>251,635</b>     | <b>216,503</b>    | <b>754,274</b>    | <b>623,737</b>    | <b>862,122</b>   |
| <b>Expenses</b>                                                                                                                             |                   |                    |                   |                   |                   |                  |
| Network operating expenses                                                                                                                  | 55,479            | 54,198             | 49,849            | 160,640           | 144,795           | 196,305          |
| Access charges                                                                                                                              | 30,632            | 29,229             | 27,109            | 87,872            | 79,125            | 107,395          |
| License fee / Spectrum charges                                                                                                              | 22,952            | 22,354             | 17,875            | 66,072            | 53,257            | 73,826           |
| Employee benefits expense                                                                                                                   | 10,260            | 10,172             | 8,914             | 31,157            | 25,617            | 35,137           |
| Sales and marketing expenses                                                                                                                | 10,524            | 8,722              | 8,979             | 26,525            | 24,901            | 34,236           |
| Other expenses                                                                                                                              | 14,801            | 15,232             | 13,546            | 46,021            | 42,524            | 57,332           |
|                                                                                                                                             | <b>144,648</b>    | <b>139,907</b>     | <b>126,272</b>    | <b>418,287</b>    | <b>370,219</b>    | <b>504,231</b>   |
| <b>Profit before depreciation, amortisation, finance costs, share of profit of associates and joint ventures, exceptional items and tax</b> | <b>121,022</b>    | <b>111,728</b>     | <b>90,231</b>     | <b>335,987</b>    | <b>253,518</b>    | <b>357,891</b>   |
| Depreciation and amortisation expense                                                                                                       | 75,031            | 72,862             | 68,178            | 219,025           | 202,329           | 270,944          |
| Finance costs                                                                                                                               | 39,719            | 37,914             | 32,893            | 112,304           | 99,261            | 140,732          |
| Share of loss of associates and joint ventures (net)                                                                                        | 2,206             | 2,926              | 2,015             | 6,202             | 5,384             | 6,627            |
| <b>Profit / (loss) before exceptional items and tax</b>                                                                                     | <b>4,066</b>      | <b>(1,974)</b>     | <b>(12,855)</b>   | <b>(1,544)</b>    | <b>(53,456)</b>   | <b>(60,412)</b>  |
| Exceptional items (net)                                                                                                                     | 45,599            | 493                | 10,500            | 163,549           | 332,304           | 400,892          |
| <b>Loss before tax from continuing operations</b>                                                                                           | <b>(41,533)</b>   | <b>(2,467)</b>     | <b>(23,355)</b>   | <b>(165,093)</b>  | <b>(385,760)</b>  | <b>(461,304)</b> |
| <b>Tax expense / (credit)</b>                                                                                                               |                   |                    |                   |                   |                   |                  |
| Current tax                                                                                                                                 | 5,594             | 4,949              | 5,986             | 14,126            | 14,911            | 17,932           |
| Deferred tax                                                                                                                                | 37,473            | (814)              | (17,623)          | 70,098            | (118,515)         | (143,056)        |
| <b>Loss for the period from continuing operations</b>                                                                                       | <b>(84,600)</b>   | <b>(6,602)</b>     | <b>(11,718)</b>   | <b>(249,317)</b>  | <b>(282,156)</b>  | <b>(336,180)</b> |
| Profit from discontinued operation before tax                                                                                               | 98,697            | 7,645              | 8,327             | 113,698           | 27,400            | 32,839           |
| Tax expense of discontinued operation                                                                                                       | 596               | 1,382              | 1,258             | 3,131             | 2,116             | 3,301            |
| <b>Profit for the period from discontinued operation</b>                                                                                    | <b>98,101</b>     | <b>6,263</b>       | <b>7,069</b>      | <b>110,567</b>    | <b>25,284</b>     | <b>29,538</b>    |
| <b>Profit / (loss) for the period</b>                                                                                                       | <b>13,501</b>     | <b>(339)</b>       | <b>(4,649)</b>    | <b>(138,750)</b>  | <b>(256,872)</b>  | <b>(306,642)</b> |
| <b>Other comprehensive income ('OCI')</b>                                                                                                   |                   |                    |                   |                   |                   |                  |
| Items to be reclassified subsequently to profit or loss :                                                                                   |                   |                    |                   |                   |                   |                  |
| - Net (loss) / gain due to foreign currency translation differences                                                                         | (7,275)           | (2,487)            | 781               | (10,625)          | 2,813             | 4,814            |
| - Net (loss) / gain on net investment hedge                                                                                                 | (229)             | 1,418              | (1,015)           | 977               | (2,324)           | (10,856)         |
| - Net gain / (loss) on cash flow hedge                                                                                                      | -                 | -                  | 220               | -                 | 27                | (109)            |
| - Net (loss) / gain on fair value through OCI investments                                                                                   | (34)              | 99                 | -                 | (124)             | (107)             | (108)            |
| - Tax (charge) / credit on above                                                                                                            | (11)              | (413)              | 195               | (436)             | 559               | 2,883            |
| Items not to be reclassified to profit or loss :                                                                                            |                   |                    |                   |                   |                   |                  |
| - Re-measurement (loss) / gain on defined benefit plans                                                                                     | (126)             | 24                 | 140               | (119)             | (110)             | (76)             |
| - Tax credit / (charge) on above                                                                                                            | 71                | (9)                | (9)               | 56                | 58                | (41)             |
| - Share of OCI of associates and joint ventures                                                                                             | (37)              | (7)                | 7                 | (117)             | 4                 | 15               |
| <b>Other comprehensive (loss) / income for the period</b>                                                                                   | <b>(7,641)</b>    | <b>(1,375)</b>     | <b>319</b>        | <b>(10,388)</b>   | <b>920</b>        | <b>(3,478)</b>   |
| <b>Total comprehensive income / (loss) for the period</b>                                                                                   | <b>5,860</b>      | <b>(1,714)</b>     | <b>(4,330)</b>    | <b>(149,138)</b>  | <b>(255,952)</b>  | <b>(310,120)</b> |
| <b>Profit / (loss) for the period attributable to</b>                                                                                       | <b>13,501</b>     | <b>(339)</b>       | <b>(4,649)</b>    | <b>(138,750)</b>  | <b>(256,872)</b>  | <b>(306,642)</b> |
| Owners of the Parent                                                                                                                        | 8,536             | (7,632)            | (10,353)          | (158,427)         | (269,462)         | (321,832)        |
| Non-controlling interests                                                                                                                   | 4,965             | 7,293              | 5,704             | 19,677            | 12,590            | 15,190           |
| <b>Other comprehensive (loss) / income for the period attributable to :</b>                                                                 | <b>(7,641)</b>    | <b>(1,375)</b>     | <b>319</b>        | <b>(10,388)</b>   | <b>920</b>        | <b>(3,478)</b>   |
| Owners of the Parent                                                                                                                        | (3,305)           | 1,798              | (1,070)           | (2,211)           | (1,901)           | (11,748)         |
| Non-controlling interests                                                                                                                   | (4,336)           | (3,173)            | 1,389             | (8,177)           | 2,821             | 8,270            |
| <b>Total comprehensive income / (loss) for the period attributable to :</b>                                                                 | <b>5,860</b>      | <b>(1,714)</b>     | <b>(4,330)</b>    | <b>(149,138)</b>  | <b>(255,952)</b>  | <b>(310,120)</b> |
| Owners of the Parent                                                                                                                        | 5,231             | (5,834)            | (11,422)          | (160,638)         | (271,363)         | (333,580)        |
| Non-controlling interests                                                                                                                   | 629               | 4,120              | 7,092             | 11,500            | 15,411            | 23,460           |
| <b>Loss per share from continuing operations</b>                                                                                            |                   |                    |                   |                   |                   |                  |
| (Face value : Rs. 5/- each)                                                                                                                 |                   |                    |                   |                   |                   |                  |
| Basic                                                                                                                                       | (16.10)           | (1.99)             | (2.74)            | (47.90)           | (56.93)           | (66.48)          |
| Diluted                                                                                                                                     | (16.10)           | (1.99)             | (2.74)            | (47.90)           | (56.93)           | (66.48)          |
| <b>Earnings per share from discontinued operation</b>                                                                                       |                   |                    |                   |                   |                   |                  |
| (Face value: Rs. 5/- each)                                                                                                                  |                   |                    |                   |                   |                   |                  |
| Basic                                                                                                                                       | 17.67             | 0.59               | 0.72              | 18.85             | 2.68              | 3.07             |
| Diluted                                                                                                                                     | 17.67             | 0.59               | 0.72              | 18.85             | 2.68              | 3.07             |
| <b>Earnings / (loss) per share from continuing and discontinued operations</b>                                                              |                   |                    |                   |                   |                   |                  |
| (Face value: Rs. 5/- each)                                                                                                                  |                   |                    |                   |                   |                   |                  |
| Basic                                                                                                                                       | 1.57              | (1.40)             | (2.02)            | (29.05)           | (54.25)           | (63.41)          |
| Diluted                                                                                                                                     | 1.57              | (1.40)             | (2.02)            | (29.05)           | (54.25)           | (63.41)          |
| Paid-up equity share capital (Face value : Rs. 5 each)                                                                                      | 27,278            | 27,278             | 25,660            | 27,278            | 25,660            | 27,278           |
| Other equity                                                                                                                                | 569,792           | 566,115            | 662,627           | 569,792           | 662,627           | 744,170          |



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**Audited Consolidated Segment-wise Revenue, Results, Assets and Liabilities for the quarter and nine months ended December 31, 2020**

(Rs. Millions)

| Particulars                                                                                                               | Quarter ended     |                    |                   | Nine months ended |                   | Year ended       |
|---------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|------------------|
|                                                                                                                           | December 31, 2020 | September 30, 2020 | December 31, 2019 | December 31, 2020 | December 31, 2019 | March 31, 2020   |
|                                                                                                                           | Audited           | Audited            | Audited           | Audited           | Audited           | Audited          |
| <b>1. Segment Revenue</b>                                                                                                 |                   |                    |                   |                   |                   |                  |
| - Mobile Services India                                                                                                   | 147,788           | 138,319            | 111,654           | 414,879           | 330,135           | 459,663          |
| - Mobile Services Africa                                                                                                  | 76,441            | 71,661             | 62,695            | 212,615           | 177,285           | 242,173          |
| - Mobile Services South Asia                                                                                              | 1,060             | 1,116              | 1,155             | 3,264             | 3,349             | 4,552            |
| - Airtel Business                                                                                                         | 36,215            | 35,821             | 33,177            | 107,055           | 98,569            | 132,331          |
| - Homes Services                                                                                                          | 5,674             | 5,874              | 5,546             | 17,333            | 16,726            | 22,451           |
| - Digital TV Services                                                                                                     | 7,892             | 7,549              | 7,922             | 22,889            | 23,204            | 29,239           |
| - Others                                                                                                                  | 13                | 22                 | 116               | 39                | 35                | 50               |
| <b>Total segment revenue</b>                                                                                              | <b>275,083</b>    | <b>260,362</b>     | <b>222,265</b>    | <b>778,074</b>    | <b>649,303</b>    | <b>890,459</b>   |
| Less: Inter-segment eliminations *                                                                                        | 9,905             | 9,758              | 8,829             | 29,389            | 32,725            | 43,694           |
| <b>Total segment revenue of continuing operations</b>                                                                     | <b>265,178</b>    | <b>250,604</b>     | <b>213,436</b>    | <b>748,685</b>    | <b>616,578</b>    | <b>846,765</b>   |
| Discontinued operation: Tower Infrastructure Services#                                                                    | 3,833             | 7,246              | 6,035             | 17,563            | 21,585            | 28,625           |
| <b>Total revenue</b>                                                                                                      | <b>269,011</b>    | <b>257,850</b>     | <b>219,471</b>    | <b>766,248</b>    | <b>638,163</b>    | <b>875,390</b>   |
| <b>2. Segment Results ^</b>                                                                                               |                   |                    |                   |                   |                   |                  |
| Profit / (loss) before finance costs (net), non-operating expenses (net), charity and donation, exceptional items and tax |                   |                    |                   |                   |                   |                  |
| - Mobile Services India                                                                                                   | 11,032            | 6,847              | (8,247)           | 19,536            | (31,638)          | (31,379)         |
| - Mobile Services Africa                                                                                                  | 22,815            | 20,072             | 17,446            | 59,097            | 46,780            | 64,488           |
| - Mobile Services South Asia                                                                                              | (322)             | (240)              | (302)             | (842)             | (839)             | (1,055)          |
| - Airtel Business                                                                                                         | 10,230            | 9,640              | 8,092             | 28,778            | 22,031            | 31,889           |
| - Tower Infrastructure Services                                                                                           | 1,536             | -                  | -                 | 1,536             | -                 | -                |
| - Homes Services                                                                                                          | 973               | 1,432              | 1,097             | 3,997             | 3,417             | 5,191            |
| - Digital TV Services                                                                                                     | 3,072             | 2,944              | 3,011             | 8,778             | 9,866             | 11,394           |
| - Others                                                                                                                  | (3,733)           | (2,955)            | (1,993)           | (7,773)           | (5,371)           | (6,629)          |
| <b>Total</b>                                                                                                              | <b>45,603</b>     | <b>37,740</b>      | <b>19,104</b>     | <b>113,107</b>    | <b>44,246</b>     | <b>73,899</b>    |
| - Unallocated                                                                                                             | (726)             | (567)              | (838)             | (1,714)           | (1,581)           | (2,975)          |
| - Inter-segment eliminations *                                                                                            | (336)             | (366)              | (342)             | (1,063)           | (294)             | (794)            |
| <b>Total segment results</b>                                                                                              | <b>44,541</b>     | <b>36,807</b>      | <b>17,924</b>     | <b>110,330</b>    | <b>42,371</b>     | <b>70,130</b>    |
| Less:                                                                                                                     |                   |                    |                   |                   |                   |                  |
| (i) Finance costs (net)                                                                                                   | 40,275            | 37,860             | 30,483            | 109,434           | 94,048            | 128,155          |
| (ii) Non-operating expenses (net)                                                                                         | 103               | 764                | 211               | 1,544             | 903               | 1,272            |
| (iii) Charity and donation                                                                                                | 97                | 157                | 85                | 846               | 876               | 1,115            |
| (iv) Exceptional items (net)                                                                                              | 45,599            | 493                | 10,500            | 163,549           | 332,304           | 400,892          |
| <b>Profit / (loss) before tax of continuing operations</b>                                                                | <b>(41,533)</b>   | <b>(2,467)</b>     | <b>(23,355)</b>   | <b>(165,093)</b>  | <b>(385,760)</b>  | <b>(461,304)</b> |
| Discontinued operation: Tower Infrastructure Services#                                                                    | 98,697            | 7,645              | 8,327             | 113,698           | 27,400            | 32,839           |
| <b>Profit / (loss) before tax</b>                                                                                         | <b>57,164</b>     | <b>5,178</b>       | <b>(15,028)</b>   | <b>(51,395)</b>   | <b>(358,360)</b>  | <b>(428,465)</b> |
| <b>3. Segment Assets ^</b>                                                                                                |                   |                    |                   |                   |                   |                  |
| - Mobile Services India                                                                                                   | 1,947,964         | 1,979,614          | 2,031,953         | 1,947,964         | 2,031,953         | 2,108,687        |
| - Mobile Services Africa                                                                                                  | 697,269           | 681,748            | 664,485           | 697,269           | 664,485           | 675,156          |
| - Mobile Services South Asia                                                                                              | 9,301             | 8,726              | 8,451             | 9,301             | 8,451             | 8,188            |
| - Airtel Business                                                                                                         | 208,868           | 204,726            | 161,817           | 208,868           | 161,817           | 200,255          |
| - Tower Infrastructure Services                                                                                           | 214,426           | -                  | -                 | 214,426           | -                 | -                |
| - Homes Services                                                                                                          | 31,150            | 36,638             | 49,435            | 31,150            | 49,435            | 42,425           |
| - Digital TV Services                                                                                                     | 33,886            | 36,043             | 40,013            | 33,886            | 40,013            | 39,749           |
| - Others                                                                                                                  | 35,220            | 37,037             | 36,057            | 35,220            | 36,057            | 36,724           |
| <b>Total segment assets</b>                                                                                               | <b>3,178,084</b>  | <b>2,984,532</b>   | <b>2,992,211</b>  | <b>3,178,084</b>  | <b>2,992,211</b>  | <b>3,111,184</b> |
| - Unallocated                                                                                                             | 281,299           | 387,565            | 416,814           | 281,299           | 416,814           | 441,744          |
| - Inter-segment eliminations*                                                                                             | (114,903)         | (113,169)          | (53,396)          | (114,903)         | (53,396)          | (109,668)        |
| <b>Total assets of continuing operations</b>                                                                              | <b>3,344,480</b>  | <b>3,258,928</b>   | <b>3,355,629</b>  | <b>3,344,480</b>  | <b>3,355,629</b>  | <b>3,443,260</b> |
| Discontinued operation: Tower Infrastructure Services#                                                                    | -                 | 144,265            | 158,252           | -                 | 158,252           | 164,530          |
| <b>Total assets</b>                                                                                                       | <b>3,344,480</b>  | <b>3,403,193</b>   | <b>3,513,881</b>  | <b>3,344,480</b>  | <b>3,513,881</b>  | <b>3,607,790</b> |
| <b>4. Segment Liabilities</b>                                                                                             |                   |                    |                   |                   |                   |                  |
| - Mobile Services India                                                                                                   | 877,747           | 867,872            | 1,058,976         | 877,747           | 1,058,976         | 1,025,832        |
| - Mobile Services Africa                                                                                                  | 212,318           | 202,964            | 186,917           | 212,318           | 186,917           | 201,937          |
| - Mobile Services South Asia                                                                                              | 4,428             | 4,299              | 3,949             | 4,428             | 3,949             | 3,943            |
| - Airtel Business                                                                                                         | 146,376           | 142,581            | 111,808           | 146,376           | 111,808           | 131,256          |
| - Homes Services                                                                                                          | 26,811            | 23,774             | 20,843            | 26,811            | 20,843            | 23,355           |
| - Digital TV Services                                                                                                     | 46,817            | 42,280             | 39,494            | 46,817            | 39,494            | 41,224           |
| - Others                                                                                                                  | 449               | 423                | 421               | 449               | 421               | 437              |
| <b>Total segment liabilities</b>                                                                                          | <b>1,314,946</b>  | <b>1,284,193</b>   | <b>1,422,408</b>  | <b>1,314,946</b>  | <b>1,422,408</b>  | <b>1,427,984</b> |
| - Unallocated                                                                                                             | 1,326,661         | 1,358,908          | 1,248,535         | 1,326,661         | 1,248,535         | 1,236,696        |
| - Inter-segment eliminations*                                                                                             | (75,538)          | (75,129)           | (54,457)          | (75,538)          | (54,457)          | (67,526)         |
| <b>Total liabilities of continuing operations</b>                                                                         | <b>2,566,069</b>  | <b>2,567,972</b>   | <b>2,616,486</b>  | <b>2,566,069</b>  | <b>2,616,486</b>  | <b>2,597,154</b> |
| Discontinued operation: Tower Infrastructure Services#                                                                    | -                 | (7,749)            | (13,810)          | -                 | (13,810)          | (10,659)         |
| <b>Total liabilities</b>                                                                                                  | <b>2,566,069</b>  | <b>2,560,223</b>   | <b>2,602,676</b>  | <b>2,566,069</b>  | <b>2,602,676</b>  | <b>2,586,495</b> |

\* Includes accounting policy alignment

^ Includes share of results, net assets of joint ventures and associates

# Net of eliminations



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### Notes to the Audited Consolidated Financial Results

1. The financial results for the quarter and nine months ended December 31, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on February 3, 2020.
2. The financial results are prepared in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and recognition and measurement principles laid down in the Ind AS 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. The said financial results represent results of the Group, and its share in the results of joint ventures and associates.
3. On April 25, 2018, Indus Towers Limited (the 'Transferee Company'), (formerly known as Bharti Infratel Limited, which was a subsidiary of the Company) and erstwhile Indus Towers Limited (the 'Transferor Company') and their respective shareholders and creditors had entered into a proposed scheme of amalgamation and arrangement (under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013) ('Scheme') to create a pan-India tower company operating across all 22 telecom service areas. Over time, the Scheme had received all the necessary approvals from the authorities and a certified copy of the National Company Law Tribunal order was filed with the Registrar of Companies on November 19, 2020 i.e. the effective date of merger. Upon the Scheme becoming effective, the Transferor Company stood dissolved without being wound-up. In compliance with the scheme, on merger of Transferor Company with the Transferee Company, 845,328,704 equity shares of the Transferee Company were issued to shareholders of the Transferor Company and Rs. 37,601 Mn were paid to Vodafone Idea Limited towards cash option exercised for its shareholding of 11.15% in the Transferor Company.

The merger has resulted in a loss of control of the Group over the Transferee Company w.e.f. November 19, 2020 and led to a formation of a joint venture with joint control being shared between the Group and Vodafone with a shareholding of 36.73% and 28.12% respectively and the balance 35.15% being owned by other shareholders. The reduction in Group's shareholding in the Transferee Company on account of its loss of control has been considered as a deemed disposal of subsidiary, and accordingly, the Transferee Company's business has been presented as a discontinued operation and its results are presented separately in the statement of profit and loss for all the periods presented. On loss of control, the assets and liabilities of the Transferee Company along with related Non-controlling interests were derecognised and the Group's retained interest in the Transferee Company was recognised at fair value. The resultant gain on deemed disposal on account of loss of control over the Transferee Company, amounting to Rs. 94,496 Mn, is included in profit from discontinued operation in the statement of profit and loss. With effect from November 19, 2020, the Group has applied the equity method to account for its investment in the Transferee Company. The Group's share of profit of the Transferee Company for the current quarter has been accounted on provisional basis, pending finalisation of the purchase price allocation. Subsequently, on December 2, 2020 and December 28, 2020, the Group has acquired an additional stake of 4.935180% and 0.064816%, respectively, in the Transferee Company.

4. Pursuant to the judgement of the Hon'ble Supreme Court of India on October 24, 2019 ('Court Judgement') including subsequent supplementary judgements, and in the absence of any potential reliefs, the Group provided for Rs. 368,322 Mn for the periods upto March 31, 2020 on the basis of demands received and the period for which demands have not been received having regard to assessments carried out in earlier years and the guidelines / clarifications in respect of License Fees and Spectrum Usage Charges ('AGR Provision').

On July 20, 2020, the Hon'ble Supreme Court, after hearing all parties, observed that the amounts of AGR dues given by DoT in their modification application is to be treated as final ('DoT Demand') and there can be no scope of re-assessment or recalculation. Consequently, without prejudice and on prudence, during the quarter ended June 30, 2020 the Group had further recorded an incremental provision of Rs. 107,444 Mn (including net interest on total provision created considering interest rate as per the affidavit filed by DoT on March 16, 2020 with effect from the date of Court Judgement) to give effect of the differential amount between the AGR Provision and the DoT Demand along with provision for subsequent periods for which demands have not been received, computed on the basis of the License Agreement read with the guidelines / clarifications and the Court Judgement, which had been presented as exceptional item. During the quarter ended December 31, 2020, the Company has continued to recognise its AGR obligations based on Court Judgement and guidelines / clarifications received from DoT in respect of License Fees and Spectrum Usage Charges.





Further, in its judgement dated, September 1, 2020 the Hon'ble Supreme Court reaffirmed that the demand raised by the DoT stated in its modification application as final and no dispute or re-assessment shall be undertaken. In addition, Hon'ble Supreme Court directed that the Telecom Operators shall make a payment of 10% of the total dues as demanded by DoT, by March 31, 2021 and remaining dues in yearly instalments commencing April 1, 2021 till March 31, 2031, payable by March 31 of every succeeding financial year. The Group has represented to DoT that it has already paid more than 10% of the total dues as demanded by DoT and will ensure ongoing compliance with the Hon'ble Supreme Court's orders.

During the quarter, the Group has filed an application before the Hon'ble Supreme Court inter-alia highlighting basic arithmetical, clerical and computational errors in the DOT demand. The application is pending adjudication.

5. On January 28, 2021, Indus Towers Limited, a Joint Venture Company ('JVC') of the Company, in its interim financial statements for period three months and nine months ended December 31, 2020 reported that a large customer in the telecom services industry contributed substantial part of the net sales of the JVC, for the same period, which also resulted in significant part of the trade receivables due from the said customer as at December 31, 2020. It also reported that the JVC's said customer in its declared results for the quarter ended September 30, 2020, had expressed its ability to continue as going concern to be dependent on successful negotiations with lenders and its ability to generate cash flow that it needs to settle /refinance its liabilities and guarantee as they fall due. The said customer has in the meeting held on September 4, 2020 has approved the fund-raising plan up to Rs 250,000 Mn.

Subsequently, by virtue of JVC merger as mentioned in note 3, the said customer agreed that the payment of outstanding dues under the Master Service Agreement ("MSA") would be settled by way of upfront payment which has been received on November 19, 2020 and partly by way of payment in 4 equal instalments along with interest @ 6% per annum of out of which two instalments have been received subsequently. Furthermore, the said customer made an interest bearing (6% per annum) prepayment of Rs 24,000 Mn to the JVC towards its future obligations under MSA. Due to this agreement, the JVC has also recognised contractual exit charges as and when it is due.

Additionally, the payment obligations of the said customer will be secured through a share pledge agreement whereby, subject to RBI approval\* and other terms and conditions agreed between the parties, the JVC has a primary pledge over 190,657,769 shares in the JVC's company out of those issued to the promoter of the said customer.

In addition, the JVC will have a secondary pledge, subject to RBI approval\* and other terms and conditions agreed between the parties, over the above promoter's remaining shares in the JVC and the corporate guarantee by such promoter which can get triggered in certain situations and events in the manner agreed between the parties up to a maximum of Rs. 42,500 Mn. Pursuant to such security and commitment by the said customer and the guarantees by the promoter group of such customer, uncertainty in regard to recovery of trade receivables for the next one-year has been mitigated.

These developments during the quarter appear positive vis-à-vis the previous period. However, the risk of loss of a significant customer or the failure to attract new customers could have an adverse effect on the business, results of operations and financial condition of the JVC.

\*RBI approval has been received subsequently on January 18, 2021 in relation to pledge of shares subject to certain terms and conditions.

6. The net exceptional charge of Rs. 45,599 Mn during the quarter ended December 31, 2020 comprises of charge on account of re-assessment of contractual / regulatory levies and taxes of Rs. 31,596 Mn; charge on account of re-assessment of the useful life of certain categories of network assets due to technological advancements and impairment of intangible assets of Rs. 14,195 Mn and net credit on account of settlement with a customer and other charge for related entities Rs. 192 Mn. Net tax charge due to above exceptional items; charge on account of re-assessment of deferred tax assets recognised in previous period and deferred tax asset pertaining to one of the subsidiary recognised in this quarter, aggregating Rs. 38,676 Mn is included under tax expense / (credit). As a result, the overall net exceptional charge (after tax) is Rs. 84,275 Mn. The net share allocated to non-controlling interests on the above exceptional items is Rs. 1,298 Mn.





7. Subsequent to the balance sheet date, On January 21, 2021, the Company's subsidiary, Bharti Hexacom Limited has issued 15,000 listed, unsecured, rated, redeemable, Non-Convertible Debentures ('NCDs'), of face value of Rs. 1 Mn each at a coupon rate of 6% per annum payable annually, at par aggregating to Rs. 15,000 Mn on private placement basis. These NCDs will be due for maturity on January 19, 2024.
8. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has released draft rules for the Code on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period in which the Code becomes effective.
9. The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the financial results. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group has used internal and external sources of information. Based on the Group assessment, no material impact has been noted. Considering that it is a dynamic and evolving situation, the management will continue to closely monitor and evaluate the impact of any material change in macro-economic and other related factors, which may have bearing on the Group's operations.
10. Previous period / year figures have been re-grouped or reclassified, to confirm to current period's classification.

For Bharti Airtel Limited

  
Gopal Vittal  
Managing Director and CEO (India & South Asia)  
DIN: 02291778



Gurugram  
February 3, 2021

**Notes:**

- a) 'Bharti Airtel' or 'Company', stands for Bharti Airtel Limited
- b) 'Group' or 'Consolidated', stands for Bharti Airtel Limited together with its subsidiaries
- c) For more details on the financial results, please visit our website '[www.airtel.in](http://www.airtel.in)'

# INDEPENDENT AUDITOR'S REPORT

TO  
THE MEMBERS OF **BHARTI AIRTEL LIMITED**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of **BHARTI AIRTEL LIMITED** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of net profit in its associates and joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements / financial information of the joint ventures referred to in the Other Matter section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2020, and their consolidated loss, consolidated total comprehensive loss, consolidated changes in equity and consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act ("SAs"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the

Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter section below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### Emphasis of Matters

#### i. "Accounting treatment of for Deferred Tax" of Indus Towers Limited, a joint venture company - Reported by auditors of Indus Towers Limited

We draw attention to Note 4(f) of the Consolidated Financial Statements, which describes the auditors of Indus Towers Limited ("Indus"), a joint venture company, have included an 'Emphasis of Matter' paragraph in their audit report on the financial statements of that company for the year ended March 31, 2020 with respect to accounting treatment of adjustments of ₹ 2,039 million in carrying value of deferred tax assets, by setting off the same against the reserves created out of scheme of merger pursuant to the scheme of merger as approved by the appropriate judicature. However, this is not in compliance with Ind AS 12, Income taxes.

The Group's share out of above adjustment is ₹ 856 million.

#### ii. "Material uncertainty arising out of certain developments and its consequential impact on business operations" of Indus Towers Limited, a joint venture company - Reported by auditors of Indus Towers Limited

We draw attention to Note 4(k) of the Consolidated Financial Statements, which describes the auditors of Indus Towers Limited ("Indus"), a joint venture company, in their audit report on the financial statements of that company for the year ended March 31, 2020, have reported under the above heading a matter which describes the effect on business, results of operations, financial position of the joint venture company on account of uncertainty regarding continuance of operations of their top customers caused by financial stress post the AGR judgement of Honorable Supreme Court dated October 24, 2019 and March 18, 2020.

Our opinion is not modified in respect of these matters.



## Key Audit Matters

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

| Sr. Key Audit Matter No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Auditor's Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1 Revenue from operations:</b></p> <p>There is an inherent risk around accuracy of revenue recorded in respect of Mobile Services, Airtel Business, Digital TV Services and Tower Infrastructure Service segments because of the complexity of the IT systems and other support systems, significance of volumes of data processed by the systems and the impact of changing pricing models (tariff structures, incentive arrangements and discounts, etc.). In addition, for Airtel Business, we considered occurrence of revenue as a risk due to the possibility that revenue may be recorded without active service links being provided to customers or for contracts that are cancelled/not renewed.</p> <p>Refer note 2.19 "Revenue recognition" for accounting policies, note 3.2.a 'Revenue recognition and presentation' under the head Critical judgements in applying the Group's accounting policies', and note 24 on disclosures related to Revenue in the Consolidated Financial Statements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p><b>Principal Audit Procedures</b></p> <p>We evaluated the design and tested the operating effectiveness of the general IT controls and application specific controls within the IT system, including testing of system generated reports used in our audit of revenues by involving our IT specialist. We also tested the controls within the billing systems, prepaid charging systems, capturing and recording of revenue, authorisation and input of changes to the IT systems and over reconciliations performed between the active customers base with billing system.</p> <p>We performed substantive procedures, which included testing the accuracy of customer invoices and tracing receipts to customer invoices, comparing the number of links/connection as per the active customer base to the billing system, testing reconciliations between billing system and the general ledger (including validation of relevant journal entries), making test calls and testing whether they are rated correctly and analytical procedures for relevant segment revenue.</p> <p>We verified the appropriateness of the accounting policies and the disclosures related to Revenue in notes 2.19, 3.2.a and 24 respectively in the Consolidated Financial Statements.</p> |
| <p><b>2 Determination of additional provision for License fees and Spectrum Usage Charges along with interest, penalty and interest on penalty pursuant to Supreme Court judgement on Adjusted Gross Revenue</b></p> <p>Consequent to a Judgement of the Hon'ble Supreme Court of India on October 24, 2019 in relation to a long outstanding industry-wise case upholding the view of the Department of Telecommunications ('DoT') in respect to the definition of Adjusted Gross Revenue (AGR) (the Court Judgement), the Group recorded additional provisions for periods upto September 2019 of ₹ 61,640 million towards License fee and Spectrum Usage Charges (SUC), and ₹ 242,047 million towards applicable interest, penalty and interest on penalty and disclosed the same as an Exceptional Item in the Statement of Profit and Loss.</p> <p>The Group computed and recorded the additional provision on the basis of (1) demands received and (2) the periods for which demands have not been received by following the same methodology used in the assessments carried out in earlier years, the guidelines/clarifications provided by DoT, and the principles set out in the Court Judgement. The additional provision, apart from having a significant impact, also involves significant management judgment in its computation.</p> <p>Refer notes 4 (a) and 31 (i) (a) to the Consolidated Financial Statements for disclosures related to License fees and SUC.</p> | <p><b>Principal Audit Procedures</b></p> <p>We tested the effectiveness of the controls over determining the additional provision for License fees and SUC.</p> <p>We also tested the appropriateness of the additional provision for Licenses fees and SUC by (1) Reading the License Agreements, the Court Judgement, demand orders and the guidelines/clarifications provided by DoT and comparing them to the assumptions used in the management's estimate in determining the provisions for years for which demands from DoT has been received and (2) Testing that the assumptions and methodology used in computing the provisions for the years for which demands are not received is consistent with the methodology adopted in (1) above.</p> <p>We evaluated the disclosures provided in the notes 4(a) and 31(i)(a) to the Consolidated Financial Statements concerning this matter.</p>                                                                                                                                                                                                                                                                                                                                                                           |

| Sr. Key Audit Matter No.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Auditor's Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <b>3 Measurement of the Right-of-use assets and Lease liabilities in leases with tower infrastructure companies in India under Ind AS 116 -Leases:</b>                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>Principal Audit Procedures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>The Group adopted Ind AS 116 "Leases" using the modified retrospective approach with effect from April 1, 2019.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>We evaluated the effectiveness of internal controls relating to the determination of lease term, segregation of lease and non-lease components and determination of incremental borrowing rate.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>The measurement of Right-of-use assets and lease liabilities in leases with tower infrastructure companies involves significant management estimates (a) in determination of lease term (b) in segregating the lease and non-lease components payable under the contractual arrangements and; (c) in determination of incremental borrowing rate used in discounting lease payments.</p>                                                                                                                                                                                       | <p>For a sample of lease contracts ("contracts"), we performed the following substantive audit procedures:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p>Refer note 2.11 "Leases" for accounting policies, notes 3.2.b, 3.2.c and 3.2.d relating to 'Separating lease and non-lease components', 'Determining the lease term' and 'Determining the incremental borrowing rate for lease contracts' respectively under the head 'Critical judgements in applying the Company's accounting policies'; and note 35 on disclosures related to leases in the Consolidated Financial Statements.</p>                                                                                                                                          | <ul style="list-style-type: none"> <li>• We read the underlying contract, and compared relevant terms within the contract to the Group's determination of lease term analysis including the appropriateness of considering lease term as the period until which exit penalties are payable as per the contract.</li> <li>• We tested the relative standalone selling prices computed by management and used in the allocation of consideration to the lease and non-lease components in a contract by using the same information and details obtained by management from tower infrastructure service providers.</li> </ul> <p>We tested the appropriates of the incremental borrowing rate (IBR) by involving our valuation specialist, who assisted in:</p> <ul style="list-style-type: none"> <li>• Performing an independent assessment of the methodology used by the Group to estimate the IBR;</li> <li>• Evaluating the Group's assumptions underlying the estimation of the IBR; and</li> <li>• Developing an independent acceptable range for the IBR and comparing the results to the Group's IBR.</li> </ul> |
| <b>4 Goodwill – Impairment Assessment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Principal Audit Procedures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>As at March 31, 2020, the Group had 346,192 million of Goodwill allocated across the Group's six group of cash generating units ("CGU's") in Africa and India – Nigeria, East Africa and Francophone Africa group of CGUs (the three Africa CGUs) pertaining to Mobile Services Africa, Mobile Services India, Airtel Business and Homes Services, which represents lowest level within the parent at which the goodwill is monitored for internal management purposes. The most significant amount of Goodwill relates to three Africa CGUs and Mobile service India CGU.</p> | <p>We tested the effectiveness of internal controls over the Group's forecasting process and goodwill impairment review including controls related to the review of the revenue growth rates, EBITDA margins, capital expenditure and the assumptions used to develop the discount rates and country specific long term growth rates in respect of the three Africa CGUs and Mobile services India CGU.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>Management performs Goodwill impairment testing as at December 31 (the annual impairment testing date) or more frequently when there are indicators of impairment.</p>                                                                                                                                                                                                                                                                                                                                                                                                         | <p>We evaluated reasonableness of management's assumptions related to revenue growth rates, EBITDA margins, capital expenditure, discount rates and country specific long term growth rates in respect of the three Africa CGUs and Mobile services India CGU by considering (i) the current and past performance, (ii) the consistency with external sources of information, where available, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <p>The determination of recoverable amount of goodwill based on value-in-use is complex and subjective as estimates of future cash flows and determination of value in use involves management's estimates and judgement in determining the assumptions such as the EBITDA margins, capital expenditure, and in determining the valuation assumptions relating to discount rates applied to estimated future cash flows and growth rate.</p>                                                                                                                                      | <p>We also assessed the sensitivity of each of such CGUs to key assumptions and testing the integrity and mathematical accuracy of the impairment models.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>Covid-19 led to significant market volatility over mid to late March 2020, including significant increase in country risk premiums derived from an increase in observed sovereign credit default swap rates across three Africa CGUs.</p>                                                                                                                                                                                                                                                                                                                                      | <p>We involved our fair value specialists to assist in the evaluation of the appropriateness of the Group's model for calculating value in use for each of the three Africa CGUs and Mobile services India CGU and reasonableness of significant assumptions like discount rate and country specific long term growth rates.</p> <p>We reviewed the impairment disclosures against the requirements of Ind AS 36 – Impairment of Assets.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

**Sr. Key Audit Matter  
No.**
**Auditor's Response**

Subsequent to 31 March 2020, these rates have reduced, albeit still not back to the pre March 2020 levels which leads to additional complexity in determining the appropriate discount rate at 31 March 2020.

Management's methodology in determining the discount rate is set out in note 6 "Intangible assets" to the consolidated financial statements.

These assumptions are sensitive to reasonable possible changes including economic uncertainties due to COVID-19 and therefore considered as a key audit matter.

Refer note 2.9.a for policy on "Impairment of non-financial assets"- Goodwill, note 3.1.a 'Impairment reviews' under the head "Key sources of estimation uncertainties", and note 6 "Intangible assets" for disclosures related to Impairment review of goodwill in the Consolidated Financial Statements.

**5 Assessment of recoverability relating to Deferred tax assets("DTA") recognized on carry forward losses and Minimum Alternate Tax credit (MAT)**

The Group has recognised ₹ 301,432 as a DTA, as at March 31, 2020, relating to carry forward losses and MAT credit.

The Group exercises significant judgement in assessing the recoverability of DTA relating to these components, particularly in respect of Bharti Airtel Limited, Airtel Networks Limited and DRC (three components). In estimating the recoverability of DTA, management uses inputs such as internal business and tax projections over a 10/5 year period, as applicable.

Recoverability of DTA on carry forward losses and MAT credit is sensitive to the assumptions used by management in projecting the future taxable income, the reversal of deferred tax liabilities which can be scheduled, and tax planning strategies.

Refer note 2.12 "Taxes" for accounting policies, note 3.1.b 'Taxes' under the head "Key sources of estimation uncertainties", and note 13 "Income tax" for disclosures related to taxes in the Consolidated Financial Statements.

**6 Contingent liabilities and commitments - Contingencies related to Regulatory, Direct and Indirect tax matters**

The Group has material contingencies related to Regulatory, Direct and Indirect tax matters which are under dispute with various authorities as more fully described in note 23(i) to the Consolidated financial statements. The Group exercises significant judgment to determine the possible outcome of these disputes. Thereafter the Group makes a determination for recording/write back of provisions or alternatively disclosing them as contingencies unless the matters is considered as remote.

**Principal Audit Procedures**

We tested effectiveness of controls over the three components process for determining the recoverability of the DTA relating to carry forward losses and MAT credit which included amongst others controls over the over the assumptions and judgments used in the projections of future taxable income.

To assess the three components ability to estimate future taxable income, we compared the three components previous forecasts to actual results

We involved our tax professionals with specialized skills and knowledge to assist in evaluating taxation related matters including the three components tax planning strategies and interpretation of tax laws.

We examined the consistency between the financial plan used for goodwill impairment assessment purposes and the plan used in the evaluation of the recoverability of the DTA in respect of these three components.

We performed a sensitivity analysis over the key assumptions to assess their impact on the three components determination that the DTA relating to carry forward losses and MAT credit were realizable.

**Principal Audit Procedures:**

We tested the effectiveness of internal controls related to:

(1) identification and recognition of liability for matters under review or appeal with relevant regulatory, direct and indirect tax authorities (2) completeness and accuracy of the underlying data used in the assessment and evaluating the assumptions used by management when determining its uncertain positions, the status of past audits and investigations, and the potential impact of past claims. (3) Management's assessment and interpretation of applicable laws including tax laws and its evaluation of which uncertain positions may not be sustained upon audit and controls over measurement of the liability.

**Sr. Key Audit Matter  
No.**
**Auditor's Response**

Refer Note 2.18 "Contingencies" for accounting policies, note 3.1.e 'Contingent liabilities and provisions' under the head "Key sources of estimation uncertainties", Note 21 "Provisions" for disclosure related to provisions for subjudice matters, and Note 23 (i) in respect of details of Contingent liabilities in the consolidated financial statements.

For direct and indirect tax matters, we involved our tax specialists who assisted in evaluating the reasonableness of management's assessments by comparing the positions taken by management with tax regulations and past decisions from tax authorities, recent developments, new information and where applicable, evaluating opinions from the Group's external tax advisors.

For regulatory matters in progress, we assessed relevant regulatory orders, regulatory statutes and interpretations, recent developments, new information, external legal opinion obtained by the Group, if any, and other publicly available information to evaluate the likelihood of matters under dispute and compared that to management's assertion on these matters.

We also evaluated the disclosures provided in the notes to the consolidated financial statements concerning these matters.

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

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board's Report, Business Responsibility Report and Corporate Governance, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's reports thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the financial statements of the joint ventures audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the joint ventures is traced from their financial statements audited by the other auditors.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements

that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent and its subsidiary companies and its associate and joint venture company which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associates and joint ventures to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by the other auditors, other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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



## Other Matter

The Consolidated Financial Statements also includes the Group's share of net profit after tax of ₹ 11,037 Million and total comprehensive income (net) of ₹ 11,028 Million for the year ended March 31, 2020, as considered in the Consolidated Financial Statements, in respect of two joint ventures, whose financial information have not been audited by us. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these joint ventures and our report in term of Section 143(3) of the Act, is so far as it relates to aforesaid joint venture is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the joint ventures referred to in the Other Matter section above we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of subsidiary companies, associate companies and joint venture

companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies, associate companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures; or
  - ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; or
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate companies and joint venture companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**Shyamak R Tata**

Partner

Place: Mumbai

(Membership No. 38320)

Date: May 18, 2020

UDIN: 20038320AAAAAH5020

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Bharti Airtel Limited of even date)

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **BHARTI AIRTEL LIMITED** ("the Parent") and its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint venture companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the joint venture company, which is a company incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint venture companies, which are companies incorporated in India.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and joint ventures companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies

considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to a joint venture which is a company incorporated in India, is based solely on the corresponding report of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Shyamak R Tata**

Partner

Place: Mumbai

Date: May 18, 2020

(Membership No. 38320)

UDIN: 20038320AAAAAH5020



# CONSOLIDATED BALANCE SHEET

(All amounts are in millions of Indian Rupee)

|                                                    | Notes | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|----------------------------------------------------|-------|-------------------------|-------------------------|
| <b>Assets</b>                                      |       |                         |                         |
| <b>Non-current assets</b>                          |       |                         |                         |
| Property, plant and equipment                      | 5     | 877,573                 | 815,228                 |
| Capital work-in-progress                           | 5     | 39,972                  | 88,433                  |
| Right-of-use assets                                | 35    | 259,049                 | -                       |
| Goodwill                                           | 6     | 346,192                 | 332,562                 |
| Other intangible assets                            | 6     | 809,741                 | 860,525                 |
| Intangible assets under development                | 6     | 2,851                   | 7,909                   |
| Investment in joint ventures and associates        | 7     | 96,808                  | 88,937                  |
| <b>Financial assets</b>                            |       |                         |                         |
| - Investments                                      | 9     | 20,278                  | 21,941                  |
| - Derivative instruments                           | 10    | 41                      | 3,105                   |
| - Security deposits                                | 11    | 8,728                   | 16,452                  |
| - Others                                           | 12    | 14,696                  | 9,242                   |
| Income tax assets (net)                            |       | 21,088                  | 17,694                  |
| Deferred tax assets (net)                          | 13    | 270,160                 | 89,379                  |
| Other non-current assets                           | 14    | 74,181                  | 71,511                  |
|                                                    |       | <b>2,841,358</b>        | <b>2,422,918</b>        |
| <b>Current assets</b>                              |       |                         |                         |
| Inventories                                        |       | 1,569                   | 884                     |
| <b>Financial assets</b>                            |       |                         |                         |
| - Investments                                      | 9     | 137,679                 | 46,232                  |
| - Derivative instruments                           | 10    | 2,792                   | 426                     |
| - Trade receivables                                | 15    | 46,058                  | 43,006                  |
| - Cash and cash equivalents                        | 16    | 135,507                 | 62,121                  |
| - Other bank balances                              | 16    | 23,420                  | 18,519                  |
| - Others                                           | 12    | 210,523                 | 20,343                  |
| Other current assets                               | 14    | 208,884                 | 137,111                 |
|                                                    |       | <b>766,432</b>          | <b>328,642</b>          |
| <b>Total assets</b>                                |       | <b>3,607,790</b>        | <b>2,751,560</b>        |
| <b>Equity and liabilities</b>                      |       |                         |                         |
| <b>Equity</b>                                      |       |                         |                         |
| Equity share capital                               | 17    | 27,278                  | 19,987                  |
| Other equity                                       |       | 744,170                 | 694,235                 |
| <b>Equity attributable to owners of the Parent</b> |       | <b>771,448</b>          | <b>714,222</b>          |
| Non-controlling interests ('NCI')                  |       | 249,847                 | 135,258                 |
|                                                    |       | <b>1,021,295</b>        | <b>849,480</b>          |
| <b>Non-current liabilities</b>                     |       |                         |                         |
| <b>Financial liabilities</b>                       |       |                         |                         |
| - Borrowings                                       | 19    | 910,792                 | 824,901                 |
| - Lease liabilities                                |       | 243,678                 | 47,553                  |
| - Derivative instruments                           | 10    | 292                     | 826                     |
| - Others                                           | 20    | 67,399                  | 62,131                  |
| Deferred revenue                                   | 24    | 25,033                  | 17,986                  |
| Provisions                                         | 21    | 7,548                   | 6,823                   |
| Deferred tax liabilities (net)                     | 13    | 16,877                  | 11,297                  |
| Other non-current liabilities                      | 22    | -                       | 429                     |
|                                                    |       | <b>1,271,619</b>        | <b>971,946</b>          |
| <b>Current liabilities</b>                         |       |                         |                         |
| <b>Financial liabilities</b>                       |       |                         |                         |
| - Borrowings                                       | 19    | 167,034                 | 310,097                 |
| - Current maturities of long-term borrowings       | 19    | 98,364                  | 71,732                  |
| - Lease liabilities                                |       | 62,413                  | -                       |
| - Derivative instruments                           | 10    | 568                     | 12,742                  |
| - Trade payables                                   |       | 250,199                 | 263,138                 |
| - Others                                           | 20    | 168,354                 | 175,139                 |
| Deferred revenue                                   | 24    | 55,004                  | 43,993                  |
| Provisions                                         | 21    | 451,093                 | 6,701                   |
| Current tax liabilities (net)                      |       | 13,519                  | 8,228                   |
| Other current liabilities                          | 22    | 48,328                  | 38,364                  |
|                                                    |       | <b>1,314,876</b>        | <b>930,134</b>          |
| <b>Total liabilities</b>                           |       | <b>2,586,495</b>        | <b>1,902,080</b>        |
| <b>Total equity and liabilities</b>                |       | <b>3,607,790</b>        | <b>2,751,560</b>        |

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

As per our report of even date

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

For Deloitte Haskins &amp; Sells LLP

Chartered Accountants

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

Shyamak R Tata

Partner

Membership No: 38320

Sunil Bharti Mittal

Chairman

DIN: 00042491

Place: London, England

Badal Bagri

Chief Financial Officer

Place: Gurugram, India

Gopal Vittal

Managing Director &amp; CEO

(India and South Asia)

DIN: 02291778

Place: Bengaluru, India

Pankaj Tewari

Company Secretary

Place: Gurugram, India

Place: Mumbai, India

Date: May 18, 2020

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(All amounts are in millions of Indian Rupee; except per share data)

|                                                                                                 | Notes | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------------------------------------------------------------------------------------------|-------|--------------------------------------|--------------------------------------|
| <b>Income</b>                                                                                   |       |                                      |                                      |
| Revenue from operations                                                                         | 24    | 875,390                              | 807,802                              |
| Other income                                                                                    |       | 3,248                                | 3,463                                |
|                                                                                                 |       | <b>878,638</b>                       | <b>811,265</b>                       |
| <b>Expenses</b>                                                                                 |       |                                      |                                      |
| Network operating expenses                                                                      | 25    | 197,685                              | 225,132                              |
| Access charges                                                                                  |       | 107,395                              | 93,521                               |
| License fee / Spectrum charges                                                                  |       | 72,561                               | 69,426                               |
| Employee benefits expense                                                                       | 26    | 38,072                               | 37,975                               |
| Sales and marketing expenses                                                                    | 27    | 34,325                               | 41,568                               |
| Other expenses                                                                                  | 29    | 59,257                               | 82,542                               |
|                                                                                                 |       | <b>509,295</b>                       | <b>550,164</b>                       |
| <b>Profit from operating activities before depreciation, amortisation and exceptional items</b> |       | <b>369,343</b>                       | <b>261,101</b>                       |
| Depreciation and amortisation expense                                                           | 28    | 276,896                              | 213,475                              |
| Finance costs                                                                                   | 30    | 139,918                              | 106,222                              |
| Finance income                                                                                  | 30    | (16,098)                             | (10,328)                             |
| Non-operating expenses (net)                                                                    |       | 1,272                                | 1,894                                |
| Share of profit of associates and joint ventures (net)                                          | 7     | (6,524)                              | (3,556)                              |
| <b>Loss before exceptional items and tax</b>                                                    |       | <b>(26,121)</b>                      | <b>(46,606)</b>                      |
| Exceptional items (net)                                                                         | 31    | 402,344                              | (29,288)                             |
| <b>Loss before tax</b>                                                                          |       | <b>(428,465)</b>                     | <b>(17,318)</b>                      |
| <b>Tax expense / (credit)</b>                                                                   |       |                                      |                                      |
| Current tax                                                                                     | 13    | 23,738                               | 19,391                               |
| Deferred tax                                                                                    | 13    | (145,561)                            | (53,584)                             |
| <b>(Loss) / profit for the year</b>                                                             |       | <b>(306,642)</b>                     | <b>16,875</b>                        |
| <b>Other comprehensive income ('OCI')</b>                                                       |       |                                      |                                      |
| <b>Items to be reclassified subsequently to profit or loss :</b>                                |       |                                      |                                      |
| Net gains / (losses) due to foreign currency translation differences                            |       | 4,814                                | (15,739)                             |
| Net losses on net investment hedge                                                              |       | (10,856)                             | (1,754)                              |
| Net losses on cash flow hedge                                                                   |       | (109)                                | (833)                                |
| Net losses on fair value through OCI investments                                                |       | (108)                                | (45)                                 |
| Tax credit on above                                                                             | 13    | 2,883                                | 5,428                                |
|                                                                                                 |       | <b>(3,376)</b>                       | <b>(12,943)</b>                      |
| <b>Items not to be reclassified to profit or loss :</b>                                         |       |                                      |                                      |
| Re-measurement (losses) / gains on defined benefit plans                                        | 26.2  | (76)                                 | 47                                   |
| Tax charge on above                                                                             | 13    | (41)                                 | (62)                                 |
| Share of OCI of associates and joint ventures                                                   | 7     | 15                                   | (12)                                 |
|                                                                                                 |       | <b>(102)</b>                         | <b>(27)</b>                          |
| <b>Other comprehensive loss for the year</b>                                                    |       | <b>(3,478)</b>                       | <b>(12,970)</b>                      |
| <b>Total comprehensive (loss) / income for the year</b>                                         |       | <b>(310,120)</b>                     | <b>3,905</b>                         |
| <b>(Loss) / income for the year attributable to :</b>                                           |       | <b>(306,642)</b>                     | <b>16,875</b>                        |
| Owners of the Parent                                                                            |       | (321,832)                            | 4,095                                |
| Non-controlling interests                                                                       |       | 15,190                               | 12,780                               |
| <b>Other comprehensive loss for the year attributable to :</b>                                  |       | <b>(3,478)</b>                       | <b>(12,970)</b>                      |
| Owners of the Parent                                                                            |       | (11,748)                             | (10,216)                             |
| Non-controlling interests                                                                       |       | 8,270                                | (2,754)                              |
| <b>Total comprehensive (loss) / income for the year attributable to :</b>                       |       | <b>(310,120)</b>                     | <b>3,905</b>                         |
| Owners of the Parent                                                                            |       | (333,580)                            | (6,121)                              |
| Non-controlling interests                                                                       |       | 23,460                               | 10,026                               |
| <b>(Loss) / earnings per share (Face value: ₹ 5/- each)*</b>                                    |       |                                      |                                      |
| Basic                                                                                           | 32    | (63.41)                              | 0.96                                 |
| Diluted                                                                                         | 32    | (63.41)                              | 0.96                                 |

\*Basic and diluted (loss) / earnings per share for the previous year has been adjusted retrospectively for the bonus element in respect of rights issue made during the year ended March 31, 2020.

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

As per our report of even date

**For and on behalf of the Board of Directors of Bharti Airtel Limited**

**For Deloitte Haskins & Sells LLP**

**Chartered Accountants**

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

**Shyamak R Tata**

**Partner**

Membership No: 38320

**Sunil Bharti Mittal**

**Chairman**

DIN: 00042491

Place: London, England

**Badal Bagri**

**Chief Financial Officer**

Place: Gurugram, India

**Gopal Vittal**

**Managing Director & CEO**

**(India and South Asia)**

DIN: 02291778

Place: Bengaluru, India

**Pankaj Tewari**

**Company Secretary**

Place: Gurugram, India

Place: **Mumbai, India**

Date: **May 18, 2020**

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amount in ₹ lakhs)

|                                                       | Equity share capital      |               | Equity attributable to owners of the Parent |                   |                  |                              |                 |                             |                   |
|-------------------------------------------------------|---------------------------|---------------|---------------------------------------------|-------------------|------------------|------------------------------|-----------------|-----------------------------|-------------------|
|                                                       | No of shares<br>(in '000) | Amount        | Other equity                                |                   |                  |                              |                 |                             |                   |
|                                                       |                           |               | Securities premium                          | Retained earnings | General reserves | Debenture redemption reserve | Capital reserve | Share-based payment reserve | Minority reserves |
| <b>As of April 1, 2018</b>                            | <b>3,997,400</b>          | <b>19,987</b> | <b>123,456</b>                              | <b>475,481</b>    | <b>23,040</b>    | <b>7,500</b>                 | <b>-</b>        | <b>782</b>                  | <b>119,800</b>    |
| Profit for the year                                   | -                         | -             | -                                           | 4,095             | -                | -                            | -               | -                           | -                 |
| Other comprehensive loss                              | -                         | -             | -                                           | (29)              | -                | -                            | -               | -                           | -                 |
| <b>Total comprehensive income</b>                     | <b>-</b>                  | <b>-</b>      | <b>-</b>                                    | <b>4,066</b>      | <b>-</b>         | <b>-</b>                     | <b>-</b>        | <b>-</b>                    | <b>-</b>          |
| <b>Transaction with owners of equity</b>              |                           |               |                                             |                   |                  |                              |                 |                             |                   |
| Issue of equity shares (refer note 4 (n))             | 0                         | 0             | 0                                           | -                 | -                | -                            | -               | -                           | -                 |
| Employee share-based payment expense                  | -                         | -             | -                                           | -                 | -                | -                            | -               | 333                         | -                 |
| Purchase of treasury shares                           | -                         | -             | -                                           | -                 | -                | -                            | -               | -                           | -                 |
| Exercise of share options                             | -                         | -             | -                                           | -                 | 12               | -                            | -               | (371)                       | -                 |
| Transaction with NCI                                  | -                         | -             | -                                           | -                 | -                | -                            | -               | -                           | 44,400            |
| Business combination (refer note 4 (n))               | -                         | -             | -                                           | -                 | -                | -                            | 5,315           | -                           | -                 |
| Dividend (including tax) to Company's shareholders    | -                         | -             | -                                           | (24,096)          | -                | -                            | -               | -                           | -                 |
| Dividend (including tax) to NCI                       | -                         | -             | -                                           | -                 | -                | -                            | -               | -                           | -                 |
| Movement on account of court approved schemes         | -                         | -             | -                                           | (721)             | -                | -                            | -               | -                           | -                 |
| <b>As of March 31, 2019</b>                           | <b>3,997,400</b>          | <b>19,987</b> | <b>123,456</b>                              | <b>454,730</b>    | <b>23,052</b>    | <b>7,500</b>                 | <b>5,315</b>    | <b>744</b>                  | <b>164,200</b>    |
| Transition impact on adoption of Ind AS 116 (note 35) | -                         | -             | -                                           | (19,234)          | -                | -                            | -               | -                           | -                 |
| <b>As of April 1, 2019</b>                            | <b>3,997,400</b>          | <b>19,987</b> | <b>123,456</b>                              | <b>435,496</b>    | <b>23,052</b>    | <b>7,500</b>                 | <b>5,315</b>    | <b>744</b>                  | <b>164,200</b>    |
| Loss for the year                                     | -                         | -             | -                                           | (321,832)         | -                | -                            | -               | -                           | -                 |
| Other comprehensive (loss)/ income                    | -                         | -             | -                                           | (116)             | -                | -                            | -               | -                           | -                 |
| <b>Total comprehensive (loss) / income</b>            | <b>-</b>                  | <b>-</b>      | <b>-</b>                                    | <b>(321,948)</b>  | <b>-</b>         | <b>-</b>                     | <b>-</b>        | <b>-</b>                    | <b>-</b>          |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amount in ₹ Crores)

|                                                                                        | Equity attributable to owners of the Parent |               |                    |                   |                  |                         |                 |                             |                   |
|----------------------------------------------------------------------------------------|---------------------------------------------|---------------|--------------------|-------------------|------------------|-------------------------|-----------------|-----------------------------|-------------------|
|                                                                                        | Equity share capital                        |               | Other equity       |                   |                  |                         |                 |                             |                   |
|                                                                                        | No of shares (in '000)                      | Amount        | Securities premium | Retained earnings | General reserves | Debt redemption reserve | Capital reserve | Share-based payment reserve | Minority interest |
| <b>Transaction with owners of equity</b>                                               |                                             |               |                    |                   |                  |                         |                 |                             |                   |
| Issue of equity shares, net of expenses (note 4 (c) & (g))                             | 1,134,562                                   | 5,673         | 243,425            | -                 | -                | -                       | -               | -                           | -                 |
| Employee share-based payment expense                                                   | -                                           | -             | -                  | -                 | -                | -                       | -               | 345                         | -                 |
| Issue of equity shares to Qualified Institutional Buyers, net of expenses (note 4 (b)) | 323,595                                     | 1,618         | 141,438            | -                 | -                | -                       | -               | -                           | -                 |
| Issuance of foreign currency convertible bonds, net of expenses (refer note 4 (b))     | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | -                 |
| Purchase of treasury shares                                                            | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | -                 |
| Exercise of share options                                                              | -                                           | -             | -                  | -                 | 133              | -                       | -               | (416)                       | -                 |
| Transaction with NCI (net of expenses)                                                 | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | 2,800             |
| Issue of perpetual securities (refer note 4 (d))                                       | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | -                 |
| Business combination (note 4 (c))                                                      | -                                           | -             | -                  | -                 | -                | -                       | 12,912          | -                           | -                 |
| Dividend (including tax) to NCI                                                        | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | -                 |
| New tax regime charge on Ind AS 116 transition impact / others                         | -                                           | -             | -                  | (371)             | -                | -                       | -               | -                           | -                 |
| Movement on account of court approved schemes                                          | -                                           | -             | -                  | (776)             | -                | -                       | -               | -                           | -                 |
| <b>As of March 31, 2020</b>                                                            | <b>5,455,557</b>                            | <b>27,278</b> | <b>508,319</b>     | <b>112,401</b>    | <b>23,185</b>    | <b>7,500</b>            | <b>18,227</b>   | <b>673</b>                  | <b>167,100</b>    |

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

As per our report of even date

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

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

**Shyamak R Tata**  
Partner  
Membership No: 38320

**Sunil Bharti Mittal**  
Chairman

DIN: 00042491  
Place: London, England

**Badal Bagri**  
Chief Financial Officer  
Place: Gurugram, India

Place: **Mumbai, India**  
Date: **May 18, 2020**

# CONSOLIDATED STATEMENT OF CASH FLOW

(All amounts are in millions of Indian Rupee)

|                                                                        | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities</b>                            |                                      |                                      |
| <b>Loss before tax</b>                                                 | (428,465)                            | (17,318)                             |
| <b>Adjustments for:</b>                                                |                                      |                                      |
| Depreciation and amortisation expense                                  | 276,896                              | 213,475                              |
| Finance costs                                                          | 137,261                              | 110,134                              |
| Finance income                                                         | (16,098)                             | (14,240)                             |
| Share of profit of joint ventures and associates (net)                 | (6,524)                              | (3,556)                              |
| Exceptional items (net)                                                | 401,619                              | (32,792)                             |
| Employee share-based payment expense                                   | 357                                  | 345                                  |
| Loss / (profit) on sale of property, plant and equipment               | 10                                   | (175)                                |
| Other non-cash items                                                   | 5,132                                | 11,909                               |
| <b>Operating cash flow before changes in working capital</b>           | <b>370,188</b>                       | <b>267,782</b>                       |
| <b>Changes in working capital</b>                                      |                                      |                                      |
| Trade receivables                                                      | (8,925)                              | 8,427                                |
| Trade payables                                                         | (2,477)                              | 21,580                               |
| Inventories                                                            | (522)                                | (191)                                |
| Provisions                                                             | (128,107)                            | (107)                                |
| Other financial and non-financial liabilities                          | 19,064                               | (20,955)                             |
| Other financial and non-financial assets                               | (44,997)                             | (64,128)                             |
| <b>Net cash generated from operations before tax</b>                   | <b>204,224</b>                       | <b>212,408</b>                       |
| Income tax paid (net)                                                  | (22,937)                             | (11,706)                             |
| <b>Net cash generated from operating activities (a)</b>                | <b>181,287</b>                       | <b>200,702</b>                       |
| <b>Cash flows from investing activities</b>                            |                                      |                                      |
| Purchase of property, plant and equipment and capital work-in-progress | (191,902)                            | (260,971)                            |
| Proceeds from sale of property, plant and equipment                    | 1,317                                | 1,225                                |
| Purchase of intangible assets                                          | (15,266)                             | (33,804)                             |
| Payment towards spectrum - Deferred payment liability*                 | (15,424)                             | (11,720)                             |
| Net movement in current investments                                    | (85,236)                             | 18,158                               |
| Sale of non-current investments                                        | 2,950                                | 44,976                               |
| Purchase of non-current investments                                    | -                                    | (57,067)                             |
| Consideration / advance for acquisitions, net of cash acquired         | (1,345)                              | (5,083)                              |
| Sale of tower assets                                                   | -                                    | 3,051                                |
| Investment in Associates                                               | (4,761)                              | (60)                                 |
| Dividend received                                                      | -                                    | 11,493                               |
| Interest received                                                      | 4,748                                | 4,793                                |
| <b>Net cash used in investing activities (b)</b>                       | <b>(304,919)</b>                     | <b>(285,009)</b>                     |

# CONSOLIDATED STATEMENT OF CASH FLOW (CONTD..)

(All amounts are in millions of Indian Rupee)

|                                                                           | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flows from financing activities</b>                               |                                      |                                      |
| Net proceeds from issue of shares (Rights issue)                          | 248,759                              | -                                    |
| Net proceeds from issue of shares (QIP)                                   | 143,055                              | -                                    |
| Net proceeds from issuance of FCCBs                                       | 70,456                               | -                                    |
| Proceeds from borrowings                                                  | 377,400                              | 353,141                              |
| Repayment of borrowings                                                   | (439,813)                            | (345,359)                            |
| Repayment of lease liabilities                                            | (47,740)                             | (5,077)                              |
| Net (repayments) / proceeds from short-term borrowings                    | (117,140)                            | 98,101                               |
| Proceeds from sale and finance leaseback of towers                        | -                                    | 1,688                                |
| Purchase of treasury shares                                               | (497)                                | (248)                                |
| Interest and other finance charges paid                                   | (109,993)                            | (76,171)                             |
| Proceeds from exercise of share options                                   | 5                                    | 10                                   |
| Dividend paid (including tax)                                             | (18,263)                             | (46,617)                             |
| Net proceeds from issuance of equity shares to Non-controlling interest   | 57,144                               | 104,341                              |
| Net proceeds from issuance of perpetual bonds to Non-controlling interest | 71,370                               | -                                    |
| Net payment towards derivatives                                           | (41,517)                             | -                                    |
| Sale of interest in a subsidiary                                          | -                                    | 16,238                               |
| Purchase of shares from Non-controlling interest                          | -                                    | (5,409)                              |
| Payment on maturity of forwards                                           | (1,782)                              | -                                    |
| <b>Net cash generated from financing activities (c)</b>                   | <b>191,444</b>                       | <b>94,638</b>                        |
| <b>Net increase in cash and cash equivalents during the year (a+b+c)</b>  | <b>67,812</b>                        | <b>10,331</b>                        |
| Effect of exchange rate on cash and cash equivalents                      | 8,934                                | 2,153                                |
| Cash and cash equivalents as at beginning of the year                     | 53,793                               | 41,309                               |
| <b>Cash and cash equivalents as at end of the year (Note 16)</b>          | <b>130,539</b>                       | <b>53,793</b>                        |

\*Cash flows towards spectrum acquisition are based on the timing of payouts to DoT (viz. upfront / deferred).

The accompanying notes 1 to 40 form an integral part of these consolidated financial statements.

As per our report of even date

**For and on behalf of the Board of Directors of Bharti Airtel Limited**

**For Deloitte Haskins & Sells LLP**

**Chartered Accountants**

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

**Shyamak R Tata**

**Partner**

Membership No: 38320

**Sunil Bharti Mittal**

**Chairman**

DIN: 00042491

Place: London, England

**Badal Bagri**

**Chief Financial Officer**

Place: Gurugram, India

**Gopal Vittal**

**Managing Director & CEO  
(India and South Asia)**

DIN: 02291778

Place: Bengaluru, India

**Pankaj Tewari**

**Company Secretary**

Place: Gurugram, India

Place: **Mumbai, India**

Date: **May 18, 2020**

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 1. Corporate information

Bharti Airtel Limited ('the Company' or 'the Parent') is domiciled and incorporated in India as a public limited company with its shares 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 together with its subsidiaries (hereinafter referred to as 'the Group') has presence in India, Africa and South Asia. The principal activities of the Group, its joint ventures and associates consist of provision of telecommunication services, tower infrastructure services and direct-to-home digital television services. The details as to the services provided by the Group and the Group entities are further provided in note 33 and note 40 respectively.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

These consolidated 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 consolidated statement of profit and loss ('statement of profit and loss') and consolidated balance sheet ('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 Rupees ('Rupee' or '₹') 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 Group'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 all the group entities, to all the periods presented in the said financial statements, except in case of adoption of any new standards and/or amendments during the year.

To provide more reliable and relevant information about the effect of certain items in the balance sheet and statement of profit and loss, the Group has changed the classification of such items, which besides other items, includes classification/presentation of material balances relating to mobile money business of the Group due to increasing significance of their balances and growth in mobile money business.

Liability balances pertaining to mobile money business were earlier presented as 'trade payables'. The liabilities amounting to ₹ 16,478 as of March 31, 2019 are now presented separately as 'Mobile money wallet balance' under the head 'other financial liabilities-current'. For the purpose of Statement of Cash Flow, 'Balance held under mobile money trust' have been presented as cash and cash equivalents. The movement in 'Mobile money wallet balance' are presented as part of 'other financial liabilities-current' in the Statement of Cash Flows as part of operating activity.

In addition to above, 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 1, 2019. The Company has applied Ind AS 116 using the



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

modified retrospective approach. The Group 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 1, 2019 contains a lease. Refer note 35 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 Group in addition to what the Group has already recorded/ disclosed.

## 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 Group 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 Group considered whether it has any uncertain tax positions. The Company's and the subsidiaries' tax filings in

different jurisdictions include deductions and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance, that it is probable that its tax treatments (including those for the subsidiaries) 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 Group in addition to what the Group 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 or through other comprehensive income (refer note 2.10 (b)), liability for cash-settled awards (refer note 2.16 (d)), the component of carrying values of recognised liabilities that are designated in fair value hedges (refer note 2.10 (d)) - 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 Group's accounting policies require measurement of certain financial instruments at fair values (either on a recurring or non-recurring basis). In addition, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said financial statements.

The Group 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 Group 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



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 2.3 Basis of consolidation

### a. Subsidiaries

Subsidiaries include all the entities over which the Group has control. The Group controls an entity when it is exposed or has right to variable return from its involvement with the entity, and has the ability to affect those returns through its power (that is, existing rights that give it the current ability to direct the relevant activities) over the entity. The Group reassesses whether or not it controls the entity, in case the under-lying facts and circumstances indicate that there are changes to above-mentioned parameters that determine the existence of control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are de-consolidated from the date that control ceases. Non-controlling interests is the equity in a subsidiary not attributable to a parent and presented separately from the parent's equity. Non-controlling interests consist of the amount at the date of the business combination and its share of changes in equity since that date. Profit or loss and other comprehensive income are attributed to the controlling and non-controlling interests in proportion to their ownership interests, even if this results in the non-controlling interests having a deficit balance. However, in case where there are binding contractual arrangements that determine the attribution of the earnings, the attribution specified by such arrangement is considered.

The profit or loss on disposal (associated with loss of control) is recognised in the statement of profit and loss being the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary less any non-controlling interests. In addition, any amounts previously recognised in the other comprehensive income in respect of that de-consolidated entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in the other comprehensive income are reclassified to the statement of profit and loss. Any retained interest in the entity is remeasured to its fair value with the resultant change in carrying value being recognised in statement of profit and loss.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as a transaction with equity holders. Any difference between the amount of the adjustment to non-controlling interests and any consideration exchanged is recognised in 'NCI reserve', a component of equity.

### b. Joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in joint ventures and associates are accounted for using equity method from the date on which Group obtains joint control over the joint venture / starts exercising significant influence over the associate. The said investments are tested for impairment at-least annually and 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).

### c. Method of consolidation

Accounting policies of the respective individual subsidiary, joint venture and associate are aligned wherever necessary to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

The standalone financial statements of subsidiaries are fully consolidated on a line-by-line basis, after adjusting for business combination adjustments (refer note 2.4). Intra-group balances and transactions, and income and expenses arising from intra-group transactions, are eliminated while preparing the said financial statements. The un-realised gains resulting from intra-group transactions are also eliminated. Similarly, the un-realised losses are eliminated, unless the transaction provides evidence as to impairment of the asset transferred.

The Group's investments in its joint ventures and associates are accounted for using the equity method. Accordingly, the investments are carried at cost less any impairment losses, as adjusted for post-acquisition changes in the Group's share of the net assets of investees. Any excess of the cost of the investment over the Group's share of net assets in its joint ventures / associates at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. The

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

un-realised gains / losses resulting from transactions with joint ventures and associates are eliminated against the investment to the extent of the Group's interest in the investee. However, un-realised losses are eliminated only to the extent that there is no evidence of impairment. If as a result of equity method accounting, the Group's interest in its joint venture and/ or associate is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. In such a case, if the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of investment and its carrying value.

## 2.4 Business combinations

The Group accounts for business combinations using the acquisition method of accounting, and accordingly, the identifiable assets acquired and the liabilities assumed in the acquiree are recorded at their acquisition date fair values (except certain assets and liabilities which are required to be measured as per the applicable standard) and the non-controlling interest is initially recognised at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The consideration transferred for the acquisition of a subsidiary is aggregation of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the parent in exchange for control of the acquiree.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the acquirer 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 profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, along with the amount of any non-controlling interests in the acquiree and the acquisition-date fair value (with the resulting difference being recognised in statement of profit and

loss) of any previous equity interest in the acquiree, over the fair value of the identifiable net assets of the acquiree is recorded as goodwill.

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

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'.

## 2.5 Foreign currency transactions

### a. Functional and presentation currency

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

The items included in financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates (i.e. 'functional currency').

### b. Transactions and balances

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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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.

## c. Foreign operations

The assets and liabilities of foreign operations (including the goodwill and fair value adjustments arising on the acquisition of foreign entities) are translated into Rupees at the exchange rates prevailing at the reporting date whereas their statements of profit and loss are translated into Rupees at monthly average exchange rates and the equity is recorded at the historical rate. The resulting exchange differences arising on the translation are recognised in other comprehensive income and held in foreign currency translation reserve ('FCTR'), a component of equity. On disposal of a foreign operation (that is, disposal involving loss of control), the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

## 2.6 Current versus non-current classification

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

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

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash and 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.

The derivatives designated in hedging relationship and separated embedded derivatives are classified basis the hedged item and host contract respectively.

## 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 Group 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. Further, it includes assets installed on the premises of customers as the associated risks, rewards and control remain with the Group.

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

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 Group, 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Group has established the estimated range of useful lives for different categories of PPE as follows:

| Categories                                             | Years                                                                   |
|--------------------------------------------------------|-------------------------------------------------------------------------|
| Leasehold improvement                                  | Period of lease term or upto 20 years, as applicable, whichever is less |
| Buildings                                              | 20                                                                      |
| Building on leased land                                | 20 years or period of lease term whichever is lower                     |
| Plant and equipment                                    |                                                                         |
| - Network equipment (including passive infrastructure) | 3 - 25                                                                  |
| - Customer premise equipment                           | 3 - 7                                                                   |
| Other equipment, operating and office equipment        |                                                                         |
| Computers/ Servers                                     | 3 - 5                                                                   |
| Furniture & fixture and Office equipment               | 1 - 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 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 of 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 Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be measured reliably.

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets purchased (refer note 2.4). Goodwill is not amortised; however it is tested annually for impairment and whenever there is an indication that the unit may be impaired (refer note 2.9) and carried at cost less any accumulated impairment losses. The gains / (losses) on the disposal of a cash-generating-unit ('CGU') include the carrying amount of

goodwill relating to the CGU sold (in case goodwill has been allocated to group of CGUs; it is determined on the basis of the relative fair value of the operations sold).

The intangible assets that are acquired in a business combination are recognised at its fair value there at. Other 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 Group 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 five 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

**Distribution network:** One year to two years

**Customer base:** Over the estimated life of such relationships

**Non-competes fee:** Over the period of the agreement, which ranges upto five years

The useful lives and amortisation method are reviewed, and adjusted appropriately, at least at each financial year-end 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- (a) the amount of spectrum allotted to the Group 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 is tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired. 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.

Further detail including the key assumptions adopted to determine the recoverable amount of goodwill are detailed in note 6.

### b. PPE, ROU, intangible assets and intangible assets under development

PPE (including CWIP), ROU (Right-of-use assets), intangible assets under development 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 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 Group becomes a party to the contractual provisions of the financial instrument.

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

The Group classifies its financial assets in the following categories: a) those to be measured subsequently at fair value (either through other comprehensive income, or 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.



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

The Group 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 offset against each other and the resultant net amount is presented in the balance sheet, if and only when, the Group 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 Group measures the non-derivative financial instruments 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.

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 other comprehensive income ('FVTOCI')**

Equity investments which are not held for trading and for which the Group has elected to present the change in the fair value in other comprehensive income and debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payment of principal and interest, are measured at FVTOCI.

The changes in fair value are taken through OCI, except for the impairment (on debt instruments), interest (basis EIR method), dividend and foreign exchange differences which are recognised in the statement of profit and loss.

When the financial asset is derecognised, the related accumulated fair value adjustments in OCI as at the date of derecognition are reclassified from equity and recognised in the statement of profit and loss. However, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss in case of equity instruments.

### **iii. Financial assets at fair value through profit or loss ('FVTPL')**

All equity instruments and financial assets that do not meet the criteria for amortised cost or FVTOCI 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 and debt instrument carried at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk since

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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

Financial liabilities are subsequently measured at 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, that are not designated as hedging instruments in a hedging relationship 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. Hedging activities

#### I. Fair value hedge

Some of the Group's entities use derivative financial instruments (e.g. interest rate / currency swaps) to manage / mitigate their exposure to the risk of change in fair value of the borrowings. The Group designates certain interest swaps to hedge the risk of changes in fair value of recognised borrowings attributable to the hedged interest rate risk. The effective and ineffective portion of changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit and loss within finance income / finance costs, together with any

changes in the fair value of the hedged liability that is attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the statement of profit and loss over the period to remaining maturity of the hedged item.

#### II. Cash flow hedge

Some of the Group's entities use derivative financial instruments (e.g. foreign currency forwards, options, swaps) to manage their exposure to foreign exchange and price risk. Further, the Group designates certain derivative financial instruments (or its components) as hedging instruments for hedging the exchange rate fluctuation risk attributable to either a recognised item or a highly probable forecast transaction ('Cash flow hedge'). The effective portion of changes in the fair value of derivative financial instruments (or its components) that are designated and qualify as cash flow hedges, are recognised in other comprehensive income and held as cash flow hedge reserve ('CFHR') – within other components of equity. Any gains / (losses) relating to the ineffective portion, are recognised immediately in the statement of profit and loss within finance income / finance costs. The amounts accumulated in equity are reclassified to the statement of profit and loss in the periods when the hedged item affects profit / (loss).

When a hedging instrument expires or is sold, or when a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gains / (losses) existing in equity at that time remains in equity and is recognised (on the basis as discussed in the above paragraph) when the forecast transaction is ultimately recognised in the statement of profit and loss. However, at any point of time, when a forecast transaction is no longer expected to occur, the cumulative gains / (losses) that were reported in equity is immediately transferred to the statement of profit and loss within finance income / finance costs.

#### III. Net investment hedge

The Group hedges its net investment in certain foreign subsidiaries. Accordingly, any foreign exchange differences on the hedging instrument (e.g. borrowings) relating to the effective portion of the hedge is recognised in other comprehensive income as foreign

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currency translation reserve ('FCTR') – within other components of equity, so as to offset the change in the value of the net investment being hedged. The ineffective portion of the gain or loss on these hedges is immediately recognised in the statement of profit and loss. The amounts accumulated in equity are included in the statement of profit and loss when the foreign operation is disposed or partially disposed.

## e. 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 derecognised from the balance sheet when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Group 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 Group, 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 Group assesses whether the contract involves the use of an identified asset, the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Group has the right to direct the use of the asset.

### Group as a lessee

On initial application of Ind AS 116, the Group recognised a lease liability measured at the present value of all the remaining lease payments, discounted using the Group's incremental borrowing rate at April 1, 2019 whereas the Group 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 Group's incremental borrowing rate at April 1, 2019.

For new lease contracts, the Group 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), any variable lease payments that are based on consumer price index ('CPI'), the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, 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 due to changes in CPI or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option 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 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 Group 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.



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## Short-term leases and leases of low-value assets

The Group 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 Group recognises lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Group 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 Group applies Ind AS 115 'Revenue from Contracts with Customers' to allocate the consideration under the contract to each component.

The Group 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 Group, 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 in the respective countries where the group entities operate and generate taxable income. The payment made in excess / (shortfall) of the respective group entities' income tax obligation for the period are recognised in the balance sheet under non-current 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 Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. The Group considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If the Group 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 Group 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 Group recognises. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group 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

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can be utilised. The Group considers the projected future taxable income and tax planning strategies in making this assessment.

Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates - unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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 offset against each other and the resultant net amount is presented in the balance sheet, if and only when, (a) the Group 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 Group's cash management, are also included as a component of cash and cash equivalents.

## 2.15 Share capital / Treasury shares

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.

When the Company purchases its ordinary shares through Bharti Airtel Employees' Welfare Trust, they are treated as treasury shares, and the consideration paid is deducted from the Equity. When the treasury shares are subsequently re-issued, any difference between its carrying amount and consideration received is recognised in share-based-payment reserve.

## 2.16 Employee benefits

The Group's employee benefits mainly include wages, salaries, bonuses, defined contribution plans, defined benefit 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 group employees. Short-term employee benefits are recognised in statement of profit and loss at undiscounted amounts during the period in which the related services are rendered.

### a. Defined contribution plans

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

### b. Defined benefit plans

In accordance with the local laws and regulations, all the employees in India are entitled for the Gratuity plan. The said plan requires a lump-sum payment to eligible employees (meeting the required vesting service condition) at retirement or termination of employment, based on a pre-defined formula. Some of the entities outside India has defined benefit plans in form of 'Retirement Benefits' and 'Severance Pay'.

The Group provides for the liability towards the said plans on the basis of actuarial valuation carried out

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quarterly as at the reporting date, by an independent qualified actuary using the projected-unit-credit method.

The obligation towards the said benefits is recognised in the balance sheet, at the present value of the defined benefit obligations less the fair value of plan assets (being the funded portion). The present value of the said obligation is determined by discounting the estimated future cash outflows, using appropriate discount rate.

The interest income / (expense) are calculated by applying the above mentioned discount rate to the plan assets and defined benefit obligations. The net interest income / (expense) on the net defined benefit obligation is recognised in the statement of profit and loss. However, the related re-measurements of the net defined benefit obligation 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), the return on plan assets (excluding interest). Re-measurements are not reclassified to the statement of profit and loss in any of the subsequent periods.

## c. Other long-term employee benefits

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

The Group 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.

## d. Share-based payments

The Group operates equity-settled and cash-settled employee share-based compensation plans, under which the Group 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 Group 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 2.17 Provisions

### a. General

Provisions are recognised when the Group 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 Group 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 Group 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 Group is entitled for providing promised products or services via intermediaries, the Group 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 Group is entitled is determined to be that received from the intermediary.

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

### a. Service revenues

Service revenues mainly pertain to usage, subscription and customer onboarding charges for voice, data, messaging, value added services and Direct to Home (DTH) services. It also includes revenue from interconnection / roaming charges for usage of the Group's network by other operators for voice, data, messaging and signaling services. Service revenues also includes rental revenue for use of sites and energy revenue for the provision of energy for operation of sites.

Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Group'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 Group 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 except for 'Digital TV services' business, in which case the customer onboarding revenue is deferred over the average expected customer life. 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. The Group collects Goods and service tax ('GST') on behalf of the government and therefore, it is not an economic benefit flowing to the Company, hence it is excluded from revenue.

Service revenues also includes revenue from interconnection / roaming charges for usage of

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

Rental revenue is recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under master service agreement entered with customer. Exit Charges are recognised when uncertainty relating to the amounts receivable on exit is resolved and it is probable that a significant reversal relating to the amounts receivable on exit will not occur. Energy revenue is recognized over the period on a monthly basis upon satisfaction of performance obligation as per contracts with the customers. The transaction price is the consideration received from customers based on prices agreed as per the contract with the customers. The determination of standalone selling prices is not required as the transaction prices are stated in the contract based on the identified performance obligation.

As part of the mobile money services, the Group earns commission from merchants for facilitating recharges, bill payments and other merchant payments. It also earns commissions on transfer of monies from one customer wallet to another. Such commissions are recognised as revenue at a point in time on fulfillment of these services by the Group.

## 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 Group incurs certain costs to obtain or fulfill contracts with customers viz. intermediary commission, etc. Where based on group's estimate of historic average customer life derived from customer churn rate is longer than 12 months, such costs are deferred and are 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. For further details, refer note 2.10.

## 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.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 2.21 Borrowing costs

Borrowing costs consist of interest and other ancillary costs that the Group 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 Group.

## 2.23 Non-operating expense / income

Non-operating expense comprises regulatory levies applicable to finance income in some of the geographies whereas non-operating income pertains to certain fee in one of the group entities.

## 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 parent by the weighted average number of shares outstanding during the period excluding the treasury shares.

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the 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 Group, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Group 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 Group 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. Impairment reviews

Goodwill is tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired. For details as to the impairment policy, refer note 2.9.

In calculating the value in use, the Group is required to make significant judgements, estimates and assumptions inter-alia concerning the growth in earnings before interest, taxes, depreciation and amortisation ('EBITDA') margins, capital expenditure, long-term growth rates and discount rates to reflect the risks involved. Also, judgement is involved in determining the CGU /grouping of CGUs for allocation of the goodwill.

The Group mainly operates in developing markets and in such markets, the plan for shorter duration is not indicative of the long-term future performance. Considering this and the consistent use of such robust ten-year information for management reporting purpose, the Group uses ten-year plans for the purpose of impairment testing.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## b. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority.

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. For detail as to provisions and contingencies, refer note 21 and 23 respectively.

## c. Property, plant and equipment

As described at note 2.7 above, the Group 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 Group 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. Refer note 2.7 and 5 for the estimated useful life and carrying value of property, plant and equipment respectively.

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

## 3.2 Critical judgements in applying the Group's accounting policies

The critical judgements, which the management has made in the process of applying the Group's accounting policies and have the most significant impact on the amounts recognised in the said financial statements, are discussed below:

### a. Revenue recognition and presentation

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

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

### b. Separating lease and non-lease components

The consideration paid by the Group in telecommunication towers lease contracts include the use of land and passive infrastructure as well as maintenance, security, provision of energy etc. services. Therefore, in determining the allocation of consideration between lease and non-lease components, for the additional services that are not separately priced, the Group 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 Group has been accordingly considered at 55-78% as lease component on an overall basis.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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## c. Determining the lease term

Under Ind AS 116 if it is reasonably certain that a lease will be extended / will not be early terminated, the Group is required to estimate the expected lease period which may be different from the contractual tenure. The Group 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 - contractual lease period / lease period until which significant exit penalties are payable.

## d. Determining the incremental borrowing rate for lease contracts

The initial recognition of lease liabilities at present value requires the identification of an appropriate discount rate. The Group 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).

## e. Determination of functional currency

The Group has determined the functional currency of the group entities by identifying the primary economic environment in which the entity operates - based on under-lying facts / circumstances. However, in respect of certain intermediary foreign operations of the Group, the determination of functional currency is not very obvious due to mixed indicators and the extent of autonomy enjoyed by the foreign operation. In such cases management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

## f. Taxes

The identification of temporary differences pertaining to the investment in subsidiaries that are expected to reverse in the foreseeable future and the determination of the related deferred income tax liabilities after considering the requisite tax credits require the Group to make significant judgements.

## 4. Significant transactions / new developments

- a) 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 Group 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 Group based on its interpretation and assessment of the guidelines/clarifications, and the principles laid down in the Court Judgement, made payments aggregating ₹ 127,490 to the DoT, and an additional ₹ 50,000 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 Group has, on the basis of demands received and the period for which demands have not been received having regard to assessments carried out in earlier years and the guidelines/clarifications, provided for, in respect of License Fees, an additional amount of ₹ 179,913 (comprising of Principal of ₹ 32,070 (upto September 30, 2019) and applicable penalty thereon of ₹ 24,920, and, on such unpaid amounts, interest of ₹ 77,015 and interest on penalty of ₹ 45,908 upto March 31, 2020) and in respect of Spectrum Usage Charges, an amount of ₹ 123,774 (comprising of Principal of ₹ 29,570 (upto September 30, 2019) and applicable penalty thereon of ₹ 12,680, and, on such unpaid amounts, interest of ₹ 57,136 and interest on penalty of ₹ 24,388 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



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for considering the effect of the Court Judgement, and reflected accordingly in the Statement of Profit and Loss (refer note 31).

- b) 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).

- c) During the year ended March 31, 2020, the Group gave effect to the merger of consumer mobile businesses of Tata Teleservices Limited ('TTSL') and Tata Teleservices (Maharashtra) Limited ('TTML') with the Company and one of its subsidiaries, 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 Group 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 Group 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 Group, on the basis of the TDSAT orders directing the operationalization 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 ₹ 13,174 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:

|                               |            |
|-------------------------------|------------|
| <b>A. Consideration paid*</b> | <b>338</b> |
| <b>B. Net assets acquired</b> |            |
| <b>Non-current assets</b>     |            |

|                                                                                   |                |
|-----------------------------------------------------------------------------------|----------------|
| Property, plant and equipment<br>(including capital-work-in-progress<br>for ₹ 16) | 3,359          |
| Right-of-use assets                                                               | 20,430         |
| Other intangible assets                                                           | 33,901         |
| Deferred tax assets (net)                                                         | 15,500         |
| Others                                                                            | 6,811          |
| <b>Current assets</b>                                                             |                |
| Indemnification assets                                                            | 48,092         |
| Others <sup>#</sup>                                                               | 9,206          |
| <b>Total Assets (a)</b>                                                           | <b>137,299</b> |
| <b>Non-current liabilities</b>                                                    |                |
| Borrowings                                                                        | 3,859          |
| <b>Current liabilities</b>                                                        |                |
| Borrowings                                                                        | 45,680         |
| Provisions <sup>^</sup>                                                           | 43,085         |
| Others <sup>\$</sup>                                                              | 31,163         |
| <b>Total Liabilities (b)</b>                                                      | <b>123,787</b> |
| <b>Net assets acquired (a-b)</b>                                                  | <b>13,512</b>  |

\* 970,668 equity shares of ₹ 5 each and 957 redeemable preference shares of ₹ 100 each

<sup>#</sup> mainly includes goods and service tax input credit

<sup>^</sup> mainly includes regulatory dues

<sup>\$</sup> mainly includes trade payable and advances

On above 'land & building' included in 'property, plant and equipment' (refer note 5) amounting to ₹ 2,865 and 'land and building' included in 'ROU' (refer note 35) amounting to ₹ 250, the title deed and lease agreements are held in the name of TTSL/TTML and are pending to be transferred in the name of Company.

- d) 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 until such cumulative interest remains unpaid. Both the securities have been classified as equity instruments.

- e) During the year ended March 31, 2020, a subsidiary of the Company, Bharti Hexacom Limited has listed its commercial papers (CPs) valued at ₹ 26,150 out of which

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₹ 16,150 is listed on SEBI as on March 31, 2020. The listing is pursuant to SEBI circulars dated October 1, 2019 and October 22, 2019 which prohibit mutual fund schemes to invest in unlisted debt instruments including CPs.

- f) Certain group entities have elected to exercise the option permitted under section 115BAA of the Income - tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 dated September 20, 2019. Accordingly, during the year ended March 31, 2020, these group entities have recognised provision for income tax and remeasured its deferred tax assets basis the rate prescribed thereby and the related impact is recognised in the statement of profit and loss; except for Group's share as to the rate change impact on account of deferred tax created on transition to Ind AS 116, 'Leases' relating to one of its joint venture (which has been utilised from general reserves created out of scheme of merger as approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 effective from June 11, 2013, as permitted thereunder). This has resulted as an exceptional charge of ₹ 4,195 in statement of profit and loss and a charge of ₹ 856 in the equity.
- g) 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.
- h) During the year ended March 31, 2020 the government of Tanzania ('GoT'), Bharti Airtel Tanzania B.V. ('BATBV'), Bharti Airtel International (Netherlands) B.V. ('BAIN') and Airtel Tanzania ('AT') executed agreements to resolve all disputes. These mainly cover the following:
- New shares to be issued by AT to the GoT at no cost such that the GoT will own 49% of the entire share capital of AT and BATBV will own 51%;
  - Tanzania Revenue Authority's ('TRA') tax claim of approximately USD 874 Mn (₹ 66,140) on BAIN will be treated as settled without any liability (no provision has been recognised currently);
  - Tanzania Communications Regulatory Authority's ('TCRA') Compliance Decision of April 20, 2018 imposing on AT a fine of approximately USD 183 Mn (₹ 13,849) too will be treated as settled without any liability (no provision has been recognised currently);
  - TRA's various tax claims against AT of approximately USD 47 Mn (₹ 3,557) will, subject to verification and consideration of the records, be treated as settled without any liability (no provision has been recognised currently);
  - AT will be issued a one-time tax clearance certificate in regard to tax disputes in respect of all historical tax claims up to December 31, 2018;
  - In all cases this shall not be construed as an admission of fact or law or as a concession or admission of any wrongdoing, obligation, liability by any party;
  - AT, subject to verification and consideration of the records by the TRA will be allowed the carry-forward tax loss balance as recorded in AT's corporate tax return for the tax year ended December 31, 2017;
  - Parties will cooperate to effect the sale of towers and the proceeds thereof will be distributed in a pre-defined manner towards repayment of AT's shareholder loan, to be retained in AT and balance as a special one-time payout to the GoT. On receipt of its share of the proceeds from sale of towers, BATBV will waive the balance shareholder loan;
  - A valid Listing Waiver will be provided to AT and the Group entities in AT in accordance with the laws of Tanzania. Furthermore, in case of listing, the BATBV shares in AT are not subject to listing;
  - Group entities will not be subject to any tax in connection with any of the transactions described above;
  - AT will pay to GOT, approximately USD 0.4 Mn (₹ 28) every month for a period of 60 months, effective April 1, 2019 for the support services provided; and
  - AT will pay a special dividend ('Special Dividend') to its shareholders in proportion of their shareholding of upto 25% EBITDA based on its audited financial statements for the financial year ending December 31, 2019 subject to applicable laws.
- Post the agreement following matters have been resolved:
- TRA's tax claim of approx. USD 874 Mn (₹ 66,140), TCRA's imposition of approx. USD 183 Mn (₹ 13,849) and various tax claims against AT of approx. USD 22 Mn (₹ 1,665) have been vacated without any liability. Since the Group did not carry any provisions for these matters, no accounting implications have arisen due to such resolution.
  - On November 29, 2019 AT issued 36,176,471 shares to GOT at zero effective cost thus increasing GOT's shareholding in AT to 49%. The Group has thus recognised non-controlling interest to the extent of 9% of carrying value of net assets of AT.
  - Corporate tax return for carried forwards tax losses of AT has been concluded until December 31, 2016.

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The completion of all other steps set out above are still in progress at the date of approval of the financial statements.

- i) During the year ended March 31, 2020, Airtel Africa plc. ('AAP', a subsidiary of the Group) listed on London Stock Exchange and Nigeria Stock Exchange by issuing approximately 676 Mn equity shares at 80 pence and 363 NGN per share respectively. Due to the transaction, the shareholding of the Group in Airtel Africa plc. has reduced to approximately 56%.
- j) Pursuant to the requirement of New Telecommunication Act in Malawi, it was made mandatory for companies holding electronic communication licences to have 20% local shareholding. To give effect to this, the Group has transferred by way of a secondary sale, its 20% shareholding in Airtel Malawi plc (Airtel Malawi), a wholly owned subsidiary of Airtel Africa plc, to the public and consequently Airtel Malawi listed on Malawi Stock Exchange on February 24, 2020. Accordingly, with effect from the date of such transfer, the Group has recognised a non-controlling interest equivalent to 20% of the net assets of Airtel Malawi. The excess of carrying value over consideration received from non-controlling interest ('NCI') amounting to USD 20 Mn (₹ 1,493), has been recognised in the 'transaction with NCI reserve', within equity.
- k) In respect of Tower Infrastructure Services Segment of the Group:
  - i) On April 20, 2020, Indus Towers Limited, a Joint Venture Company ('JVC') of a subsidiary of the Company, Bharti Infratel Limited (both in the Tower Infrastructure Service Segment), in its financial statements for the year ended March 31, 2020 reported that the JVC's top two major customers in the telecom services industry contributed substantial portion of the net sales of the JVC, for the same period, which also resulted in significant part of the trade receivables due from these two customers as at March 31, 2020. It also reported that the JVC's largest customer (one of the two major customers) in its declared results for the quarter and nine months period ended December 31, 2019, had expressed its ability to continue as going concern to be dependent on positive outcome of the application for modification of the Supplementary Order before the Hon'ble Supreme Court and subsequent agreement with DoT for the payment in instalments after some moratorium and other reliefs. Further, the loss of a significant customer or the failure to attract new customers could have a material adverse effect on the business, results of operations and financial condition of the JVC. The auditors of the JVC have brought out this material uncertainty in their auditor's report.
  - ii) On April 23, 2020, Bharti Infratel Limited ('BIL'), a subsidiary of the Company, has indicated that that the largest customer of the JVC (as referred above) is also a major customer of BIL. The loss of a significant customer or the failure to attract new business in both these entities could have an adverse effect on their business and results of operations. The Management of BIL and the Group have respectively also concluded that there is no impairment with respect to property, plant and equipment of BIL and the carrying value of its investment in the JVC.
- l) Telecom Regulatory Authority of India's tariff order in relation to broadcasting services relating to television provided to subscribers has been implemented from February 1 2019, as per the extended timelines. During the quarter ended March 31, 2019, owing to the practical difficulties, there was delay in implementation of the tariff order in its entirety. The distributors were in transition from previous to the new regime and were in the process of implementation of content cost contracts with the Broadcasters. Subsequently, Bharti Telemedia Limited, one of the Company's subsidiary, has entered into revised agreements with the broadcasters. With effect from April 1, 2019, basis such revised agreements and the provisions of the new tariff order, Bharti Telemedia Limited has re-assessed its performance obligations, extent of control over broadcasted content and various other responsibilities and liabilities. Consequently, the Group has considered network capacity fee and, commission and incentives from broadcasters as to subscription services, as part of its revenue from operations. Further, the Telecom Regulatory Authority of India has implemented second amendment to the tariff order effective from March 1, 2020 and Bharti Telemedia Limited has implemented the same to the extent is applicable and is in control of distributor.
- m) During the year ended March 31, 2019 Airtel Kenya, the Group's operating subsidiary in Kenya, entered into an agreement with Telkom Kenya Limited, the third largest mobile network operator in Kenya, to merge their respective mobile, enterprise and carrier services businesses to operate as 'Airtel-Telkom'. As at the date of these financial statements, the transaction remains subject to final approval by the relevant authorities and consequently there is no impact within these financial statements.
- n) During the year ended March 31, 2017, the Group had entered into a scheme of amalgamation for the merger of Telenor (India) Communications Private Limited ('Telenor')

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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 the 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:

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

o) During the year ended March 31, 2019, Bharti Airtel International (Netherlands) B.V., a subsidiary of the Group, early redeemed an amount of USD 995 Mn (₹ 70,112) from its USD 1,500 Mn (₹ 105,697) 5.125% Guaranteed Senior Notes due in March 2023 at a consideration equivalent to 98.5% of the par amount of each bond plus interest accrued.

p) During the year ended March 31, 2019, Bharti Airtel International (Netherlands) B.V., a subsidiary of the

Company, has redeemed Euro 1,000 Mn (₹ 79,948) 4% senior notes due in December 2018 ('Notes').

- q) During the year ended March 31, 2019, consequent to the change in shareholder rights in Airtel Payments Bank Limited ('APBL'), APBL ceased to be a subsidiary (under Ind AS 110, 'Consolidated Financial Statements'). APBL has since been considered as an associate (under Ind AS 28, 'Investments in Associates and Joint Ventures'). Hence, in accordance with Ind AS 110, the difference between the fair value of retained interest and the previous carrying amount of the Group's share in the net assets of APBL, of ₹ 8,735 has been recognized as gain within exceptional items.
- r) During the year ended March 31, 2019, the Group acquired 7.95% equity stake in Airtel Gabon S.A. thereby, increasing its shareholding to 97.95%. The excess of consideration paid to NCI over the carrying value of the interest acquired ₹ 1,112 was recognised in the transaction with NCI reserve, a component of equity.
- s) During the year ended March 31, 2019, the Group has acquired 8.52% equity stake in Airtel Networks Limited thereby, increasing its shareholding to 91.77%. The excess of consideration paid to NCI over the carrying value of the interest acquired ₹ 4,684 has been recognised in the transaction with NCI reserve, a component of equity.
- t) During the year ended March 31, 2018, the Group had entered into an agreement to sell 15% equity stake in Bharti Telemedia Limited, a subsidiary of the Company. Further, during the year ended March 31, 2019, as the closing conditions for the said transaction were fulfilled, the said transaction was consummated. Accordingly, the excess of proceeds over the NCI amounting to ₹ 19,064 was recognised directly in NCI reserve, a component of equity.
- u) Pursuant to the share purchase agreement with Millicom International Cellular S.A. entered during the year ended March 31, 2018, the Group acquired 100% equity interest in Tigo Rwanda Limited. The acquisition will make the Group the second largest mobile operator in Rwanda. The difference of ₹ 873 between the fair value of the purchase consideration (including contingent consideration) aggregating ₹ 3,377 and fair value of net assets of ₹ 2,504 was recognised as final goodwill on completion of measurement period during the year ended March 31, 2019. The said goodwill is mainly attributable to the acquired customer base, assembled workforce and economies of scale expected from combining the operations of the Group. Further, with effect from July 1, 2018, Tigo Rwanda Limited had merged with Airtel Rwanda Limited. Accordingly Tigo Rwanda Limited has ceased to exist.

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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 | Vehicle      |
|-----------------------------------------------|-----------------------|---------------|--------------|---------------------|---------------------|--------------|
| <b>Gross carrying value</b>                   |                       |               |              |                     |                     |              |
| <b>As of April 1, 2018</b>                    | <b>9,010</b>          | <b>10,157</b> | <b>4,212</b> | <b>1,458,452</b>    | <b>2,997</b>        | <b>2,200</b> |
| Additions                                     | 849                   | 2             | 211          | 251,349             | 571                 | 2,200        |
| Acquisition through business combinations@    | -                     | -             | -            | 4,450               | 27                  | -            |
| Disposals / adjustments                       | (24)                  | (53)          | 87           | (6,091)             | (130)               | (1,100)      |
| Sale of subsidiaries^                         | (4)                   | -             | -            | -                   | (1)                 | -            |
| Exchange differences                          | 8                     | (74)          | 3            | (5,719)             | (316)               | -            |
| <b>As of March 31, 2019</b>                   | <b>9,839</b>          | <b>10,032</b> | <b>4,513</b> | <b>1,702,441</b>    | <b>3,148</b>        | <b>2,200</b> |
| <b>Balance as of April 1, 2019</b>            | <b>9,839</b>          | <b>10,032</b> | <b>4,513</b> | <b>1,702,441</b>    | <b>3,148</b>        | <b>2,200</b> |
| Transition impact on adoption of Ind AS 116\$ | -                     | -             | (1,125)      | (37,242)            | -                   | -            |
| <b>Adjusted balance as of April 1, 2019</b>   | <b>9,839</b>          | <b>10,032</b> | <b>3,388</b> | <b>1,665,199</b>    | <b>3,148</b>        | <b>2,200</b> |
| Additions                                     | 659                   | 1,239         | 16           | 241,735             | 980                 | -            |
| Acquisition through business combinations@    | -                     | 235           | 2,630        | 478                 | -                   | -            |
| Disposals / adjustments                       | (33)                  | (571)         | (282)        | (15,329)            | (231)               | (2,200)      |
| Exchange differences                          | 190                   | (14)          | 91           | 1,760               | (65)                | 2,200        |
| <b>As of March 31, 2020</b>                   | <b>10,655</b>         | <b>10,921</b> | <b>5,843</b> | <b>1,893,843</b>    | <b>3,832</b>        | <b>2,100</b> |
| <b>Accumulated depreciation</b>               |                       |               |              |                     |                     |              |
| <b>As of April 1, 2018</b>                    | <b>7,308</b>          | <b>3,780</b>  | <b>124</b>   | <b>777,406</b>      | <b>2,656</b>        | <b>2,000</b> |
| Charge#                                       | 490                   | 548           | 19           | 146,611             | 410                 | 1,000        |
| Sale of subsidiaries^                         | (13)                  | (19)          | 84           | (4,357)             | (118)               | (1,000)      |
| Disposals / adjustments                       | (4)                   | -             | -            | -                   | -                   | -            |
| Exchange differences                          | 5                     | (47)          | 2            | (7,211)             | (288)               | -            |
| <b>As of March 31, 2019</b>                   | <b>7,786</b>          | <b>4,262</b>  | <b>229</b>   | <b>912,449</b>      | <b>2,660</b>        | <b>2,000</b> |
| <b>Balance as of April 1, 2019</b>            | <b>7,786</b>          | <b>4,262</b>  | <b>229</b>   | <b>912,449</b>      | <b>2,660</b>        | <b>2,000</b> |
| Transition impact on adoption of Ind AS 116\$ | -                     | -             | (176)        | (21,479)            | -                   | -            |
| <b>Adjusted balance as of April 1, 2019</b>   | <b>7,786</b>          | <b>4,262</b>  | <b>53</b>    | <b>890,970</b>      | <b>2,660</b>        | <b>2,000</b> |
| Charge#                                       | 513                   | 479           | -            | 170,624             | 435                 | -            |
| Disposals / adjustments                       | (33)                  | (399)         | (81)         | (13,888)            | (203)               | (2,000)      |
| Exchange differences                          | 189                   | (7)           | 28           | (3,626)             | 49                  | 1,000        |
| <b>As of March 31, 2020</b>                   | <b>8,455</b>          | <b>4,335</b>  | <b>0</b>     | <b>1,044,080</b>    | <b>2,941</b>        | <b>1,900</b> |
| <b>Net carrying value</b>                     |                       |               |              |                     |                     |              |
| <b>As of March 31, 2019</b>                   | <b>2,053</b>          | <b>5,770</b>  | <b>4,284</b> | <b>789,992</b>      | <b>488</b>          | <b>1,200</b> |
| <b>As of March 31, 2020</b>                   | <b>2,200</b>          | <b>6,586</b>  | <b>5,843</b> | <b>849,763</b>      | <b>891</b>          | <b>1,200</b> |

@ Refer note 4 (c), (n) & (u).

\$ Refer note 2.1 and note 35.

^ Refer note 4 (q).

# It includes ₹ 13,591 (March 31, 2019 ₹ 5,861) on account of exceptional item with respect to plant and equipment (refer note 31 (i) (b) and (ii) (a)) and ₹ 440 (March 31, 2019 ₹ 440) on account of exceptional item with respect to vehicle.



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The Company has capitalised borrowing cost of ₹ 2,978 and ₹ 930 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% for year ended March 31, 2020 and 8.03% for year ended March 31, 2019, which is the weighted average interest rate applicable to the group's general borrowings.

The carrying value of CWIP as at March 31, 2020 and 2019 is ₹ 39,972 and ₹ 88,433 respectively, which mainly pertains to plant and equipment.

For details towards pledge of the above assets refer note 19.2.

## Change in useful life

- i) During the year ended March 31, 2020, the Group has reassessed useful life of customer premise equipment (Digital TV services business) based on internal assessment and technical evaluation, and accordingly has revised the estimate of its useful life from 5 years to 7 years 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<br>March 31, 2020 | For the year ending |                   |                   | Future period<br>till end of life |
|-------------------------------|--------------------------------------|---------------------|-------------------|-------------------|-----------------------------------|
|                               |                                      | March 31,<br>2021   | March 31,<br>2022 | March 31,<br>2023 |                                   |
| Impact on depreciation charge | (2,188)                              | (1,436)             | (258)             | 753               | 3,129                             |

- ii) During the year ended March 31, 2020, the Group 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<br>March 31, 2020 | For the year ending |                   |                   | Future period<br>till end of life |
|-------------------------------|--------------------------------------|---------------------|-------------------|-------------------|-----------------------------------|
|                               |                                      | March 31,<br>2021   | March 31,<br>2022 | March 31,<br>2023 |                                   |
| Impact on depreciation charge | 11,524                               | (2,419)             | (2,180)           | (1,808)           | (5,117)                           |

## 6. Intangible assets

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

|                                               | Goodwill#      | Other intangible assets |               |                                     |                                  | Total            |
|-----------------------------------------------|----------------|-------------------------|---------------|-------------------------------------|----------------------------------|------------------|
|                                               |                | Software                | Bandwidth     | Licenses<br>(including<br>spectrum) | Other<br>acquired<br>intangibles |                  |
| <b>Gross carrying value</b>                   |                |                         |               |                                     |                                  |                  |
| <b>As of April 1, 2018</b>                    | <b>330,710</b> | <b>21,481</b>           | <b>30,637</b> | <b>979,403</b>                      | <b>10,128</b>                    | <b>1,041,649</b> |
| Additions                                     | -              | 2,740                   | 18,269        | 47,713                              | -                                | 68,722           |
| Acquisition through business combinations@    | 436            | 1                       | -             | 15,691                              | 831                              | 16,523           |
| Disposals / adjustments*                      | -              | (1)                     | 319           | 326                                 | (23)                             | 621              |
| Sale of subsidiaries^                         | (3)            | (194)                   | -             | -                                   | -                                | (194)            |
| Exchange differences                          | 4,056          | 20                      | 1,252         | 133                                 | 53                               | 1,458            |
| <b>As of March 31, 2019</b>                   | <b>335,199</b> | <b>24,047</b>           | <b>50,477</b> | <b>1,043,266</b>                    | <b>10,989</b>                    | <b>1,128,779</b> |
| <b>Balance as of April 1, 2019</b>            | <b>335,199</b> | <b>24,047</b>           | <b>50,477</b> | <b>1,043,266</b>                    | <b>10,989</b>                    | <b>1,128,779</b> |
| Transition impact on adoption of Ind AS 116\$ | -              | -                       | (50,477)      | -                                   | -                                | (50,477)         |
| <b>Adjusted balance as of April 1, 2019</b>   | <b>335,199</b> | <b>24,047</b>           | <b>-</b>      | <b>1,043,266</b>                    | <b>10,989</b>                    | <b>1,078,302</b> |

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

## 6. Intangible assets (Contd..)

|                                               | Goodwill <sup>#</sup> | Other intangible assets |               |                               |                            | Total            |
|-----------------------------------------------|-----------------------|-------------------------|---------------|-------------------------------|----------------------------|------------------|
|                                               |                       | Software                | Bandwidth     | Licenses (including spectrum) | Other acquired intangibles |                  |
| Additions                                     |                       | 3,465                   |               | 14,685                        | 91                         | 18,241           |
| Acquisition through business combinations@    |                       | -                       |               | 32,890                        | 1,011                      | 33,901           |
| Disposals / adjustments*                      |                       | 41                      |               | (9,815)                       | -                          | (9,774)          |
| Exchange differences                          | 13,630                | 33                      |               | 963                           | 110                        | 1,106            |
| <b>As of March 31, 2020</b>                   | <b>348,829</b>        | <b>27,586</b>           | <b>-</b>      | <b>1,081,989</b>              | <b>12,201</b>              | <b>1,121,776</b> |
| <b>Accumulated amortisation</b>               |                       |                         |               |                               |                            |                  |
| <b>As of April 1, 2018</b>                    | <b>-</b>              | <b>16,657</b>           | <b>8,359</b>  | <b>172,211</b>                | <b>6,567</b>               | <b>203,794</b>   |
| Charge                                        | -                     | 2,525                   | 2,799         | 57,515                        | 2,004                      | 64,843           |
| Disposals / adjustments*                      | -                     | (1)                     | 104           | 12                            | (22)                       | 93               |
| Sale of subsidiaries^                         | -                     | (75)                    | -             | -                             | -                          | (75)             |
| Exchange differences                          | -                     | 20                      | 178           | (644)                         | 45                         | (401)            |
| <b>As of March 31, 2019</b>                   | <b>-</b>              | <b>19,126</b>           | <b>11,440</b> | <b>229,094</b>                | <b>8,594</b>               | <b>268,254</b>   |
| <b>Balance as of April 1, 2019</b>            | <b>-</b>              | <b>19,126</b>           | <b>11,440</b> | <b>229,094</b>                | <b>8,594</b>               | <b>268,254</b>   |
| Transition impact on adoption of Ind AS 116\$ | -                     | -                       | (11,440)      | -                             | -                          | (11,440)         |
| <b>Adjusted balance as of April 1, 2019</b>   | <b>-</b>              | <b>19,126</b>           | <b>-</b>      | <b>229,094</b>                | <b>8,594</b>               | <b>256,814</b>   |
| Charge                                        | -                     | 3,143                   |               | 61,330                        | 1,441                      | 65,914           |
| Disposals / adjustments*                      | -                     | -                       |               | (10,099)                      | 0                          | (10,099)         |
| Exchange differences                          | -                     | 33                      |               | (786)                         | 159                        | (594)            |
| <b>As of March 31, 2020</b>                   | <b>-</b>              | <b>22,302</b>           | <b>-</b>      | <b>279,539</b>                | <b>10,194</b>              | <b>312,035</b>   |
| <b>Net carrying value</b>                     |                       |                         |               |                               |                            |                  |
| <b>As of March 31, 2019</b>                   | <b>332,562</b>        | <b>4,921</b>            | <b>39,037</b> | <b>814,172</b>                | <b>2,395</b>               | <b>860,525</b>   |
| <b>As of March 31, 2020</b>                   | <b>346,192</b>        | <b>5,284</b>            | <b>-</b>      | <b>802,450</b>                | <b>2,007</b>               | <b>809,741</b>   |

<sup>#</sup>Net carrying value of goodwill includes accumulated impairment of ₹ 2,637.

@ Refer note 4 (c), (n) & (u)

\$ Refer note 2.1 and note 35.

^ Refer note 4 (q)

\* Mainly pertains to gross block and accumulated amortisation of license (including spectrum) and software whose useful life has expired.

The carrying value of Intangible assets under development as at March 31, 2020 and March 31, 2019 is ₹ 2,851 and ₹ 7,909 respectively, which pertains to spectrum and software / IT platform.

During the year ended March 31, 2020 and 2019 the Group has capitalised borrowing cost of Nil and ₹ 178 respectively. The rate used to determine the amount of borrowing costs eligible for capitalisation was Nil for year ended March 31, 2020 and 9.3% for year ended March 31, 2019, which is the weighted average interest rate applicable to the group's specific borrowings.

Weighted average remaining amortisation period of licenses as of March 31, 2020 and March 31, 2019 is 13.99 years and 15.01 years respectively.

For details towards pledge of the above assets refer note 19.2.

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## Impairment review - Goodwill

The carrying value of Group's goodwill has been allocated to the following six group of CGUs, whereby Nigeria, East Africa and Francophone Africa (previously referred to as Rest of Africa) group of CGUs pertain to Airtel Africa plc. (Airtel Africa) operations.

|                                            | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|--------------------------------------------|-------------------------|-------------------------|
| Mobile Services Africa- Nigeria            | 103,977                 | -                       |
| Mobile Services Africa- East Africa        | 140,535                 | -                       |
| Mobile Services Africa- Francophone Africa | 54,259                  | -                       |
| Mobile services- Africa                    | 298,771                 | 285,327                 |
| Mobile Services- India                     | 40,413                  | 40,413                  |
| Airtel business                            | 6,664                   | 6,478                   |
| Homes Services                             | 344                     | 344                     |
|                                            | <b>346,192</b>          | <b>332,562</b>          |

The Group tests goodwill for impairment annually on 31 December. The recoverable amounts of the above group of CGUs are based on value-in-use, which are determined based on ten-year business plans that have been approved by management for internal purposes. The said planning horizon reflects the assumptions for short-to-mid term market developments. The Group mainly operates in emerging markets and in such markets, the plans for the short term is not indicative of the long-term future prospects and performance. Considering this and the consistent use of such robust ten-year information for management reporting purposes, the Group uses ten-year plans for the purpose of impairment testing. Management believes that this planning horizon reflects the assumptions for medium to long term market developments and better reflects the expected performance in the markets in which the Group operates.

The cash flows beyond the planning period are extrapolated using appropriate long term terminal growth rates. The long term terminal growth rates used do not exceed the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with internal/external sources of information.

Details of impairment testing for the Group are as follows:

### A. Impairment review of goodwill pertaining to Airtel Africa operations

During March 2019, after the annual impairment testing in December 2018 considering Africa as one group of CGU, due to revision in organisational structure of Mobile Services Africa segment, goodwill was re-allocated to three clusters (namely Nigeria, East Africa and Francophone Africa) based on implicit goodwill approach as an alternative to the relative fair value method.

For the year ended March 31, 2020, the annual impairment testing was carried out in December 2019. The discount rates and long term growth rates applied in performing the impairment assessment at December 31, 2019 were as follows:

| Assumptions           | Nigeria | East Africa | Francophone Africa |
|-----------------------|---------|-------------|--------------------|
| Pre tax discount rate | 23.0%   | 15.3%       | 14.3%              |
| Long term growth rate | 2.6%    | 5.1%        | 3.8%               |



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At December 31, 2019, the impairment testing did not result in any impairment in the carrying amount of goodwill in any group of CGUs.

The discount rate and long term growth rate applied in performing the impairment assessment at December 31, 2018 were as follows:

| Mobile Services- Africa |        |
|-------------------------|--------|
| Pre tax Discount Rate   | 24.15% |
| Long term Growth Rate   | 4.0%   |

In case of Mobile Services - Africa CGU group, the recoverable amount exceeds the carrying amount by ₹ 153,714 (39.39%) as of December 31, 2018. An increase of 5.67% in pre-tax discount rate shall equate the recoverable amount with the carrying amount of the Mobile Services- Africa CGU group as of December 31, 2018. Further, no reasonably possible change in the terminal growth rate beyond the planning horizon would cause the carrying amount to exceed the recoverable amount.

Following the outbreak of the COVID-19 pandemic, the Group's impairment tests and sensitivity analysis were updated at March 31, 2020 for current devaluations in certain countries, in particular Nigeria and Zambia, the potential impact of COVID-19 on the Group and the impact on the discount rates used. The key assumptions in performing the December 31, 2019 and the March 31, 2020 impairment assessments were as follows:

| Assumptions                                                                       | Basis of assumptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount rate                                                                     | Discount rate reflects the market assessment of the risks specific to the group of CGUs and estimated based on the weighted average cost of capital for respective CGUs.                                                                                                                                                                                                                                                                                                                                                                                        |
| Capital expenditures                                                              | The cash flow forecasts of capital expenditure are based on experience after considering the capital expenditure required to meet coverage and capacity requirements relating to voice, data and mobile money services and facilitate continued revenue and EBITDA growth.                                                                                                                                                                                                                                                                                      |
| Earnings before interest, taxes, depreciation and amortization ('EBITDA') margins | The margins have been estimated based on past experience after considering incremental revenue arising out of, voice, data services and mobile money services from the existing and new customers. Margins will be positively impacted from the increased flowthrough of revenues, efficiencies and cost optimisation / other initiatives driven by the Company; whereas, factors like higher churn, increased volume based cost of operations may impact the margins negatively. EBITDA incorporates the potential impact of COVID-19 on the Group's cashflows |
| Growth rates                                                                      | The growth rates used are in line with the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with the internal / external sources of information.                                                                                                                                                                                                                                                                                                                                           |

Details around the capital expenditure and growth rates used within the value in use calculations at March 31, 2020 are as follows:

| Assumptions                        | Nigeria   | East Africa  | Francophone Africa |
|------------------------------------|-----------|--------------|--------------------|
| Capital expenditure <sup>(1)</sup> | 10% - 20% | 7.5% - 17.5% | 6% - 15%           |
| Long term growth Rate              | 2.6%      | 5.1%         | 3.8%               |

<sup>(1)</sup> Capital expenditure is expressed as a percentage of revenue over the plan period.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Discount rate

A critical assumption in the impairment assessment is the discount rate. The Group estimates the discount rate for each group of CGUs based on the weighted average cost of capital for each group of CGUs plus additional risk premiums, if required. Key inputs into the weighted average cost of capital calculation include risk free rates, equity risk premiums, country inflation and country risk premiums. Following the outbreak of COVID-19, there was significant volatility within the financial markets over mid and late March 2020. This led to a significant increase in equity and country risk premiums, with the increase in country risk premiums derived from an increase in observed sovereign credit default swap rates across all jurisdictions. Subsequent to April 1, 2020, these rates have reduced, albeit still not back to the levels pre March 2020. This volatility has led to greater complexity in determining the appropriate discount rate for the March 31, 2020 impairment assessment.

The Group has analysed the level of volatility within country risk premiums by reference to credit default swap rates in the period between December 31, 2019 and March 31, 2020, and the reduction in these rates since that date. The Group has concluded that in determining the discount rate at March 31, 2020, using spot country risk premiums would not give a discount rate that a market participant would expect at the balance sheet date in determining the present value of cash flows over the ten year business plan. Consequently, given this volatility, to determine an appropriate discount rate for the purpose of the March 31, 2020 impairment assessment, consideration has been given to average country risk premiums at December 2019, March 2020 and subsequent to March 2020, which in the group's view, better reflects the risks associated with cash flows over ten years and beyond. The rates adopted by management in the March 31, 2020 impairment assessment, taking into account these average country risk premiums, were as follows:

| Assumptions           | Nigeria | East Africa | Francophone Africa |
|-----------------------|---------|-------------|--------------------|
| Pre tax Discount Rate | 24.5%   | 17.1%       | 16.4%              |

The results of the impairment tests using these rates show that the recoverable amount exceeds the carrying amount by USD 383 Mn (₹ 28,966) for Nigeria (16%), USD 669 Mn (₹ 50,596) for East Africa (22%) and USD 714 Mn (₹ 54,000) for Francophone Africa (46%), as disclosed in the consolidated financial statements of Airtel Africa plc for the year ended March 31, 2020. The Group therefore concluded that no impairment was required to the goodwill held against each groups of CGUs.

## Reasonably possible change in discount rate and other assumptions

### Discount rate

As previously noted, the impairment assessment is sensitive to a change in discount rates. The table below sets out the March 2020 discount rate for spot country risk premiums and the breakeven discount rate for each group of CGUs.

| Reasonably possible change in discount rate assumptions | Nigeria | East Africa | Francophone Africa |
|---------------------------------------------------------|---------|-------------|--------------------|
| Pre tax Discount Rate - spot country risk premiums      | 26.8%   | 20.0%       | 19.4%              |
| Pre tax Discount Rate - breakeven                       | 27.3%   | 19.6%       | 21.7%              |

Given the volatility within financial markets, there is a risk that a prolonged pandemic could lead to increased credit default rates and other inputs into determining the discount rate over a prolonged period. This could lead to discount rates moving higher than the levels seen in March 2020, thus giving rise to a possible impairment in future periods (up to USD 100 Mn (₹ 7,568) at the above March 2020 rates). There is also a risk that COVID-19 could lead to a decrease in future revenue growth should the impact of COVID-19 extend further into 2021 and 2022.

### Other assumptions

The below table, presents the increase in isolation in capital expenditure which will result in equating the recoverable amount with the carrying amount of the group of CGU's:

| Assumptions         | Nigeria | East Africa | Francophone Africa |
|---------------------|---------|-------------|--------------------|
| Capital expenditure | 3.8%    | 6.2%        | 8.8%               |

No reasonably possible change in the terminal growth rate would cause the carrying amount to exceed the recoverable amount.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## B. Impairment review of goodwill pertaining operations other than Airtel Africa

The testing carried out during December 2019, did not result in any impairment in the carrying amount of goodwill. As part of such testing, the key assumptions used in value-in-use calculations are as follows:

| Assumptions          | Basis of assumptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EBITDA margins       | The margins have been estimated based on past experience after considering incremental revenue arising out of adoption of value added and data services from the existing and new customers, though these benefits are partially offset by decline in tariffs in competitive scenario. Margins will be positively impacted from the efficiencies and cost rationalisation / others initiatives driven by the Group; whereas, factors like higher churn, increased cost of operations may impact the margins negatively. |
| Discount rate        | Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs and estimated based on the weighted average cost of capital for respective CGU/ group of CGUs. Pre-tax discount rates used are 13.40% for the year ended March 31, 2020 and 13.39% for the year ended March 31, 2019.                                                                                                                                                                                              |
| Growth rates         | The growth rates used are in line with the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with the internal/ external sources of information. The average growth rate used in extrapolating cash flows beyond the planning period is 3.5% for March 31, 2020 and 3.5% for March 31, 2019.                                                                                                                                                        |
| Capital expenditures | The cash flow forecasts of capital expenditure are based on past experience after considering the additional capital expenditure required for roll out of incremental coverage and capacity requirements and to provide enhanced voice and data services.                                                                                                                                                                                                                                                               |

### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for Homes Services and Airtel Business, no reasonably possible change in any of the above key assumptions would have caused the carrying amount of these units to exceed their recoverable amount.

In case of Mobile Services- India CGU group, the recoverable amount exceeds the carrying amount by ₹ 787,359 (48.48%) as of December 31, 2019 and ₹ 338,681 (22.99%) as of December 31, 2018. An increase of 4.67% (December 31, 2018: 1.76%) in pre-tax discount rate shall equate the recoverable amount with the carrying amount of the Mobile Services – India CGU group as of December 31, 2019. Further, no reasonably possible change in the terminal growth rate beyond the planning horizon would cause the carrying amount to exceed the recoverable amount.

Following the outbreak of the COVID-19 pandemic, management performed sensitivity analysis for the potential impact of COVID-19 on the recoverable value including the impact of change in discount rates used. Management has concluded that none of these sensitivities resulted in impairment for any of these groups of CGUs.

## 7. Investment in joint ventures and associates

The amounts recognised in the balance sheet are as follows:

|                | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|----------------|-------------------------|-------------------------|
| Joint ventures | 60,781                  | 54,227                  |
| Associates     | 36,027                  | 34,710                  |
|                | <b>96,808</b>           | <b>88,937</b>           |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The amounts recognised in the statement of profit and loss are as follows:

|                                                 | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Recognised in profit and loss</b>            |                                      |                                      |
| Joint ventures                                  | 11,069                               | 3,630                                |
| Associates                                      | (4,545)                              | (74)                                 |
|                                                 | <b>6,524</b>                         | <b>3,556</b>                         |
| <b>Recognised in other comprehensive income</b> |                                      |                                      |
| Joint ventures                                  | (9)                                  | (2)                                  |
| Associates                                      | 24                                   | (10)                                 |
|                                                 | <b>15</b>                            | <b>(12)</b>                          |

During the year ended March 31, 2020, the Group's investment in the joint venture Airtel Ghana Holdings BV (accounted under equity method) was reduced to Nil. Un-recognised share of losses of Airtel Ghana Limited is USD 39 Mn (₹ 2,759) for the year ended March 31, 2020 (Nil for the year ended March 31, 2019) and USD 39 Mn (₹ 2,759) cumulatively.

The summarised financial information of joint venture and associate that are material to the Group are as follows:

## Summarized balance sheet

|                                                                             | As of                   |                   |                                       |                   |                     |                   |                                |                   |
|-----------------------------------------------------------------------------|-------------------------|-------------------|---------------------------------------|-------------------|---------------------|-------------------|--------------------------------|-------------------|
|                                                                             | Joint ventures          |                   |                                       |                   | Associate           |                   |                                |                   |
|                                                                             | March<br>31, 2020       | March<br>31, 2019 | March<br>31, 2020                     | March<br>31, 2019 | March<br>31, 2020   | March<br>31, 2019 | March<br>31, 2020              | March<br>31, 2019 |
|                                                                             | Indus Towers<br>Limited |                   | Bharti Airtel Ghana<br>Holdings B.V.* |                   | Robi Axiata Limited |                   | Airtel Payment Bank<br>Limited |                   |
| <b>Assets</b>                                                               |                         |                   |                                       |                   |                     |                   |                                |                   |
| <b>Non current assets</b>                                                   | <b>278,070</b>          | <b>193,138</b>    | <b>20,861</b>                         | <b>24,056</b>     | <b>139,753</b>      | <b>105,957</b>    | <b>2,448</b>                   | <b>1,062</b>      |
| <b>Current assets</b>                                                       |                         |                   |                                       |                   |                     |                   |                                |                   |
| Cash and cash equivalents ('C&CE')                                          | 1,355                   | 3,224             | 181                                   | 886               | 2,178               | 1,920             | 423                            | 4,290             |
| Other current assets (excluding 'C&CE')                                     | 59,816                  | 47,774            | 2,932                                 | 3,605             | 13,357              | 8,456             | 9,715                          | 7,207             |
| <b>Total current assets</b>                                                 | <b>61,171</b>           | <b>50,998</b>     | <b>3,113</b>                          | <b>4,491</b>      | <b>15,535</b>       | <b>10,376</b>     | <b>10,138</b>                  | <b>11,497</b>     |
| <b>Liabilities</b>                                                          |                         |                   |                                       |                   |                     |                   |                                |                   |
| <b>Non current liabilities</b>                                              |                         |                   |                                       |                   |                     |                   |                                |                   |
| Borrowings                                                                  | 1,667                   | 11,223            | 11,103                                | 9,705             | 5,215               | 11,509            | -                              | -                 |
| Other liabilities                                                           | 110,011                 | 32,429            | 7,925                                 | 5,489             | 31,247              | 3,805             | 86                             | 47                |
| <b>Total non current liabilities</b>                                        | <b>111,678</b>          | <b>43,652</b>     | <b>19,028</b>                         | <b>15,194</b>     | <b>36,462</b>       | <b>15,314</b>     | <b>86</b>                      | <b>47</b>         |
| <b>Current liabilities</b>                                                  |                         |                   |                                       |                   |                     |                   |                                |                   |
| Borrowings                                                                  | 36,254                  | 44,574            | 2,131                                 | 1,654             | 15,511              | 11,071            | 470                            | -                 |
| Other liabilities                                                           | 54,838                  | 34,279            | 12,895                                | 8,347             | 50,061              | 39,990            | 9,229                          | 10,579            |
| <b>Total current liabilities</b>                                            | <b>91,092</b>           | <b>78,853</b>     | <b>15,026</b>                         | <b>10,001</b>     | <b>65,572</b>       | <b>51,061</b>     | <b>9,699</b>                   | <b>10,579</b>     |
| <b>Equity</b>                                                               | <b>136,471</b>          | <b>121,631</b>    | <b>(10,080)</b>                       | <b>3,352</b>      | <b>53,254</b>       | <b>49,958</b>     | <b>2,801</b>                   | <b>1,933</b>      |
| Percentage of Group's ownership interest                                    | 42.00%                  | 42.00%            | 50.00%                                | 50.00%            | 25.00%              | 25.00%            | 80.10%                         | 80.10%            |
| Interest in joint venture / associate                                       | 57,318                  | 51,085            | (5,040)                               | 1,676             | 13,313              | 12,490            | 2,244                          | 1,548             |
| Consolidation adjustment (including goodwill / accounting policy alignment) | 3,355                   | 1,397             | -                                     | -                 | 12,336              | 11,396            | 7,766                          | 8,735             |
| <b>Carrying amount of investment</b>                                        | <b>60,673</b>           | <b>52,482</b>     | <b>-</b>                              | <b>1,676</b>      | <b>25,649</b>       | <b>23,886</b>     | <b>10,010</b>                  | <b>10,283</b>     |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Summarised information on statement of profit and loss

|                                                         | For the year ended   |                |                                    |                |                     |                |                             |                |
|---------------------------------------------------------|----------------------|----------------|------------------------------------|----------------|---------------------|----------------|-----------------------------|----------------|
|                                                         | Joint ventures       |                |                                    |                | Associate           |                |                             |                |
|                                                         | March 31, 2020       | March 31, 2019 | March 31, 2020                     | March 31, 2019 | March 31, 2020      | March 31, 2019 | March 31, 2020              | March 31, 2019 |
|                                                         | Indus Towers Limited |                | Bharti Airtel Ghana Holdings B.V.* |                | Robi Axiata Limited |                | Airtel Payment Bank Limited |                |
| Revenue                                                 | 188,281              | 184,775        | 10,086                             | 11,683         | 64,557              | 60,491         | 4,698                       | 1,434          |
| Depreciation and amortisation                           | 39,895               | 27,572         | 4,543                              | 3,689          | 16,772              | 15,016         | 115                         | 45             |
| Finance income                                          | 630                  | 534            | -                                  | -              | 70                  | 85             | 45                          | -              |
| Finance cost                                            | 12,601               | 6,028          | 3,887                              | 5,180          | 3,955               | 2,697          | 90                          | 98             |
| Income tax expense                                      | 7,047                | 13,078         | -                                  | 2              | 3,973               | 889            | -                           | -              |
| <b>Profit / (loss) for the year</b>                     | <b>32,869</b>        | <b>24,220</b>  | <b>(8,441)</b>                     | <b>(9,059)</b> | <b>511</b>          | <b>2,887</b>   | <b>(4,638)</b>              | <b>(1,541)</b> |
| OCI / loss for the year                                 | (22)                 | (6)            | -                                  | -              | 74                  | (46)           | 7                           | 1              |
| Percentage of Group's ownership interest                | 42.00%               | 42.00%         | 50.00%                             | 50.00%         | 25.00%              | 25.00%         | 80.10%                      | 80.10%         |
| Group's share in profit / (loss) for the year           | 13,805               | 10,172         | (4,221)                            | (4,529)        | 128                 | 722            | (3,715)                     | (1,235)        |
| Group's share in OCI / (loss) for the year              | (9)                  | (2)            | -                                  | -              | 18                  | (11)           | 6                           | 1              |
| Consolidation adjustments / accounting policy alignment | (654)                | (1,294)        | (724)                              | (724)          | -                   | 471            | (969)                       | -              |
| <b>Group's share in profit / (loss) recognised</b>      | <b>13,151</b>        | <b>8,879</b>   | <b>(2,114)</b>                     | <b>(5,253)</b> | <b>128</b>          | <b>1,193</b>   | <b>(4,684)</b>              | <b>(1,235)</b> |
| Dividend received from joint venture / associate        | -                    | 11,261         | -                                  | -              | -                   | -              | -                           | -              |

\*Based on consolidated financial statements of the entity

The aggregate information of joint ventures that are individually immaterial is as follows:

|                                | As of March 31, 2020 | As of March 31, 2019 |
|--------------------------------|----------------------|----------------------|
| Carrying amount of investments | 108                  | 69                   |

### Group's share in joint ventures

|                            | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------------------|-----------------------------------|-----------------------------------|
| Net profit                 | 32                                | 4                                 |
| Total comprehensive income | 32                                | 4                                 |

The aggregate information of associates that are individually immaterial is as follows:

|                                | As of March 31, 2020 | As of March 31, 2019 |
|--------------------------------|----------------------|----------------------|
| Carrying amount of investments | 368                  | 541                  |

### Group's share in associates

|                            | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------------------|-----------------------------------|-----------------------------------|
| Net profit                 | 11                                | (32)                              |
| Total comprehensive income | 11                                | (32)                              |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Details of joint ventures:

| S. no. | Name of joint ventures <sup>#</sup>            | Principal place of business | Principal activities                  | Ownership interest |                |
|--------|------------------------------------------------|-----------------------------|---------------------------------------|--------------------|----------------|
|        |                                                |                             |                                       | % As of            |                |
|        |                                                |                             |                                       | March 31, 2020     | March 31, 2019 |
| 1      | Indus Towers Limited*                          | India                       | Passive infrastructure services       | 22.47              | 22.47          |
| 2      | Bharti Airtel Ghana Holdings B.V. <sup>§</sup> | Netherlands                 | Investment company                    | 50.00              | 50.00          |
| 3      | Bridge Mobile Pte Limited                      | Singapore                   | Provision of regional mobile services | 10.00              | 10.00          |
| 4      | FireFly Networks Limited                       | India                       | Telecommunication services            | 50.00              | 50.00          |

<sup>#</sup> Investments in joint ventures are unquoted.

\* Bharti Infratel Limited, in which the Group has 53.51% equity interest (53.51% as of March 31, 2019), owns 42% of Indus Towers Limited.

<sup>§</sup> The joint venture has four subsidiaries namely Airtel Ghana Limited, Airtel Mobile Commerce (Ghana) Limited, Mobile Financial Services Limited and Millicom Ghana Company Limited. For details, refer note 40.

## Details of associates:

| S. no. | Name of associates <sup>#</sup>                        | Principal place of business | Principal activities              | Ownership interest |                |
|--------|--------------------------------------------------------|-----------------------------|-----------------------------------|--------------------|----------------|
|        |                                                        |                             |                                   | % As of            |                |
|        |                                                        |                             |                                   | March 31, 2020     | March 31, 2019 |
| 1      | Seychelles Cable Systems Company Limited*              | Seychelles                  | Submarine cable system            | 14.56              | 17.76          |
| 2      | Robi Axiata Limited                                    | Bangladesh                  | Telecommunication services        | 25.00              | 25.00          |
| 3      | Seynse Technologies Private Limited                    | India                       | Financial services                | 22.54              | 22.54          |
| 4      | Juggernaut Books Private Limited                       | India                       | Digital books publishing services | 17.79              | 19.35          |
| 5      | Airtel Payments Bank Limited (w.e.f. October 25, 2018) | India                       | Mobile commerce services          | 80.10              | 80.10          |

\* Airtel Africa plc, in which the Group has 56.01% equity interest (68.31% as of March 31, 2019), owns 26% of Seychelles Cable Systems Company Limited. The associate has a subsidiary RedDot Digital Limited which was incorporated on November 5, 2019. For details, refer note 40.

<sup>#</sup> Investments in associates are unquoted.

Refer note 23 for Group's share of joint venture's and associate's commitments and contingencies.

## 8. Investments in subsidiaries

Information as to the subsidiaries which are part of the Group is as follows:

| S. no. | Principal activity         | Principal place of business | Number of wholly-owned subsidiaries |                |
|--------|----------------------------|-----------------------------|-------------------------------------|----------------|
|        |                            |                             | As of                               |                |
|        |                            |                             | March 31, 2020                      | March 31, 2019 |
| 1      | Telecommunication services | India                       | 3                                   | 4              |
| 2      | Telecommunication services | Africa                      | 0                                   | 7              |
| 3      | Telecommunication services | South Asia                  | 1                                   | 1              |
| 4      | Telecommunication services | Others                      | 6                                   | 6              |
| 5      | Mobile commerce services   | Africa                      | 1                                   | 13             |
| 6      | Infrastructure services    | Africa                      | 0                                   | 3              |
| 7      | Submarine cable            | Mauritius                   | 1                                   | 1              |
| 8      | Submarine cable            | Africa                      | 1                                   | 0              |
| 9      | Investment company         | Netherlands                 | 0                                   | 31             |
| 10     | Investment company         | Mauritius                   | 5                                   | 10             |
| 11     | Investment company         | Others                      | 0                                   | 3              |
| 12     | Investment company         | India                       | 1                                   | 0              |
| 13     | Others                     | India                       | 2                                   | 3              |
|        |                            |                             | <b>21</b>                           | <b>82</b>      |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 8. Investments in subsidiaries (Contd..)

| S. no. | Principal activity         | Principal place of business | Number of non-wholly-owned subsidiaries |                |
|--------|----------------------------|-----------------------------|-----------------------------------------|----------------|
|        |                            |                             | % As of                                 |                |
|        |                            |                             | March 31, 2020                          | March 31, 2019 |
| 1      | Telecommunication services | India                       | 2                                       | 2              |
| 2      | Telecommunication services | Africa                      | 14                                      | 7              |
| 3      | Mobile commerce services   | Africa                      | 15                                      | 3              |
| 4      | Infrastructure services    | India                       | 1                                       | 1              |
| 5      | Infrastructure services    | Africa                      | 5                                       | 2              |
| 6      | Direct to home services    | India                       | 1                                       | 1              |
| 7      | Investment company         | Africa                      | 2                                       | 2              |
| 8      | Investment company         | Mauritius                   | 5                                       | 0              |
| 9      | Investment company         | Netherlands                 | 31                                      | 0              |
| 10     | Investment company         | Others                      | 2                                       | 0              |
| 11     | Others                     | India                       | 1                                       | 0              |
|        |                            |                             | <b>79</b>                               | <b>18</b>      |

Additionally, the Group also controls the employee stock option plan trusts as mentioned here below:

| S. no. | Name of trust                            | Principal place of business |
|--------|------------------------------------------|-----------------------------|
| 1      | Bharti Airtel Employees' Welfare Trust   | India                       |
| 2      | Bharti Infratel Employees' Welfare Trust | India                       |

The summarised financial information of subsidiaries (including acquisition date fair valuation and adjustments thereto, and accounting policies alignment) having material non-controlling interests is as follows:

### Summarised balance sheet

|                                     | Bharti Infratel Limited* |                | Bharti Hexacom Limited |                | Airtel Africa Plc.** |                |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|----------------------|----------------|
|                                     | As of                    |                | As of                  |                | As of                |                |
|                                     | March 31, 2020           | March 31, 2019 | March 31, 2020         | March 31, 2019 | March 31, 2020       | March 31, 2019 |
| <b>Assets</b>                       |                          |                |                        |                |                      |                |
| Non current assets                  | 158,946                  | 139,923        | 123,947                | 103,402        | 578,466              | 501,388        |
| Current assets                      | 53,495                   | 42,800         | 30,400                 | 10,005         | 127,671              | 98,248         |
| <b>Liabilities</b>                  |                          |                |                        |                |                      |                |
| Non current liabilities             | 25,959                   | 13,033         | 27,946                 | 3,237          | 267,707              | 203,033        |
| Current liabilities                 | 42,102                   | 17,752         | 96,201                 | 52,494         | 188,789              | 198,818        |
| <b>Equity</b>                       | <b>144,380</b>           | <b>151,938</b> | <b>30,200</b>          | <b>57,676</b>  | <b>249,641</b>       | <b>197,785</b> |
| % of ownership interest held by NCI | 46.49%                   | 46.49%         | 30.00%                 | 30.00%         | 43.99%               | 31.69%         |
| Accumulated NCI                     | 67,122                   | 70,636         | 9,060                  | 17,303         | 109,817              | 62,678         |

### Summarised statement of profit and loss

|                                     | Bharti Infratel Limited* |                | Bharti Hexacom Limited |                | Airtel Africa Plc.** |                |
|-------------------------------------|--------------------------|----------------|------------------------|----------------|----------------------|----------------|
|                                     | For the year ended       |                | For the year ended     |                | For the year ended   |                |
|                                     | March 31, 2020           | March 31, 2019 | March 31, 2020         | March 31, 2019 | March 31, 2020       | March 31, 2019 |
| Revenue                             | 66,244                   | 65,889         | 38,920                 | 36,199         | 242,173              | 226,079        |
| Net profit / (loss)                 | 31,449                   | 22,085         | (27,165)               | (7,220)        | 28,564               | 29,847         |
| Other comprehensive income / (loss) | (119)                    | (24)           | (2)                    | 3              | 6,569                | (17,195)       |
| Total comprehensive income / (loss) | 31,330                   | 22,061         | (27,167)               | (7,217)        | 35,133               | 12,652         |
| Profit / (loss) allocated to NCI    | 14,618                   | 10,271         | (8,150)                | (2,160)        | 8,716                | 3,486          |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Summarised statement of cash flows

|                                                       | Bharti Infratel Limited* |                | Bharti Hexacom Limited |                | Airtel Africa Plc.** |                |
|-------------------------------------------------------|--------------------------|----------------|------------------------|----------------|----------------------|----------------|
|                                                       | For the year ended       |                | For the year ended     |                | For the year ended   |                |
|                                                       | March 31, 2020           | March 31, 2019 | March 31, 2020         | March 31, 2019 | March 31, 2020       | March 31, 2019 |
| Net cash (outflow) / inflow from operating activities | 23,151                   | 31,586         | (3,159)                | 4,926          | 98,311               | 64,827         |
| Net cash (outflow) / inflow from investing activities | (10,122)                 | 15,999         | (10,756)               | (11,657)       | (56,439)             | 17,557         |
| Net cash (outflow) / inflow from financing activities | (11,854)                 | (47,947)       | 18,642                 | 5,595          | (27,564)             | (41,939)       |
| <b>Net cash (outflow) / inflow</b>                    | <b>1,175</b>             | <b>(362)</b>   | <b>4,727</b>           | <b>(1,136)</b> | <b>14,308</b>        | <b>40,445</b>  |
| Dividend paid to NCI (including tax)                  | 14,408                   | 22,286         | -                      | -              | 3,533                | -              |

\*Based on consolidated financial statements of the entity.

\*\*Refer note 4 (i)

## 9. Investments

### Non-current

|                             | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|-----------------------------|-------------------------|-------------------------|
| <b>Investment at FVTPL</b>  |                         |                         |
| Government securities       | 2                       | 293                     |
| Equity instruments          | 2,900                   | 3,175                   |
| Mutual funds                | 17,002                  | 16,007                  |
| Preference shares           | 374                     | 342                     |
|                             | <b>20,278</b>           | <b>19,817</b>           |
| <b>Investment at FVTOCI</b> |                         |                         |
| Bonds                       | -                       | 2,124                   |
|                             | <b>-</b>                | <b>2,124</b>            |
|                             | <b>20,278</b>           | <b>21,941</b>           |

### Current

|                                                            | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|------------------------------------------------------------|-------------------------|-------------------------|
| <b>Investment at FVTPL</b>                                 |                         |                         |
| Mutual funds                                               | 134,489                 | 33,506                  |
| Government securities                                      | 2,940                   | 11,925                  |
| Bonds                                                      | -                       | 801                     |
| Non-convertible debenture                                  | 250                     | -                       |
|                                                            | <b>137,679</b>          | <b>46,232</b>           |
| <b>Investment at FVTOCI</b>                                |                         |                         |
| Government securities                                      | -                       | -                       |
| Commercial paper                                           | -                       | -                       |
|                                                            | <b>-</b>                | <b>-</b>                |
|                                                            | <b>137,679</b>          | <b>46,232</b>           |
| <b>Aggregate book / market value of quoted investments</b> |                         |                         |
| Non-current                                                | 17,002                  | 18,424                  |
| Current                                                    | 137,679                 | 46,232                  |
| <b>Aggregate book value of unquoted investments</b>        |                         |                         |
| Non-current                                                | 3,276                   | 3,517                   |
| Current                                                    | -                       | -                       |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 10. Derivative financial instruments

|                                              | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|----------------------------------------------|-------------------------|-------------------------|
| <b>Assets</b>                                |                         |                         |
| Currency swaps, forward and option contracts | 2,716                   | 346                     |
| Interest swaps                               | 117                     | 3,185                   |
|                                              | <b>2,833</b>            | <b>3,531</b>            |
| <b>Liabilities</b>                           |                         |                         |
| Currency swaps, forward and option contracts | 600                     | 3,691                   |
| Interest swaps*                              | 26                      | 9,579                   |
| Embedded derivatives                         | 234                     | 298                     |
|                                              | <b>860</b>              | <b>13,568</b>           |
| Non-current derivative financial assets      | 41                      | 3,105                   |
| Current derivative financial assets          | 2,792                   | 426                     |
| Non-current derivative financial liabilities | (292)                   | (826)                   |
| Current derivative financial liabilities     | (568)                   | (12,742)                |

\*During the year ended March 31, 2019 the Company had issued shares to several global investors. The shares subscription agreements included certain indemnities that were embedded derivatives not clearly and closely related to the shares and therefore have been bifurcated and presented separately as a derivative financial liability. The fair value of those embedded derivatives was ₹ 9,095 as of March 31, 2019.

Refer note 36 for details of the financial risk management of the Group.

## 11. Security deposits

|                                       | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|---------------------------------------|-------------------------|-------------------------|
| Considered good*                      | 8,728                   | 16,452                  |
| Considered doubtful                   | 1,548                   | 1,448                   |
| Less: allowance for doubtful deposits | (1,548)                 | (1,448)                 |
|                                       | <b>8,728</b>            | <b>16,452</b>           |

Security deposits primarily include deposits given towards rented premises, cell sites and interconnect ports.

\*It includes amount due from related party refer note 34.

For details towards pledge of the above assets refer note 19.2.

## 12. Financial assets - others

### Non-current

|                        | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|------------------------|-------------------------|-------------------------|
| Indemnification asset* | 14,606                  | 9,082                   |
| Bank deposits          | 16                      | 13                      |
| Margin money deposits  | 74                      | 147                     |
|                        | <b>14,696</b>           | <b>9,242</b>            |

\*pursuant to merger with TTML/TTSL and Telenor (refer note 4 (c) and 4 (n))

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Current

|                                            | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|--------------------------------------------|-------------------------|-------------------------|
| Unbilled revenue (refer note 24)           | 19,221                  | 17,072                  |
| Indemnification assets*                    | 189,718                 | -                       |
| Interest accrued on investments / deposits | 296                     | 602                     |
| Others#                                    | 1,288                   | 2,669                   |
|                                            | <b>210,523</b>          | <b>20,343</b>           |

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

#It includes amounts due from related party (refer note 34).

For details towards pledge of the above assets refer note 19.2.

## 13. Income tax

The major components of the income tax expense are:

|                                                     | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-----------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Current income tax</b>                           |                                      |                                      |
| - For the year                                      | 25,400                               | 19,527                               |
| - Adjustments for prior periods                     | (1,662)                              | (136)                                |
|                                                     | <b>23,738</b>                        | <b>19,391</b>                        |
| <b>Deferred tax</b>                                 |                                      |                                      |
| - Origination and reversal of temporary differences | (151,653)                            | (27,924)                             |
| - Effect of change in tax rate (refer note 31)      | 5,090                                | -                                    |
| - Adjustments for prior periods                     | 1,002                                | (25,660)                             |
|                                                     | <b>(145,561)</b>                     | <b>(53,584)</b>                      |
| <b>Income tax credit</b>                            | <b>(121,823)</b>                     | <b>(34,193)</b>                      |

## Consolidated statement of other comprehensive income

|                                                                   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Deferred tax on fair value changes of financial assets of FVTOCI  | 13                                   | 3                                    |
| Net gains on net investments hedge                                | 2,870                                | 5,425                                |
| Re-measurement losses on defined benefit plans                    | (41)                                 | (62)                                 |
| <b>Deferred tax charge recorded in Other Comprehensive Income</b> | <b>2,842</b>                         | <b>5,366</b>                         |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

|                                                                                                           | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Loss before tax                                                                                           | (428,465)                            | (17,318)                             |
| Enacted tax rates in India                                                                                | 34.944%                              | 34.944%                              |
| Tax expense @ Company's domestic tax rate 34.944%                                                         | (149,723)                            | (6,052)                              |
| Effect of:                                                                                                |                                      |                                      |
| Share of profits in associates and joint ventures                                                         | (926)                                | (1,245)                              |
| Tax holiday                                                                                               | 516                                  | 264                                  |
| Adjustment in respect to MAT credit recoverability (refer note 31)                                        | 12,357                               | -                                    |
| Adjustments in respect of previous years                                                                  | (660)                                | (25,796)                             |
| Effect of changes in tax rate                                                                             | 5,090                                | -                                    |
| Additional taxes / taxes for which no credit is allowed                                                   | 476                                  | 3,139                                |
| Difference in tax rate applicable to group companies                                                      | 11,305                               | (1,589)                              |
| Items subject to different tax rate                                                                       | (43)                                 | (30)                                 |
| Income (net) not taxable / deductible                                                                     | (4,998)                              | (3,028)                              |
| Tax on undistributed retained earnings                                                                    | 8,167                                | 2,286                                |
| Item for which no deferred tax asset was recognised                                                       | 2,145                                | (24)                                 |
| Settlement of various disputes                                                                            | 233                                  | (2,229)                              |
| Deferred tax recognised on losses and deductible temporary differences pertaining to business combination | (2,537)                              | -                                    |
| Tax on common control transactions                                                                        | (4,037)                              | -                                    |
| Others                                                                                                    | 812                                  | 111                                  |
| <b>Income tax credit</b>                                                                                  | <b>(121,823)</b>                     | <b>(34,193)</b>                      |

The analysis of deferred tax assets and liabilities is as follows:

| Deferred tax assets (net)                                                                    | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|----------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>a) Deferred tax liability due to</b>                                                      |                         |                         |
| Depreciation / amortisation on PPE / intangible assets / ROU / interest on lease liabilities | (53,717)                | (89,029)                |
| <b>b) Deferred tax asset arising out of</b>                                                  |                         |                         |
| Allowance for impairment of debtors / advances                                               | 13,504                  | 13,023                  |
| Carry forward losses                                                                         | 253,351                 | 90,952                  |
| Unearned income                                                                              | 171                     | 559                     |
| Employee benefits                                                                            | 1,378                   | 1,311                   |
| Minimum alternate tax ('MAT') credit                                                         | 48,081                  | 60,463                  |
| Lease rent equalisation                                                                      | -                       | 6,893                   |
| Fair valuation of financial instruments and exchange differences                             | 1,132                   | 3,068                   |
| Fair valuation of compulsory convertible debentures                                          | (1,796)                 | -                       |
| Government grant                                                                             | 965                     | -                       |
| Rates and taxes                                                                              | 5,837                   | 1,511                   |
| Others                                                                                       | 1,254                   | 628                     |
|                                                                                              | <b>270,160</b>          | <b>89,379</b>           |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

| Deferred tax liabilities (net)                                                               | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|----------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>a) Deferred tax liability due to</b>                                                      |                         |                         |
| Revenue equalisation (net)                                                                   | 1,542                   | 2,804                   |
| Fair valuation of financial instruments and exchange differences                             | 699                     | 136                     |
| Depreciation / amortisation on PPE / intangible assets / ROU / interest on lease liabilities | 4,215                   | 5,940                   |
| Undistributed retained earnings                                                              | 11,220                  | 3,367                   |
| Others                                                                                       | 395                     | 345                     |
| <b>b) Deferred tax asset arising out of</b>                                                  |                         |                         |
| Allowance for impairment of debtors / advances                                               | (762)                   | (828)                   |
| Carry forward losses                                                                         | (254)                   | (250)                   |
| Unearned income                                                                              | 9                       | 8                       |
| Employee benefits                                                                            | (187)                   | (225)                   |
|                                                                                              | <b>16,877</b>           | <b>11,297</b>           |

| Deferred tax income                                                                          | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|----------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Allowance for impairment of debtors / advances                                               | 470                                  | (4,437)                              |
| Carry forward losses                                                                         | 161,622                              | 61,811                               |
| Unearned income                                                                              | (272)                                | (43)                                 |
| Employee benefits                                                                            | (45)                                 | 47                                   |
| MAT credit                                                                                   | (12,348)                             | 3,150                                |
| Lease rent equalisation (net)                                                                | 1,258                                | 653                                  |
| Fair valuation of financial instruments and exchange differences                             | (4,916)                              | (14,270)                             |
| Fair valuation of compulsory convertible bonds (FCCB)                                        | 107                                  | -                                    |
| Rates and taxes                                                                              | 4,330                                | (955)                                |
| Depreciation / amortisation on PPE / intangible assets / ROU / interest on lease liabilities | 1,872                                | 6,039                                |
| Government grant                                                                             | 965                                  | -                                    |
| Undistributed retained earnings                                                              | (7,684)                              | 201                                  |
| Revenue equalisation                                                                         | -                                    | -                                    |
| Revaluation of investments to fair value                                                     | -                                    | -                                    |
| Others                                                                                       | 202                                  | 1,388                                |
| <b>Net deferred tax income</b>                                                               | <b>145,561</b>                       | <b>53,584</b>                        |

The movement in deferred tax assets and liabilities during the year is as follows:

|                                                                    | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>                                             | <b>78,082</b>                        | <b>18,724</b>                        |
| Tax income recognised in statement of profit or loss               | 145,561                              | 53,584                               |
| Tax expense recognised in equity on FCCBs                          | (1,903)                              | -                                    |
| Tax income during the period recognized in equity under Ind AS 116 | 13,039                               | -                                    |
| Tax arising on business combination                                | 15,500                               | 3,717                                |
| Tax income / (expense) recognised in OCI:                          |                                      |                                      |
| - on net investments hedge                                         | 2,870                                | 5,425                                |
| - on fair value changes of financial assets of FVTOCI              | 13                                   | 3                                    |
| - on fair value through OCI investments                            | (41)                                 | (62)                                 |
| Exchange differences and others                                    | (3,875)                              | (3,309)                              |
| Tax recognised under common control transaction in equity          | 4,037                                | -                                    |
| <b>Closing balance</b>                                             | <b>253,283</b>                       | <b>78,082</b>                        |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry forward tax losses / credits (including capital losses) can be utilised. Accordingly, the Group has not recognised deferred tax assets in respect of deductible temporary differences and carry forward tax losses (including capital losses) of ₹ 636,739 and ₹ 509,317 as of March 31, 2020 and March 31, 2019 respectively, as it is not probable that relevant taxable profits will be available in future. The applicable tax rates for the same vary from 3% to 45%, depending on the tax jurisdiction in which the respective group entity operates. Of the above balance as of March 31, 2020 and March 31, 2019, ₹ 154,605 and ₹ 57,130 respectively have an indefinite carry forward period and the balance amount expires, if unutilised, as follows:

| Expiry date       | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|-------------------|-------------------------|-------------------------|
| Within five years | 387,510                 | 86,864                  |
| Above five years  | 94,624                  | 365,323                 |
| Unlimited         | 154,605                 | 57,130                  |
|                   | <b>636,739</b>          | <b>509,317</b>          |

Moreover, deferred tax liability has not been recognised in respect of temporary differences pertaining to the investment in its certain subsidiaries, as where Group is in a position to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The temporary differences associated with respect to such investment in subsidiaries are represented by their retained earnings and other reserves (on the basis of their standalone financial statements), aggregating ₹ 86,245 and ₹ 111,421 as of March 31, 2020 and March 31, 2019 respectively. In case of distribution of the same as dividend, it is expected to attract tax in the range of Nil to 20% (except for companies incorporated in India wherein with effect from April 1, 2020, dividend distribution does not attract tax deduction at source) depending on the tax rates applicable as of March 31, 2020 in the relevant jurisdiction.

## Factors affecting the tax charge in future years

- The group's future tax charge and effective tax rate, could be affected by the following factors:
  - Change in income tax rate in any of the jurisdictions in which group operates
  - Overall profit mix between profit and loss making entities
  - Withholding tax on distributed and undistributed retained earnings of subsidiaries
  - Recognition of deferred tax assets in any of the group entities meeting the criteria
- The group is routinely subject to audit by tax authorities in the jurisdictions in which the group entities operate. The group recognises tax provisions based on reasonable estimates for those matters where tax determination is uncertain but it is considered probable that there will be a future outflow of funds to tax authorities. The amount of such provisions are based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the tax authority in jurisdictions in which the Group operates; the amount ultimately paid in these kind of uncertain tax cases may differ materially and could therefore affect the group's overall profitability and cash flows in future.
- The tax impact of a transaction disclosed as contingent liability can also be uncertain until a conclusion is reached with the relevant tax authority or through a legal process. Refer note 23 for details of the contingencies pertaining to income tax.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 14. Other assets

### Non-current

|                                                              | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|--------------------------------------------------------------|-------------------------|-------------------------|
| Costs to obtain a contract with the customer (refer note 24) | 6,471                   | -                       |
| Revenue equalisation                                         | 3,460                   | 3,067                   |
| Advances (net)*                                              | 23,737                  | 34,202                  |
| Capital advances                                             | 207                     | 939                     |
| Prepaid expenses                                             | 26,063                  | 2,082                   |
| Taxes recoverable                                            | 13,509                  | 21,738                  |
| Others*                                                      | 734                     | 9,483                   |
|                                                              | <b>74,181</b>           | <b>71,511</b>           |

\*Advances (net) represent payments made to various government authorities under protest and are disclosed net of allowance.

\*It mainly includes advances.

### Current

|                                                              | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|--------------------------------------------------------------|-------------------------|-------------------------|
| Costs to obtain a contract with the customer (refer note 24) | 5,788                   | -                       |
| Taxes recoverable*                                           | 135,665                 | 105,603                 |
| Advances to suppliers (net)@                                 | 6,725                   | 20,436                  |
| Prepaid expenses                                             | 9,635                   | 8,201                   |
| Deposit with government authorities^                         | 50,000                  | -                       |
| Others*                                                      | 1,071                   | 2,871                   |
|                                                              | <b>208,884</b>          | <b>137,111</b>          |

\* Taxes recoverable primarily include Goods and service tax and customs duty.

@ Advance to suppliers are disclosed net of allowance of ₹ 3,304 and ₹ 2,866 as of March 31, 2020 and March 31, 2019 respectively.

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

\* It includes employee receivables which principally consist of advances given for business purpose.

## 15. Trade receivables

|                                                   | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|---------------------------------------------------|-------------------------|-------------------------|
| (a) Trade Receivables considered good- unsecured* | 91,986                  | 80,856                  |
| Less: allowances for doubtful receivables         | (45,928)                | (37,850)                |
|                                                   | <b>46,058</b>           | <b>43,006</b>           |

\*It includes amount due from related party refer note 34.

Refer note 36 (iv) for credit risk.

### The movement in allowances for doubtful debts is as follows:

|                             | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-----------------------------|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>      | <b>37,850</b>                        | <b>51,579</b>                        |
| Additions                   | 5,199                                | 10,256                               |
| Write off (net of recovery) | (697)                                | (24,353)                             |
| Exchange differences        | 3,576                                | 368                                  |
| <b>Closing balance</b>      | <b>45,928</b>                        | <b>37,850</b>                        |

For details towards pledge of the above assets refer note 19.2.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 16. Cash and bank balances

### Cash and cash equivalents

|                                                            | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|------------------------------------------------------------|-------------------------|-------------------------|
| Balances with banks                                        |                         |                         |
| - On current accounts                                      | 14,286                  | 7,064                   |
| - Bank deposits with original maturity of 3 months or less | 119,487                 | 53,848                  |
| Cheques on hand                                            | 102                     | 125                     |
| Cash on hand                                               | 1,632                   | 1,084                   |
|                                                            | <b>135,507</b>          | <b>62,121</b>           |

### Other bank balances

|                                           | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|-------------------------------------------|-------------------------|-------------------------|
| Balance held under mobile money trust*    | 22,330                  | 16,478                  |
| Earmarked bank balances - unpaid dividend | 12                      | 110                     |
| Term deposits with bank                   | 153                     | 273                     |
| Margin money deposits*                    | 925                     | 1,658                   |
|                                           | <b>23,420</b>           | <b>18,519</b>           |

\*It represents cash received from subscribers of mobile commerce services relating to its subsidiaries in Africa and the same is not available for general use by the Group.

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

The details of interest accrued on above items (which is included within 'interest accrued on deposits' under current other financial assets) is as below:

|                                                         | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|---------------------------------------------------------|-------------------------|-------------------------|
| <b>Cash and cash equivalents</b>                        |                         |                         |
| - Bank deposits with original maturity 3 months or less | 122                     | 106                     |
|                                                         | <b>122</b>              | <b>106</b>              |
| <b>Other bank balance</b>                               |                         |                         |
| - Term deposits with bank                               | 113                     | 47                      |
|                                                         | <b>113</b>              | <b>47</b>               |
|                                                         | <b>235</b>              | <b>153</b>              |

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

|                                                | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|------------------------------------------------|-------------------------|-------------------------|
| Cash and cash equivalents as per Balance Sheet | 135,507                 | 62,121                  |
| Balance held under mobile money trust*         | 22,330                  | 16,478                  |
| Bank overdraft                                 | (27,298)                | (24,806)                |
|                                                | <b>130,539</b>          | <b>53,793</b>           |

\*It represents cash received from subscribers of mobile commerce services relating to its subsidiaries in Africa and the same is not available for general use by the Group.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 17. Share capital

|                                                                          | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|--------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Issued, subscribed and fully paid-up shares</b>                       |                         |                         |
| 5,455,557,355 (March 31, 2019 - 3,997,400,107) equity shares of ₹ 5 each | 27,278                  | 19,987                  |
|                                                                          | <b>27,278</b>           | <b>19,987</b>           |

### 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<br>shares '000 | % holding | No. of<br>shares '000 | % holding |
| <b>Equity shares of ₹ 5 each fully paid up</b> |                       |           |                       |           |
| 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%     |

### 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 (c)).
- 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 (n)).

### d. Treasury shares

|                           | For the year ended<br>March 31, 2020 |            | For the year ended<br>March 31, 2019 |            |
|---------------------------|--------------------------------------|------------|--------------------------------------|------------|
|                           | No. of<br>shares '000                | Amount     | No. of<br>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)      |
| <b>Closing balance</b>    | <b>2,219</b>                         | <b>788</b> | <b>1,492</b>                         | <b>554</b> |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## e. Dividend

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

|                                                                            | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|----------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A Declared and paid during the year:</b>                                |                                      |                                      |
| Interim dividend for 2019-20: ₹ Nil per share (2018-19 : ₹ 2.50 per share) | -                                    | 12,044                               |
| Dividend on treasury shares                                                | -                                    | 4                                    |
| (including dividend distribution tax 2018-19 @ 20.56% of ₹ 2,054)          |                                      |                                      |
| Final dividend for 2018-19: ₹ Nil per share (2017-18 : ₹ 2.50 per share)   | -                                    | 12,044                               |
| Dividend on treasury shares                                                | -                                    | 4                                    |
| (including dividend distribution tax 2018-19 @ 20.56% of ₹ 2,054)          |                                      |                                      |
|                                                                            | -                                    | <b>24,096</b>                        |
| <b>B Proposed dividend</b>                                                 |                                      |                                      |
| Final dividend for 2019-20: ₹ 2 per share (2018-19 : ₹ Nil per share)      | 10,911                               | -                                    |
|                                                                            | <b>10,911</b>                        | -                                    |

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

## 18. Other equity

- a. Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Group, re-measurement differences on defined benefit plans, any transfer from general reserve and the reserves arising due to court scheme accounting and adjustments thereto (as explained below for significant Scheme of Arrangements).

The Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities at their respective fair values from Bharti Infratel Ventures Limited (erstwhile subsidiary company), Vodafone Infrastructure Limited, Idea Cellular Tower Infrastructure Limited to its joint venture Indus Towers Limited, was approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 and filed with the Registrar of Companies on June 11, 2013 with appointed date April 1, 2009 and hence was accounted retrospectively with effect from April 1, 2009. Similarly, pursuant to the Scheme of Arrangement of the Company under sections 391 to 394 of the Companies Act, 1956, the telecom infrastructure undertaking of the Company was transferred to one of its subsidiary Bharti Infratel Limited during the year ended March 31, 2008.

Further, pursuant to the said schemes, mainly the excess of the fair values over the original book values of the assets transferred to them and the periodic depreciation thereto is adjusted in retained earnings.

In absence of any specific provision under Ind AS with respect to court schemes, and the fact that the court schemes are part of the law, accounting prescribed therein (as explained above) will continue to prevail even in the Ind AS financial statements of the Group after being adjusted for intra-group eliminations / equity accounting, as required.

- 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 of the related treasury shares, is transferred to general reserve.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- c. **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.
- d. **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).
- e. **Securities premium:** It is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

## Other components of equity

|                                                            | Foreign<br>currency<br>translation<br>reserve | Cash flow<br>hedge<br>reserve | Fair value<br>through<br>OCI<br>reserve | Treasury<br>shares | Equity<br>component<br>of foreign<br>currency<br>convertible<br>bond | Total           |
|------------------------------------------------------------|-----------------------------------------------|-------------------------------|-----------------------------------------|--------------------|----------------------------------------------------------------------|-----------------|
| <b>As of April 1, 2018</b>                                 | <b>(75,249)</b>                               | <b>943</b>                    | <b>205</b>                              | <b>(642)</b>       | <b>-</b>                                                             | <b>(74,743)</b> |
| Net gains due to foreign currency translation differences  | (11,544)                                      | -                             | -                                       | -                  | -                                                                    | (11,544)        |
| Net gains on net investment hedge                          | 2,264                                         | -                             | -                                       | -                  | -                                                                    | 2,264           |
| Net losses on cash flow hedge                              | -                                             | (881)                         | -                                       | -                  | -                                                                    | (881)           |
| Net gains on fair value through OCI investments            | -                                             | -                             | (26)                                    | -                  | -                                                                    | (26)            |
| Purchase of treasury shares                                | -                                             | -                             | -                                       | (248)              | -                                                                    | (248)           |
| Exercise of share options                                  | -                                             | -                             | -                                       | 336                | -                                                                    | 336             |
| <b>As of March 31, 2019</b>                                | <b>(84,529)</b>                               | <b>62</b>                     | <b>179</b>                              | <b>(554)</b>       | <b>-</b>                                                             | <b>(84,842)</b> |
| Transition impact on adoption of Ind AS 116 (note 35)      | (129)                                         | -                             | -                                       | -                  | -                                                                    | (129)           |
| <b>Balance as at April 1, 2019</b>                         | <b>(84,658)</b>                               | <b>62</b>                     | <b>179</b>                              | <b>(554)</b>       | <b>-</b>                                                             | <b>(84,971)</b> |
| Net losses due to foreign currency translation differences | (4,478)                                       | -                             | -                                       | -                  | -                                                                    | (4,478)         |
| Net losses on net investment hedge                         | (7,038)                                       | -                             | -                                       | -                  | -                                                                    | (7,038)         |
| Net gains on cash flow hedge                               | -                                             | (62)                          | -                                       | -                  | -                                                                    | (62)            |
| Net losses on fair value through OCI investments           | -                                             | -                             | (54)                                    | -                  | -                                                                    | (54)            |
| Purchase of treasury shares                                | -                                             | -                             | -                                       | (497)              | -                                                                    | (497)           |
| Exercise of share options                                  | -                                             | -                             | -                                       | 263                | -                                                                    | 263             |
| Issuance of foreign currency convertible bonds             | -                                             | -                             | -                                       | -                  | 3,542                                                                | 3,542           |
| <b>As of March 31, 2020</b>                                | <b>(96,174)</b>                               | <b>-</b>                      | <b>125</b>                              | <b>(788)</b>       | <b>3,542</b>                                                         | <b>(93,295)</b> |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 19. Borrowings

### Non-current

|                                                             | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|-------------------------------------------------------------|-------------------------|-------------------------|
| <b>Secured</b>                                              |                         |                         |
| Term loans                                                  | -                       | 1,403                   |
| Vehicle loans*                                              | 1                       | 10                      |
|                                                             | <b>1</b>                | <b>1,413</b>            |
| Less: Current portion (A)                                   | (1)                     | (1,386)                 |
| Less: Interest accrued but not due (refer note 20)          | -                       | (24)                    |
|                                                             | <b>-</b>                | <b>3</b>                |
| <b>Unsecured</b>                                            |                         |                         |
| Liability component of a foreign currency convertible bond^ | 69,856                  | -                       |
| Term loans#                                                 | 222,746                 | 175,551                 |
| Non-convertible bonds@                                      | 259,486                 | 253,741                 |
| Non-convertible debentures                                  | 32,342                  | 32,322                  |
| Deferred payment liabilities***                             | 458,892                 | 466,191                 |
|                                                             | <b>1,043,322</b>        | <b>927,805</b>          |
| Less: Current portion (B)                                   | (98,363)                | (70,346)                |
| Less: Interest accrued but not due (refer note 20)          | (34,167)                | (32,561)                |
|                                                             | <b>910,792</b>          | <b>824,898</b>          |
|                                                             | <b>910,792</b>          | <b>824,901</b>          |
| <b>Current maturities of long-term borrowings (A + B)</b>   | <b>98,364</b>           | <b>71,732</b>           |

### Current

|                                                    | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|----------------------------------------------------|-------------------------|-------------------------|
| <b>Secured</b>                                     |                         |                         |
| Bank overdraft                                     | 280                     | 1,682                   |
|                                                    | <b>280</b>              | <b>1,682</b>            |
| <b>Unsecured</b>                                   |                         |                         |
| Term loans                                         | 114,692                 | 193,988                 |
| Commercial papers                                  | 25,173                  | 91,826                  |
| Bank overdraft                                     | 27,018                  | 23,124                  |
|                                                    | <b>166,883</b>          | <b>308,938</b>          |
| Less: Interest accrued but not due (refer note 20) | (129)                   | (523)                   |
|                                                    | <b>167,034</b>          | <b>310,097</b>          |

\*These loans are secured by hypothecation of the vehicles.

#It includes re-borrowable term loans of ₹ 511 and ₹ 3,847 as of March 31, 2020 and March 31, 2019 respectively which have daily prepayment flexibility.

@It includes impact of fair value hedge refers note 36 (ii). During the year ended March 31, 2020, Airtel Africa Limited made payment of non-convertible bonds of CHF 350 Mn (₹ 26,486) at maturity.

\*\*\*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 instalment amount. The revised instalments amount are based on deferred instalment amount are to be equally spread over the remaining instalment to be paid, without any increase in the existing time period specified for making the instalment payment.

^ 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 INR 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 CONSOLIDATED FINANCIAL STATEMENTS

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

The details of this FCCB issuance is as follows:

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

<sup>(1)</sup>The equity component of convertible bonds has been presented in 'Other Equity' net of deferred tax of ₹ 1,903 (refer note 13).

<sup>(2)</sup>Interest is calculated by applying effective interest rate of 3.9% to the liability component.

## 19.1 Analysis of borrowings

The details given below are gross of debt origination cost and fair valuation adjustments with respect to the hedged risk.

### 19.1.1 Repayment terms of borrowings

The table below summarises the maturity profile of the Group's borrowings:

|                                                               | As of March 31, 2020     |                              |                                                                      |                    |                                 |                                  |                    |
|---------------------------------------------------------------|--------------------------|------------------------------|----------------------------------------------------------------------|--------------------|---------------------------------|----------------------------------|--------------------|
|                                                               | Interest rate<br>(range) | Frequency of<br>installments | Number of<br>installments<br>outstanding<br>per facility<br>(range)* | Within<br>one year | Between<br>one and<br>two years | Between<br>two and<br>five years | Over five<br>years |
| Vehicle loans                                                 | 8% - 9.5%                | Monthly                      | 4 - 6                                                                | 1                  | -                               | -                                | -                  |
| Term loans                                                    | 6% - 15%                 | Monthly                      | 1 - 16                                                               | 16,584             | 199                             | 252                              | -                  |
|                                                               | 4.2% - 9%                | Quarterly                    | 2 - 12                                                               | 12,410             | 15,667                          | 9,552                            | -                  |
|                                                               | 7.8% - 9.2%              | Half - yearly                | 3 - 6                                                                | 9,719              | 46,300                          | 45,653                           | 1,090              |
|                                                               | 1.9% - 12.9%             | One time                     | 1                                                                    | 159,301            | 9,152                           | 10,204                           | -                  |
| Liability component of a foreign<br>currency convertible bond | 1.5%                     | One time                     | 1                                                                    | -                  | -                               | 77,688                           | -                  |
| Non-convertible bonds                                         | 3.4% - 5.4%              | One time                     | 1                                                                    | -                  | 62,420                          | 113,902                          | 75,372             |
| 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                                             | 6.3% - 7.5%              | One time                     | 1                                                                    | 25,215             | -                               | -                                | -                  |
| Bank overdraft                                                | 4.3% - 20.8%             | Payable on<br>demand         | NA                                                                   | 27,298             | -                               | -                                | -                  |
|                                                               |                          |                              |                                                                      | 265,528            | 148,738                         | 279,559                          | 487,647            |

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 19.1.1 Repayment terms of borrowings (Contd..)

|                              | Interest rate (range) | Frequency of installments | As of March 31, 2019                                     |                 |                           |                            | Over five years |
|------------------------------|-----------------------|---------------------------|----------------------------------------------------------|-----------------|---------------------------|----------------------------|-----------------|
|                              |                       |                           | Number of installments outstanding per facility (range)* | Within one year | Between one and two years | Between two and five years |                 |
| Vehicle loans                | 8% - 9.5%             | Monthly                   | 3 - 22                                                   | 8               | 3                         | -                          | -               |
| Term loans                   | 15%                   | Monthly                   | 60                                                       | 66              | 77                        | 316                        | -               |
|                              | 6.1% - 8.4%           | Quarterly                 | 1 - 13                                                   | 8,556           | 6,289                     | 9,335                      | -               |
|                              | 0.8% - 4%             | Half yearly               | 3 - 9                                                    | 1,426           | 1,426                     | 8,265                      | 2,350           |
|                              | 0.5% - 5.4%           | One time                  | 1                                                        | 40,527          | 77,120                    | 14,765                     | -               |
|                              | 10.6% - 14.5%         | Quarterly                 | 6 - 12                                                   | 1,465           | 44                        | 1,139                      | -               |
|                              | 5.4% - 8.8%           | Half yearly               | 1 - 9                                                    | 4,661           | 16,913                    | 4,975                      | -               |
|                              | 8.6% - 8.7%           | Annual                    | 1                                                        | 880             | -                         | 3,847                      | -               |
|                              | 8% - 9.7%             | One time                  | 1                                                        | 162,458         | -                         | -                          | -               |
| Commercial papers            | 7.7% - 8.5%           | One time                  | 1                                                        | 91,858          | -                         | -                          | -               |
| Non-convertible bonds        | 3% - 5.4%             | One time                  | 1                                                        | 24,282          | -                         | 162,059                    | 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         |
| Bank overdraft               | 4.2% - 12.3%          | Payable on demand         | NA                                                       | 23,159          | -                         | -                          | -               |
|                              | 15.8% - 21%           | Payable on demand         | NA                                                       | 1,643           | -                         | -                          | -               |
|                              |                       |                           |                                                          | <b>376,233</b>  | <b>133,622</b>            | <b>280,552</b>             | <b>419,189</b>  |

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

## 19.1.2 Interest rate and currency of borrowings

|                       | Weighted average rate of Interest | Total Borrowings | Floating Rate Borrowings | Fixed Rate Borrowings |
|-----------------------|-----------------------------------|------------------|--------------------------|-----------------------|
| INR                   | 9.08%                             | 756,571          | 220,320                  | 536,251               |
| USD                   | 3.87%                             | 331,590          | 64,328                   | 267,262               |
| Euro                  | 3.31%                             | 67,805           | -                        | 67,805                |
| XAF                   | 6.84%                             | 6,130            | -                        | 6,130                 |
| XOF                   | 6.61%                             | 4,389            | -                        | 4,389                 |
| Others                | 9% to 20.25%                      | 7,126            | 5,613                    | 1,513                 |
| <b>March 31, 2020</b> |                                   | <b>1,173,611</b> | <b>290,261</b>           | <b>883,350</b>        |
| INR                   | 9.23%                             | 780,990          | 202,123                  | 578,867               |
| USD                   | 4.66%                             | 300,054          | 122,425                  | 177,629               |
| Euro                  | 3.03%                             | 71,763           | 13,779                   | 57,984                |
| CHF                   | 3.00%                             | 24,282           | -                        | 24,282                |
| JPY                   | 0.60%                             | 14,027           | 14,027                   | -                     |
| XAF                   | 7.40%                             | 4,333            | -                        | 4,333                 |
| XOF                   | 6.69%                             | 6,251            | -                        | 6,251                 |
| Others                | 9.64% to 20.64%                   | 7,896            | 7,830                    | 66                    |
| <b>March 31, 2019</b> |                                   | <b>1,209,596</b> | <b>360,184</b>           | <b>849,412</b>        |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 19.2 Security details

The Group has taken borrowings in various countries mainly for working capital, capital expenditure and refinancing of existing borrowings. The details of security provided by the Group in various countries are as follows:

|                                               | Outstanding loan amount |                | Security detail                                                                                                                                             |
|-----------------------------------------------|-------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                               | March 31, 2020          | March 31, 2019 |                                                                                                                                                             |
| Bharti Airtel limited                         | 1                       | 10             | Hypothecation of Vehicles                                                                                                                                   |
| Bharti Airtel Africa B.V and its subsidiaries | 303                     | 3,061          | Pledge of all fixed and floating assets - Tanzania<br>(March 31, 2019 - Pledge of all fixed and floating assets - Kenya, Nigeria, Tanzania, Uganda and DRC) |
|                                               | <b>304</b>              | <b>3,071</b>   |                                                                                                                                                             |

### Africa operations acquisition related borrowing:

Borrowings include certain loans, which have been taken to refinance the Africa acquisition related borrowing. These loan agreements prevents the Group (excluding Bharti Airtel Africa B.V, Bharti Infratel Limited, and their respective subsidiaries) to pledge any of its assets without prior written consent of the majority lenders except in certain agreed circumstances.

The USD bonds due in 2023 contains certain covenants relating to limitation on indebtedness. All bonds carry restriction on incurrence of any lien on its assets other than as permitted under the agreement, unless the bonds and guarantee are ranked pari- pasu with such indebtedness. The limitation on indebtedness covenant on the USD bonds due in 2023 is suspended as the agreed criteria for such covenants to be in force, has not been met. The debt covenants remained suspended as of the date of the approval of the financial statements.

These bonds along with the Euro bonds due in 2021 and the USD bonds due in 2024 are guaranteed by the Company. Such guarantee is considered an integral part of the bonds and therefore accounted for as part of the same unit of account.

## 19.3 Unused lines of credit\*

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

|           | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|-----------|-------------------------|-------------------------|
| Secured   | 38,216                  | 8,409                   |
| Unsecured | 135,159                 | 138,219                 |
|           | <b>173,375</b>          | <b>146,628</b>          |

\*Excludes non-fund based facilities

## 20. Financial liabilities - others

### Non-current

|                                      | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|--------------------------------------|-------------------------|-------------------------|
| Payables against capital expenditure | 6,773                   | 16,921                  |
| Lease rent equalisation              | 84                      | 14,859                  |
| Interest accrued but not due         | 25,401                  | -                       |
| Payable towards acquisition®         | -                       | 153                     |
| Security deposits                    | 734                     | 1,052                   |
| Others*                              | 34,407                  | 29,146                  |
|                                      | <b>67,399</b>           | <b>62,131</b>           |

\*It includes advance amounting to ₹ 33,415 and ₹ 29,051 as on March 31, 2020 and March 31, 2019 respectively received against an agreement to sell certain investment, at a future date and is subject to certain customary closing conditions.

®Refer note 4 (u).

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

## Current

|                                                           | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|-----------------------------------------------------------|-------------------------|-------------------------|
| Payables against capital expenditure                      | 122,783                 | 103,722                 |
| Mobile money wallet balance                               | 22,074                  | 16,478                  |
| Interest accrued but not due                              | 8,874                   | 33,419                  |
| Payable against business / asset acquisition <sup>®</sup> | 4,296                   | 5,575                   |
| Employees payables                                        | 5,041                   | 5,385                   |
| Security deposit <sup>^</sup>                             | 3,565                   | 3,917                   |
| Others <sup>#</sup>                                       | 1,721                   | 6,643                   |
|                                                           | <b>168,354</b>          | <b>175,139</b>          |

<sup>®</sup>It includes payable to Qualcomm Asia Pacific Pte. Limited for ₹ 4,104 (towards purchase of balance equity shares upon satisfaction of certain conditions as per the share purchase agreement for acquisition of erstwhile Airtel Broadband Services Private Limited) and other acquisitions.

<sup>^</sup>It pertains to deposits received from subscriber / channel partners, which are repayable on demand after adjusting the outstanding amount, if any.

<sup>#</sup>The Company had issued shares to several global investors during the year ended March 31, 2019. The Shares Subscription Agreement included certain indemnities for claim under certain stipulated indemnities or for breach of agreed warranties. The liability estimated against these claims was ₹ 4,979 as of March 31, 2019, which expired on May 28, 2019 in accordance with the original Share Subscription Agreement. It also includes refund payable to inactive customers and unclaimed liability and liability towards cash settled employee share based payment plans.

## 21. Provisions

### Non-current

|                              | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|------------------------------|-------------------------|-------------------------|
| Asset retirement obligations | 4,286                   | 3,858                   |
| Gratuity                     | 2,713                   | 2,611                   |
| Other employee benefit plans | 549                     | 354                     |
|                              | <b>7,548</b>            | <b>6,823</b>            |

### Current

|                                 | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|---------------------------------|-------------------------|-------------------------|
| Gratuity                        | 987                     | 696                     |
| Other employee benefit plans    | 1,454                   | 1,501                   |
| Sub-judice matters <sup>*</sup> | 448,652                 | 4,504                   |
|                                 | <b>451,093</b>          | <b>6,701</b>            |

<sup>\*</sup>This majorly includes provision related to AGR matter reclassified to 'provisions', earlier it was disclosed under 'other non-financial liabilities' and 'trade payables'.

Refer note 26 for movement of provision towards various employee benefits.

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

|                           | For the year ended<br>March 31, 2020 |
|---------------------------|--------------------------------------|
| Opening balance           | 3,858                                |
| Net addition / (reversal) | 184                                  |
| Interest cost             | 244                                  |
| <b>Closing balance</b>    | <b>4,286</b>                         |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

The movement of provision towards sub-judice matters is as below:

- AGR matter (refer note 4 (a)):

|                                              | For the year ended<br>March 31, 2020 |
|----------------------------------------------|--------------------------------------|
| Opening balance*                             | 68,514                               |
| Provisions made during the year <sup>#</sup> | 506,605                              |
| Payments <sup>^</sup>                        | (131,360)                            |
| <b>Closing balance</b>                       | <b>443,759</b>                       |

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

<sup>#</sup>It includes provision of ₹ 160,196 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 (c) and 4 (n)).

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

- Other sub-judice matters

|                             | For the year ended<br>March 31, 2020 |
|-----------------------------|--------------------------------------|
| Opening balance             | 4,504                                |
| Addition during the year    | 1,526                                |
| Reversal during the year    | (380)                                |
| Utilisation during the year | (757)                                |
| <b>Closing balance</b>      | <b>4,893</b>                         |

## 22. Other liabilities

### Non-current

|               | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|---------------|-------------------------|-------------------------|
| Deferred rent | -                       | 429                     |
|               | <b>-</b>                | <b>429</b>              |

### Current

|                | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|----------------|-------------------------|-------------------------|
| Taxes payable* | 44,220                  | 38,324                  |
| Others         | 4,108                   | 40                      |
|                | <b>48,328</b>           | <b>38,364</b>           |

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



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 23. Contingencies and commitments

### (i) Contingent liabilities

#### Claims against the Company not acknowledged as debt:

|                                                                             | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|
| (i) Taxes, duties and other demands (under adjudication / appeal / dispute) |                         |                         |
| - Sales Tax, Service Tax and GST                                            | 30,075                  | 13,810                  |
| - Income Tax                                                                | 15,331                  | 14,088                  |
| - Customs Duty                                                              | 3,837                   | 6,684                   |
| - Entry Tax (note 23(i)(e))                                                 | 4,315                   | 9,951                   |
| - Stamp Duty                                                                | 596                     | 596                     |
| - Municipal Taxes                                                           | 1,943                   | 1,663                   |
| - Department of Telecom ('DoT') demands                                     | 52,925                  | 97,794                  |
| - Entertainment Tax (note 23(i)(f))                                         | 7,826                   | 4,319                   |
| - Other miscellaneous demands                                               | 1,327                   | 1,226                   |
| (ii) Claims under legal cases including arbitration matters                 |                         |                         |
| - Access charges / Port charges                                             | 14,393                  | 12,640                  |
| - Others                                                                    | 7,108                   | 2,816                   |
|                                                                             | <b>139,676</b>          | <b>165,587</b>          |

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

In addition to the above, the Group's share of joint ventures and associates contingent liabilities is ₹ 49,849 and ₹ 28,089 as of March 31, 2020 and March 31, 2019 respectively.

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 Group 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 Group 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 SMS Termination and employee talk time, Cenvat credit disallowed for procedural lapses and usage in excess of 20% limit.

The GST demand relates to procedural compliance in regard to e-way bills.

#### b) Income Tax demand

Income tax demands mainly include the appeals filed by the Group 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- 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 Group 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 Group, the Hon'ble Central Excise and Service Tax Appellate Tribunal ('CESTAT') has passed an order in favour of the custom authorities. The Group 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 material from outside the state. This position has been challenged by the Group in the respective states, on the grounds that the specific entry tax is ultra vires the Constitution. Classification issues have also been raised, whereby, in view of the Group, 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 Group has reassessed the position and accordingly recorded provision for part of contingent liability.

## f) Entertainment tax

The contingent liability for entertainment tax comprise of cases for levying entertainment tax on activation charges and interest on disputed dues. During the year, there was a re-assessment of levies of entertainment tax based on an ex-parte judgment leading to a credit of ₹ 2,812 (refer note 31 (i) (k)) in Bharti Telemedia Limited, a subsidiary of the Company.

## g) 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 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- (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 one of its subsidiaries and based on legal advice, the Company and one of its subsidiaries 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 ₹ 84,140 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 ₹ 84,140, the Company has recorded a charge of ₹ 18,075. Along with interest thereon of ₹ 38,345, the aggregate of ₹ 56,420 is disclosed as an exceptional item (refer note 31 (i) (c)).

- (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 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 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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 31 (i) (ii)).

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 ₹ 121,627 and ₹ 107,689 respectively, have been issued by banks and financial institutions on behalf of the Group. These guarantees include 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.

In addition to the above the Group's share of guarantees of joint ventures and associates is ₹ 600 and ₹ 901 as of March 31, 2020 and March 31, 2019 respectively.

- (ii) Airtel Bangladesh Limited was amalgamated with Robi Axiata Limited vide merger agreement dated January 28, 2016 and as a result the Company held 25% shareholding in Robi via its step-down subsidiary, Bharti International (Singapore) Pte. Limited. On November 16, 2016, a 'Tax Offset' Agreement was entered into between Robi Axiata Limited, Axiata Investments (Labuan) Limited and Bharti International (Singapore) Pte. Limited. Based on the terms of the tax offset arrangement, if Robi Axiata Limited is able to effect any tax offset of an amount attributable to Airtel Bangladesh Limited's tax relief (in form of carried forward tax losses and unabsorbed depreciation) following the issuance of a final order by Bangladesh tax authorities, Robi Axiata Limited shall transfer an amount equal to 40% of the tax relief to the Group. The Group believes that at this stage, it is not possible to ascertain the probability of such future benefits considering uncertainties around timing and amount of future cash inflows.

## (iii) Commitments

### Capital commitments

The Group has contractual commitments towards capital expenditure (net of related advance) of ₹ 87,885 and ₹ 93,336 as of March 31, 2020 and March 31, 2019 respectively.

In addition to the above, the Group's share of capital commitments of joint ventures and associates is ₹ 3,031 and ₹ 2,904 as of March 31, 2020 and March 31, 2019 respectively.

## 24. Revenue

|                  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|------------------|--------------------------------------|--------------------------------------|
| Service revenue  | 871,139                              | 805,002                              |
| Sale of products | 4,251                                | 2,800                                |
|                  | <b>875,390</b>                       | <b>807,802</b>                       |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Disaggregation of Revenue

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

| Particulars                                          | Mobile Services |                | Airtel Business |                | Tower Infrastructure Services |               | Homes Services |               | Digital TV Services |               |
|------------------------------------------------------|-----------------|----------------|-----------------|----------------|-------------------------------|---------------|----------------|---------------|---------------------|---------------|
|                                                      | 2019-20         | 2018-19        | 2019-20         | 2018-19        | 2019-20                       | 2018-19       | 2019-20        | 2018-19       | 2019-20             | 2018-19       |
| <b>Geographical Markets*</b>                         |                 |                |                 |                |                               |               |                |               |                     |               |
| India                                                | 442,956         | 394,707        | 85,448          | 82,967         | 28,625                        | 31,291        | 22,287         | 22,235        | 29,201              | 40,000        |
| South Asia                                           | 4,366           | 4,199          | -               | -              | -                             | -             | -              | -             | -                   | -             |
| Africa                                               | 236,975         | 210,333        | -               | -              | -                             | -             | -              | -             | -                   | -             |
| Others                                               | -               | -              | 25,532          | 20,268         | -                             | -             | -              | -             | -                   | -             |
|                                                      | <b>684,297</b>  | <b>609,239</b> | <b>110,980</b>  | <b>103,235</b> | <b>28,625</b>                 | <b>31,291</b> | <b>22,287</b>  | <b>22,235</b> | <b>29,201</b>       | <b>40,000</b> |
| <b>Major Product/ Services lines</b>                 |                 |                |                 |                |                               |               |                |               |                     |               |
| Data and Voice Services                              | 533,312         | 485,877        | 83,801          | 81,000         | -                             | -             | 21,250         | 21,196        | -                   | -             |
| Setting up, operating and maintaining towers         | -               | -              | -               | -              | 28,625                        | 31,291        | -              | -             | -                   | -             |
| Others                                               | 150,985         | 123,362        | 27,179          | 22,235         | -                             | -             | 1,037          | 1,039         | 29,201              | 40,000        |
|                                                      | <b>684,297</b>  | <b>609,239</b> | <b>110,980</b>  | <b>103,235</b> | <b>28,625</b>                 | <b>31,291</b> | <b>22,287</b>  | <b>22,235</b> | <b>29,201</b>       | <b>40,000</b> |
| <b>Timing of Revenue Recognition</b>                 |                 |                |                 |                |                               |               |                |               |                     |               |
| Products and services transferred at a point in time | 3,094           | 2,896          | 2,919           | 1,748          | -                             | -             | 22             | 39            | -                   | -             |
| Products and services transferred over time          | 681,203         | 606,343        | 108,061         | 101,487        | 28,625                        | 31,291        | 22,265         | 22,196        | 29,201              | 39,999        |
|                                                      | <b>684,297</b>  | <b>609,239</b> | <b>110,980</b>  | <b>103,235</b> | <b>28,625</b>                 | <b>31,291</b> | <b>22,287</b>  | <b>22,235</b> | <b>29,201</b>       | <b>40,000</b> |

\*Basis location of entity.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Contract Balances

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

|                                  | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|----------------------------------|-------------------------|-------------------------|
| Unbilled revenue (refer note 12) | 19,221                  | 17,072                  |
| Deferred revenue                 | 80,037                  | 61,979                  |

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

|                                                                                           | For the year ended<br>March 31, 2020<br>Unbilled revenue | For the year ended<br>March 31, 2019<br>Deferred revenue |
|-------------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| Revenue recognised that was included in the Deferred revenue at the beginning of the year | -                                                        | 43,993                                                   |
| Increases due to cash received, excluding amounts recognised as revenue during the year   | -                                                        | 62,052                                                   |
| Transfers from unbilled revenue recognised at the beginning of the year to receivables    | 17,072                                                   | -                                                        |

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 recognised Government grant of ₹ 297 during the year ended March 31, 2020.

## Costs to obtain or fulfil a contract with a customer

The Group (except Airtel Africa plc and its subsidiaries), 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 Group's profits before tax by ₹ 12,132 for the year ended March 31, 2020.

Airtel Africa plc and its subsidiaries have updated the policy on cost deferral recognition within these financial statements and now capitalise and amortise customer acquisition costs. The financial impact of this change in Airtel Africa plc and its subsidiaries has resulted in increase of profits before tax in total by USD 33 Mn (₹ 2,335), out of which USD 6 Mn (₹ 424) is relating to the current year, USD 6 Mn (₹ 424) is relating to prior year and USD 21 Mn (₹ 1,486) is relating to earlier years.

|                                                   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Costs to obtain a contract with a customer</b> |                                      |                                      |
| Opening balance                                   | -                                    | -                                    |
| Costs incurred and deferred                       | 17,457                               | -                                    |
| Less: Cost amortised                              | 5,198                                | -                                    |
| <b>Closing balance</b>                            | <b>12,259</b>                        | <b>-</b>                             |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 25. Network operating expenses

|                                            | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--------------------------------------------|--------------------------------------|--------------------------------------|
| Passive infrastructure charges             | 28,081                               | 74,492                               |
| Power and fuel                             | 91,249                               | 80,436                               |
| Repair and maintenance                     | 41,458                               | 39,310                               |
| Internet, bandwidth and leasedline charges | 18,516                               | 14,550                               |
| Others*                                    | 18,381                               | 16,344                               |
|                                            | <b>197,685</b>                       | <b>225,132</b>                       |

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

## 26. Employee benefits expense

|                                                 | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------------------------------------------|--------------------------------------|--------------------------------------|
| Salaries                                        | 31,849                               | 32,092                               |
| Contribution to provident and other funds       | 2,043                                | 2,004                                |
| Staff welfare expenses                          | 1,968                                | 1,723                                |
| Defined benefit plan / other long term benefits | 1,294                                | 835                                  |
| Employee share-based payment expense            |                                      |                                      |
| - Equity-settled plans                          | 338                                  | 347                                  |
| - Cash-settled plans                            | (13)                                 | 187                                  |
| Others*                                         | 593                                  | 787                                  |
|                                                 | <b>38,072</b>                        | <b>37,975</b>                        |

\*It mainly includes recruitment and training expenses.

### 26.1 Share based payment plans

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

| Scheme                      | Plan                           | Vesting period<br>(years) | Contractual term<br>(years) |
|-----------------------------|--------------------------------|---------------------------|-----------------------------|
| <b>Equity settled Plans</b> |                                |                           |                             |
| Scheme I                    | 2006 Plan                      | 1 - 5                     | 7                           |
| Infratel plan               | Infratel 2008 Plan             | 1 - 5                     | 7                           |
| Scheme 2005                 | Long Term Incentive (LTI) Plan | 1 - 3                     | 7                           |
| Infratel plan               | Infratel LTI plans             | 1 - 3                     | 7                           |
| Africa Plan                 | Replacement stock awards       | 1-2                       | 2                           |
| Africa Plan                 | IPO Awards                     | 1-3                       | 3                           |
| Africa Plan                 | IPO share options              | 1-3                       | 10                          |
| Africa Plan                 | IPO executive share options    | 1-3                       | 10                          |
| <b>Cash settled Plans</b>   |                                |                           |                             |
| Performance Unit Plan (PUP) | PUP 2013 - PUP 2017            | 1 - 5                     | 3-5                         |
| Infratel plan               | PUP                            | 1 - 3                     | 7                           |
| Africa Plan                 | Shadow stock plan              | 1-2                       | -                           |

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



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The movement in the number of stock options and the related weighted average exercise prices are given in the table below:

|                                       | For the year ended<br>March 31, 2020 |                                              | For the year ended<br>March 31, 2019 |                                              |
|---------------------------------------|--------------------------------------|----------------------------------------------|--------------------------------------|----------------------------------------------|
|                                       | Number of<br>share options<br>(‘000) | Weighted<br>average<br>exercise price<br>(₹) | Number of<br>share options<br>(‘000) | Weighted<br>average<br>exercise price<br>(₹) |
| <b>2006 Plan</b>                      |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year      | 65                                   | 5.00                                         | 115                                  | 5.00                                         |
| Granted                               | 30                                   | -                                            | -                                    | -                                            |
| Exercised                             | (8)                                  | 5                                            | (50)                                 | 5.00                                         |
| Forfeited / expired                   | (57)                                 | -                                            | -                                    | -                                            |
| Outstanding at end of year            | 30                                   | -                                            | 65                                   | 5.00                                         |
| Exercisable at end of year            | -                                    | -                                            | 8                                    | 5.00                                         |
| <b>Infratel 2008 Plan</b>             |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year      | 58                                   | 109.67                                       | 108                                  | 109.67                                       |
| Granted                               | -                                    | -                                            | -                                    | -                                            |
| Exercised                             | (10)                                 | 109.67                                       | (49)                                 | 109.67                                       |
| Forfeited / expired                   | (2)                                  | 109.67                                       | (1)                                  | 109.67                                       |
| Outstanding at end of year            | 46                                   | 109.67                                       | 58                                   | 109.67                                       |
| Exercisable at end of year            | 46                                   | 109.67                                       | 58                                   | 109.67                                       |
| <b>LTI Plans</b>                      |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year      | 3,412                                | 5.00                                         | 2,977                                | 5.00                                         |
| Granted                               | 1,682                                | -                                            | 2,274                                | -                                            |
| Exercised                             | (556)                                | 5.00                                         | (877)                                | 5.00                                         |
| Forfeited / expired                   | (1,343)                              | 5.00                                         | (962)                                | 5.00                                         |
| Outstanding at end of year            | 3,195                                | 5.00                                         | 3,412                                | 5.00                                         |
| Exercisable at end of year            | 112                                  | 5.00                                         | 478                                  | 5.00                                         |
| <b>Infratel LTI plans</b>             |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year      | 295                                  | 10.00                                        | 238                                  | 10.00                                        |
| Granted                               | 135                                  | 10.00                                        | 158                                  | 10.00                                        |
| Exercised                             | (76)                                 | 10.00                                        | (63)                                 | 10.00                                        |
| Forfeited / expired                   | (20)                                 | 10.00                                        | (38)                                 | 10.00                                        |
| Outstanding at end of year            | 334                                  | 10.00                                        | 295                                  | 10.00                                        |
| Exercisable at end of year            | 73                                   | 10.00                                        | 48                                   | 10.00                                        |
| <b>Replacement stock awards*</b>      |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year      | -                                    | -                                            | -                                    | -                                            |
| Converted from performance unit plans | 674                                  | -                                            | -                                    | -                                            |
| Exercised                             | -                                    | -                                            | -                                    | -                                            |
| Forfeited / expired                   | -                                    | -                                            | -                                    | -                                            |
| Outstanding at end of year            | 674                                  | -                                            | -                                    | -                                            |
| Exercisable at end of year            | -                                    | -                                            | -                                    | -                                            |
| <b>IPO Awards*</b>                    |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year      | -                                    | -                                            | -                                    | -                                            |
| Converted from performance unit plans | 755                                  | -                                            | -                                    | -                                            |
| Exercised                             | -                                    | -                                            | -                                    | -                                            |
| Forfeited / expired                   | -                                    | -                                            | -                                    | -                                            |
| Outstanding at end of year            | 755                                  | -                                            | -                                    | -                                            |
| Exercisable at end of year            | -                                    | -                                            | -                                    | -                                            |
| <b>IPO share options*</b>             |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year      | -                                    | -                                            | -                                    | -                                            |
| Converted from performance unit plans | 3,132                                | 77                                           | -                                    | -                                            |
| Exercised                             | -                                    | -                                            | -                                    | -                                            |
| Forfeited / expired                   | -                                    | -                                            | -                                    | -                                            |
| Outstanding at end of year            | 3,132                                | -                                            | -                                    | -                                            |
| Exercisable at end of year            | -                                    | -                                            | -                                    | -                                            |
| <b>IPO executive share options*</b>   |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year      | -                                    | -                                            | -                                    | -                                            |
| Converted from performance unit plans | 12,517                               | 77                                           | -                                    | -                                            |
| Exercised                             | -                                    | -                                            | -                                    | -                                            |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 26.1 Share based payment plans (Contd..)

|                                                      | For the year ended<br>March 31, 2020 |                                              | For the year ended<br>March 31, 2019 |                                              |
|------------------------------------------------------|--------------------------------------|----------------------------------------------|--------------------------------------|----------------------------------------------|
|                                                      | Number of<br>share options<br>(‘000) | Weighted<br>average<br>exercise price<br>(₹) | Number of<br>share options<br>(‘000) | Weighted<br>average<br>exercise price<br>(₹) |
| Forfeited / expired                                  | (636)                                | -                                            | -                                    | -                                            |
| Outstanding at end of year                           | 11,881                               | -                                            | -                                    | -                                            |
| Exercisable at end of year                           | -                                    | -                                            | -                                    | -                                            |
| <b>Performance Unit Plans*</b>                       |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year <sup>#</sup>        | 1,287                                | -                                            | 1,401                                | -                                            |
| Granted                                              | -                                    | -                                            | 670                                  | -                                            |
| Exercised <sup>#</sup>                               | (423)                                | -                                            | (503)                                | -                                            |
| Forfeited / expired <sup>#</sup>                     | (236)                                | -                                            | (281)                                | -                                            |
| Converted into shadow stock plan <sup>#</sup>        | (479)                                | -                                            | -                                    | -                                            |
| Converted into replacement stock awards <sup>#</sup> | (142)                                | -                                            | -                                    | -                                            |
| Outstanding at end of year                           | 7                                    | -                                            | 1,287                                | -                                            |
| Exercisable at end of year                           | 7                                    | -                                            | 23                                   | -                                            |
| <b>Shadow stock plan</b>                             |                                      |                                              |                                      |                                              |
| Outstanding at beginning of year                     | -                                    | -                                            | -                                    | -                                            |
| Converted into shadow stock plan <sup>#</sup>        | 2,276                                | -                                            | -                                    | -                                            |
| Forfeited / expired <sup>#</sup>                     | (433)                                | -                                            | -                                    | -                                            |
| Outstanding at end of year                           | 1,843                                | -                                            | -                                    | -                                            |

\*On IPO in one of subsidiary company, these PUPs have been replaced with 'shadow stock plan' awards and 'replacement stock awards' and the benefits under the new replaced plans are based on share price of Airtel Africa plc. For IPO awards, Replacement Stock Awards and Shadow Stock awards, vesting is subject to service, total shareholder return ('TSR') and financial performance conditions while for IPO share options and IPO executive share options, vesting is subject to service condition only.

<sup>#</sup>Below share options has been converted into shadow stock plan and replacement stock and these plan no longer exist as on 31 March 2020:

|                                         | March 31, 2020                       | March 31, 2019                       |
|-----------------------------------------|--------------------------------------|--------------------------------------|
|                                         | Number of share<br>options (in '000) | Number of share<br>options (in '000) |
| <b>Performance unit plans ('PUP')</b>   |                                      |                                      |
| Outstanding at beginning of year        | 1,130                                | 980                                  |
| Granted                                 | -                                    | 670                                  |
| Exercised                               | (407)                                | (303)                                |
| Forfeited / Expired                     | (102)                                | (217)                                |
| Converted into shadow stock plan        | (479)                                | -                                    |
| Converted into replacement stock awards | (142)                                | -                                    |
| Outstanding at end of year              | -                                    | 1,130                                |
| Exercisable at end of year              | -                                    | -                                    |

The fair value of options is measured using Black-Scholes / Binomial 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<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--------------------------|--------------------------------------|--------------------------------------|
| Risk free interest rates | 0.12% to 6.56%                       | 6.31% to 8.03%                       |
| Expected life            | 1 to 78 months                       | 4 to 60 months                       |
| Volatility               | 26.46% to 36.38%                     | 29.06% to 34.54%                     |
| Dividend yield           | 0.68% to 10.00%                      | 0.74% to 4.74%                       |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The expected life of the stock options is based on the Group'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.

For details as to exercise price, refer table above.

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) | 1 to 9           | 0.35 to 8.44     |
| Fair value for the options granted during the year ended (₹)         | 0.00 to 409.73   | 258.29 to 409.73 |
| Share price for the options exercised during the year ended (₹)      | 247.60 to 412.43 | 188.62 to 598.01 |

The carrying value of cash settled plans liability is ₹ 46 and ₹ 227 as of March 31, 2020 and March 31, 2019 respectively.

## 26.2 Employee benefits

The details of significant employee benefits are as follows:

|                                                  | For the year ended<br>March 31, 2020 |                        | For the year ended<br>March 31, 2019 |                        |
|--------------------------------------------------|--------------------------------------|------------------------|--------------------------------------|------------------------|
|                                                  | Retirement<br>benefits               | Compensated<br>absence | Retirement<br>benefits               | Compensated<br>absence |
| <b>Obligation:</b>                               |                                      |                        |                                      |                        |
| Balance as at beginning of the year              | 3,311                                | 1,253                  | 3,272                                | 1,424                  |
| Current service cost                             | 427                                  | 402                    | 453                                  | 266                    |
| Interest cost                                    | 283                                  | 111                    | 281                                  | 120                    |
| Benefits paid                                    | (524)                                | (373)                  | (648)                                | (344)                  |
| Transfers                                        | 16                                   | 5                      | (45)                                 | (0)                    |
| Remeasurements                                   | 76                                   | 72                     | (48)                                 | (286)                  |
| Exchange Difference                              | 116                                  | 150                    | 46                                   | 73                     |
| <b>Present value of funded obligation</b>        | <b>3,705</b>                         | <b>1,620</b>           | <b>3,311</b>                         | <b>1,253</b>           |
| <b>Assets:</b>                                   |                                      |                        |                                      |                        |
| Balance as at beginning of year                  | 4                                    | -                      | 16                                   | -                      |
| Interest income                                  | 1                                    | -                      | 1                                    | -                      |
| Benefits paid                                    | -                                    | -                      | (12)                                 | -                      |
| Remeasurements                                   | -                                    | -                      | (1)                                  | -                      |
| <b>Fair value of plan assets</b>                 | <b>5</b>                             | <b>-</b>               | <b>4</b>                             | <b>-</b>               |
| <b>Liability recognised in the balance sheet</b> | <b>3,700</b>                         | <b>1,620</b>           | <b>3,307</b>                         | <b>1,253</b>           |
| <b>Current portion</b>                           | <b>987</b>                           | <b>1,294</b>           | <b>696</b>                           | <b>1,253</b>           |
| <b>Non-current portion</b>                       | <b>2,713</b>                         | <b>326</b>             | <b>2,611</b>                         | <b>-</b>               |

As at March 31, 2020, expected contributions for defined benefit plans for Indian entities for the next annual reporting period is ₹ 550.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Amount recognised in other comprehensive income for the above plans

|                                                  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--------------------------------------------------|--------------------------------------|--------------------------------------|
| Experience losses                                | (72)                                 | (49)                                 |
| Losses from change in demographic assumptions    | (6)                                  | (13)                                 |
| Gains from change in financial assumptions       | 154                                  | 14                                   |
| <b>Remeasurements on liability</b>               | <b>76</b>                            | <b>(48)</b>                          |
| Return on plan assets, excluding interest income | -                                    | (1)                                  |
| <b>Remeasurements on plan assets</b>             | <b>-</b>                             | <b>(1)</b>                           |
| <b>Net remeasurements recognised in OCI</b>      | <b>76</b>                            | <b>(47)</b>                          |

The above mentioned plan assets are entirely represented by funds invested with LIC.

## Due to its defined benefit plans, the Group is exposed to the following significant risks:

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

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

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

|                               | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|-------------------------------|-------------------------|-------------------------|
| Discount rate                 | 9.38%                   | 9.08%                   |
| Rate of return on plan assets | 3.45%                   | 3.83%                   |
| Rate of salary increase       | 5.82%                   | 5.60%                   |
| Rate of attrition             | 5.57%- 43%              | 7.49%- 27%              |
| Retirement age                | 58 to 60                | 58                      |

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

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

|                    | Change in<br>assumption | As of<br>March 31, 2020<br>Retirement<br>benefits | As of<br>March 31, 2019<br>Retirement<br>benefits |
|--------------------|-------------------------|---------------------------------------------------|---------------------------------------------------|
| Discount Rate      | +1%                     | (162)                                             | (156)                                             |
|                    | -1%                     | 156                                               | 188                                               |
| Salary Growth Rate | +1%                     | 154                                               | 180                                               |
|                    | -1%                     | (163)                                             | (168)                                             |

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, as a result of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

|                                      | As of                                |                                      |
|--------------------------------------|--------------------------------------|--------------------------------------|
|                                      | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
| Within one year                      | 988                                  | 725                                  |
| Within one-three years               | 973                                  | 689                                  |
| Within three-five years              | 1,002                                | 771                                  |
| above five years                     | 2,085                                | 2,296                                |
|                                      | <b>5,048</b>                         | <b>4,481</b>                         |
| Weighted average duration (in years) | 6.24                                 | 5.15                                 |

## 27. Sales and marketing expenses

|                                   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Sales commission and distribution | 18,185                               | 24,662                               |
| Advertisement and marketing       | 10,412                               | 10,599                               |
| Business promotion                | 1,895                                | 3,023                                |
| Other ancillary expenses          | 3,833                                | 3,284                                |
|                                   | <b>34,325</b>                        | <b>41,568</b>                        |

## 28. Depreciation and amortisation expense

|                                 | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Depreciation (including on ROU) | 210,982                              | 148,632                              |
| Amortisation                    | 65,914                               | 64,843                               |
|                                 | <b>276,896</b>                       | <b>213,475</b>                       |

## 29. Other expenses

|                                                                                  | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Content cost                                                                     | 8,778                                | 24,646                               |
| Cost of good sold                                                                | 12,959                               | 10,855                               |
| IT expenses                                                                      | 5,998                                | 7,547                                |
| Customer care expenses                                                           | 7,120                                | 7,670                                |
| Legal and professional fees                                                      | 3,737                                | 2,026                                |
| Allowance for doubtful debts                                                     | 4,502                                | (14,037)                             |
| Collection and recovery expenses                                                 | 1,486                                | 1,320                                |
| Travelling and conveyance                                                        | 2,372                                | 2,236                                |
| Bad debts written off                                                            | 697                                  | 24,353                               |
| Charity and donation                                                             | 1,320                                | 1,292                                |
| (Reversal of earlier allowance) / allowance for diminution in value of inventory | -                                    | (163)                                |
| Others <sup>#</sup>                                                              | 10,288                               | 14,797                               |
|                                                                                  | <b>59,257</b>                        | <b>82,542</b>                        |

<sup>#</sup>It includes rent, printing and stationary, security, repair and maintenance expenses etc. Further, it includes political contributions amounting to ₹ 393 and ₹ 542 made under Section 182 of the Companies Act, 2013 during the year ended March 31, 2020 and 2019 respectively.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 30. Finance costs and income

|                                              | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|----------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Finance costs</b>                         |                                      |                                      |
| Interest expense                             | 79,438                               | 90,566                               |
| Net foreign exchange loss                    | 14,824                               | 5,973                                |
| Other finance charges <sup>#</sup>           | 45,656                               | 9,683                                |
|                                              | <b>139,918</b>                       | <b>106,222</b>                       |
| <b>Finance income</b>                        |                                      |                                      |
| Dividend from mutual funds                   | 57                                   | 231                                  |
| Interest income                              | 3,981                                | 5,025                                |
| Net gains on FVTPL investments               | 7,208                                | 3,394                                |
| Net gain on derivative financial instruments | 4,852                                | 1,678                                |
|                                              | <b>16,098</b>                        | <b>10,328</b>                        |

<sup>#</sup>It includes bank charges, trade finance charges, charges relating to derivative instruments and interest charges towards subjudice matters.

## 31. Exceptional items

Exceptional items comprise of the following:

(i) For the year ended March 31, 2020:

- charge on account of license fee and Spectrum Usage Charges (SUC) aggregating ₹ 303,687 as detailed in note 4(a).
- charge of ₹ 13,757 towards accelerated depreciation on 3G network equipments / operating costs on network re-farming and up-gradation program.
- charge of ₹ 56,420 on account of reassessment of regulatory cost based on a recent judgement on related matter as detailed in note 23 (i)(g)(iv).
- charge of ₹ 1,681 on account of licence fees and interest based on a recent judgment on a similar matter.
- provision of ₹ 18,633 on account of rates and taxes including aged balances.
- charge of ₹ 766 on other miscellaneous items.
- deferment of customer acquisition cost of ₹ 1,911 following reassessment of customer life for some of the subsidiaries of Airtel Africa plc.
- an incremental provision ₹ 27,447 pertaining mainly to customary indemnities to a clutch of investors of Airtel Africa plc determined on the basis of methodology settled prior to listing.
- credit of ₹ 15,540 pertaining to re-assessment of levies based on a recent judgement note 23 (i)(g)(vi).
- net charge of ₹ 216 due to adjustments towards certain indemnity assets / liabilities pertaining to past transactions.
- net credit of ₹ 2,812 due to re-assessment of levies based on ex-parte judgement (refer note 23 (i) (f)).

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

- Charge of ₹ 6,399 mainly towards accelerated depreciation / operating costs on network re-farming and up-gradation program.
- Credit of ₹ 28,568 due to re-assessment of levies, based on a recent pronouncement related to the manner of determination of such levies and settlement of litigations.
- Charge of ₹ 1,368 mainly towards net integration related cost / reversal pertaining to the business combination.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

- d. Charge of ₹ 248 related to the early redemption of the USD 1,500 Mn (₹ 105,697) 5.125% Guaranteed Senior Notes due in March 2023 (refer note 4 (o)).
- e. Credit of ₹ 8,735 Mn due to de-consolidation of APBL (refer note 4 (q)).

Tax credit include:

- (a) Net benefit of ₹ 114,221 (including credit resulting from internal restructuring, charge due to adoption of new tax regime in certain group entities and reversal of tax credit and deferred tax asset pertaining to one of the subsidiaries recognized) (refer note 13) and net charge of ₹ 9,579 during the year ended March 31, 2020 and 2019 respectively on above exceptional items.
- (b) Net charge of ₹ Nil and ₹ 407 on account of re-assessment of tax provisions for the year ended March 31, 2020 and 2019 respectively on above exceptional items.

The net impact for non-controlling interests is charge of ₹ 7,032 and ₹ 579 during the year ended March 31, 2020 and 2019 respectively, relating to the above exceptional items.

## 32. Earnings per share ('EPS')

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

|                                                            | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|------------------------------------------------------------|-------------------------|-------------------------|
|                                                            | In thousands            |                         |
| Weighted average shares outstanding for basic EPS          | 5,075,636               | 4,284,371               |
| Effect of dilution due to employee share options*          | -                       | 2,044                   |
| <b>Weighted average shares outstanding for diluted EPS</b> | <b>5,075,636</b>        | <b>4,286,415</b>        |

(Loss) / profit attributable to equity holders for basic and diluted EPS is ₹ (321,832) and ₹ 4,095 for the year ended March 31, 2020 and 2019 respectively.

\*During the year ended March 31, 2019, the effect of employee share options was dilutive, hence, these have been included in the calculation of diluted earnings per share.

During the year ended March 31, 2020, the effect of employee share options and newly issued foreign currency convertible bonds is anti-dilutive, hence, these have not been included in the calculation of diluted earnings per share. Refer note 19 for terms of the bonds.

## 33. Segment reporting

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

The amounts reported to CODM are based on the accounting principles used in the preparation of financial statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before exceptional items and tax, after excluding charity and donation cost but including share of result of joint ventures and associates. Accordingly, finance costs / income, non-operating (income) / expenses and exceptional items are not allocated to individual segment.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily includes receivables, ROU, property, plant and equipment, capital work-in-progress, intangible assets, intangible assets under development, non-current investments, inventories and cash and cash equivalents. Segment liabilities primarily include operating and lease liabilities. Segment capital expenditure comprises of additions to PPE, CWIP, intangible assets, and intangible assets under development, ROU and capital advances.

The reporting segments of the Group are as below:

**Mobile Services India:** 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.

**Mobile Services Africa:** These services cover provision of voice and data telecom services provided through wireless technology (2G / 3G / 4G) offered to customers in Africa. This also includes corporate headquarter costs of the Group's Africa operations.

**Mobile Services South Asia:** These services cover voice and data telecom services provided through wireless technology (2G / 3G) in Sri Lanka.

**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.

**Tower Infrastructure Services:** These services include setting up, operating and maintaining wireless communication towers in India.

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

**Digital TV Services:** This includes digital broadcasting services provided under the direct-to-home platform.

**Others:** It includes certain other strategic investment in joint venture / associates, and administrative / support services provided to other segments.

**Unallocated:** It includes expenses / results, assets and liabilities primarily of corporate headquarters of the Group, non-current investment, current taxes, deferred taxes, borrowings and certain financial assets and liabilities, not allocated to the operating segments.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Summary of the segmental information for the year ended and as of March 31, 2020 is as follows:

|                                                                                | Mobile Services India | Mobile Services Africa | Mobile Services South Asia | Airtel Business | Tower Infrastructure Services | Homes Services | Digital TV Services | O   |
|--------------------------------------------------------------------------------|-----------------------|------------------------|----------------------------|-----------------|-------------------------------|----------------|---------------------|-----|
| Revenue from external customers                                                | 442,956               | 236,975                | 4,366                      | 110,980         | 29,406                        | 22,287         | 29,201              |     |
| Inter-segment revenue                                                          | 16,707                | 5,198                  | 186                        | 21,351          | 38,017                        | 164            | 38                  |     |
| <b>Total revenue</b>                                                           | <b>459,663</b>        | <b>242,173</b>         | <b>4,552</b>               | <b>132,331</b>  | <b>67,423</b>                 | <b>22,451</b>  | <b>29,239</b>       |     |
| Share of results of joint ventures and associates                              | 5                     | 13                     | -                          | -               | 13,805                        | 31             | -                   | (6) |
| Segment results                                                                | (31,379)              | 64,488                 | (1,055)                    | 31,889          | 38,127                        | 5,191          | 11,394              | (6) |
| <b>Less:</b>                                                                   |                       |                        |                            |                 |                               |                |                     |     |
| Finance costs                                                                  |                       |                        |                            |                 |                               |                |                     |     |
| Finance income                                                                 |                       |                        |                            |                 |                               |                |                     |     |
| Non-operating expense (net)                                                    |                       |                        |                            |                 |                               |                |                     |     |
| Charity and donation                                                           |                       |                        |                            |                 |                               |                |                     |     |
| Exceptional items (net) (refer note 31)                                        |                       |                        |                            |                 |                               |                |                     |     |
| <b>Loss before tax</b>                                                         |                       |                        |                            |                 |                               |                |                     |     |
| <b>Other segment items</b>                                                     |                       |                        |                            |                 |                               |                |                     |     |
| Capital expenditure                                                            | 108,373               | 45,417                 | 1,513                      | 26,058          | 8,720                         | 5,589          | 10,512              |     |
| Addition to ROU                                                                | 50,106                | 10,980                 | 438                        | 1,912           | 5,626                         | 789            | 410                 |     |
| Depreciation and amortisation expense                                          | 200,926               | 42,786                 | 1,485                      | 10,774          | 12,815                        | 6,147          | 8,565               |     |
| <b>As of March 31, 2020</b>                                                    |                       |                        |                            |                 |                               |                |                     |     |
| Segment assets                                                                 | 2,108,687             | 675,156                | 8,188                      | 200,255         | 202,823                       | 42,425         | 39,749              | 30  |
| Segment liabilities                                                            | 1,025,832             | 201,937                | 3,943                      | 131,256         | 41,839                        | 23,355         | 41,224              |     |
| Investment in joint ventures and associates (included in segment assets above) | 77                    | 264                    | -                          | -               | 60,670                        | 31             | -                   | 30  |

During the year ended March 31, 2020, the Group transferred its operations pertaining to optical fibre on a going concern basis on August 1, 2019. As a result, the Group reorganised the business, whereby, the assets and liabilities pertaining to bandwidth capacities have been allocated to Mobile Services India. Previously, these operations were part of Mobile Services India and bandwidth capacities were billed by Mobile Services India to Airtel Business and the year ended March 31, 2020 and as of that date, segment revenue, segment results, segment assets and segment liabilities for Mobile Services India were ₹ 2,154,218 and ₹ 1,075,354 respectively; segment results, segment assets and segment liabilities for Airtel Business would have been ₹ 32,946, ₹ 1,075,354 and ₹ 41,224 respectively. Segment revenue, segment results, segment assets and segment liabilities for Tower Infrastructure Services would have been ₹ 4,583, ₹ 44,658 and ₹ 17,541 respectively.



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

Summary of the segmental information for the year ended and as of March 31, 2019 is as follows:

|                                                                                | Mobile<br>Services<br>India | Mobile<br>Services<br>Africa | Mobile<br>Services<br>South Asia | Airtel<br>Business | Tower<br>Infrastructure<br>Services | Homes<br>Services | Digital TV<br>Services | O        |
|--------------------------------------------------------------------------------|-----------------------------|------------------------------|----------------------------------|--------------------|-------------------------------------|-------------------|------------------------|----------|
| Revenue from external customers                                                | 394,707                     | 210,333                      | 4,199                            | 103,235            | 32,047                              | 22,235            | 40,935                 |          |
| Inter-segment revenue                                                          | 20,833                      | 4,695                        | 237                              | 21,302             | 36,138                              | 156               | 66                     |          |
| <b>Total revenue</b>                                                           | <b>415,540</b>              | <b>215,028</b>               | <b>4,436</b>                     | <b>124,537</b>     | <b>68,185</b>                       | <b>22,391</b>     | <b>41,001</b>          | <b>1</b> |
| Share of results of joint ventures and associates                              | 4                           | (7)                          | -                                | -                  | 10,172                              | 3                 | -                      | (5)      |
| Segment results                                                                | (56,762)                    | 52,390                       | (1,069)                          | 27,631             | 31,974                              | 3,376             | 7,447                  | (7)      |
| <b>Less:</b>                                                                   |                             |                              |                                  |                    |                                     |                   |                        |          |
| Finance costs                                                                  |                             |                              |                                  |                    |                                     |                   |                        |          |
| Finance income                                                                 |                             |                              |                                  |                    |                                     |                   |                        |          |
| Non-operating expense (net)                                                    |                             |                              |                                  |                    |                                     |                   |                        |          |
| Charity and donation                                                           |                             |                              |                                  |                    |                                     |                   |                        |          |
| Exceptional items (net) (refer note 31)                                        |                             |                              |                                  |                    |                                     |                   |                        |          |
| <b>Loss before tax</b>                                                         |                             |                              |                                  |                    |                                     |                   |                        |          |
| <b>Other segment items</b>                                                     |                             |                              |                                  |                    |                                     |                   |                        |          |
| Capital expenditure                                                            | 235,770                     | 50,846                       | 1,228                            | 18,986             | 9,107                               | 8,931             | 8,791                  |          |
| Depreciation and amortisation expense                                          | 150,991                     | 31,234                       | 1,196                            | 13,014             | 10,658                              | 7,453             | 8,275                  |          |
| <b>As of March 31, 2019</b>                                                    |                             |                              |                                  |                    |                                     |                   |                        |          |
| Segment assets                                                                 | 1,700,637                   | 569,606                      | 6,774                            | 149,445            | 169,693                             | 45,889            | 31,234                 | 3        |
| Segment liabilities                                                            | 408,088                     | 110,571                      | 2,515                            | 87,225             | 22,303                              | 21,729            | 35,423                 | 2        |
| Investment in joint ventures and associates (included in segment assets above) | 66                          | 230                          | -                                | -                  | 52,479                              | 3                 | -                      | 30       |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Geographical information\*:

### (a) Revenue from external customers:

|        | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|--------|--------------------------------------|--------------------------------------|
| India  | 608,518                              | 573,002                              |
| Africa | 236,975                              | 210,333                              |
| Others | 29,897                               | 24,467                               |
|        | <b>875,390</b>                       | <b>807,802</b>                       |

### (b) Non-current assets\*:

|        | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|--------|-------------------------|-------------------------|
| India  | 1,773,398               | 1,608,049               |
| Africa | 541,850                 | 470,490                 |
| Others | 20,334                  | 27,057                  |
|        | <b>2,335,582</b>        | <b>2,105,596</b>        |

\*Basis location of entity.

\*Non-current operating assets for this purpose consist of PPE, CWIP, ROU, intangible assets, intangible assets under development, capital advances and goodwill.

## 34. Related party disclosures

### (a) List of related parties

#### i. 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.

#### ii. Entity having control over the Company

Bharti Telecom Limited

#### iii. For list of subsidiaries, joint venture and associates refer note no. 40.

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

##### - Entities having significant influence over the Company

Pastel Limited

Singapore Telecommunications Limited

##### - Fellow companies (subsidiaries / joint ventures / associates other than that of the Company)

##### a) Subsidiaries

Bharti Axa General Insurance Company Limited

Bharti Axa Life Insurance Company Limited

Bharti Enterprises Limited (formerly known as Bharti Ventures Limited)

Bharti Insurance Holdings Private Limited (Merged with Bharti Airtel Enterprises (Holdings) Private Limited w.e.f. 18<sup>th</sup> October, 2018)

Cedar support Services Limited (Merged with Bharti Airtel Enterprises (Holdings) Private Limited w.e.f. 18<sup>th</sup> October, 2018)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## b) Associates

Bharti General Ventures Private Limited

Bharti Life Ventures Private Limited

## - Others related parties\*

### a) Entities where Key Management Personnel and their relatives exercise significant influence

Bharti Airtel Employees Welfare Trust

Bharti Foundation

Satya Bharti Foundation

Hike Private Limited (formerly known as Hike Limited)

### b) Others

Bharti Land Limited

Bharti Realty Holdings Limited (merged with Bharti Realty Limited w.e.f. December 4, 2019)

Bharti Realty Limited

Bharti Support Services Private Limited (Merged with Bharti Airtel Enterprises (Holdings) Private Limited w.e.f. 18<sup>th</sup> October, 2018)

Brightstar Telecommunication India Limited

Centum Learning Limited

Centum Work skills India Limited

Deber Technologies Private Limited

Fieldfresh Foods Private Limited

Gourmet Investments Private Limited

Indian Continent Investment Limited

Jersey Airtel Limited

Nile Tech Limited (merged with Bharti Realty Limited w.e.f. December 4, 2019)

Oak Infrastructure Developers 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.

## v. Key Management Personnel ('KMP')

Sunil Bharti Mittal

Gopal Vittal

Raghunath Venkateswarlu Mandava

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

In the ordinary course of business, there are certain transactions among the group entities. However, the intra-group transactions and balances, and the income and expenses arising from such transactions, are eliminated on consolidation. The transactions with related parties (other than with KMPs which are disclosed in note 34 (d)) for the year ended March 31, 2020 and 2019 respectively, are described below:

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

| Relationship                                               | For the year ended March 31, 2020 |            |                |           | For the year ended March 31, 2019 |            |                |           |
|------------------------------------------------------------|-----------------------------------|------------|----------------|-----------|-----------------------------------|------------|----------------|-----------|
|                                                            | Significant influence entities    | Associates | Joint ventures | ORP / FC* | Significant influence entities    | Associates | Joint ventures | ORP / FC* |
| Purchase of assets                                         | (313)                             | -          | -              | (1,339)   | -                                 | -          | (334)          | (967)     |
| Sale / rendering of services                               | 757                               | 309        | 88             | 179       | 983                               | 105        | 121            | 153       |
| Purchase of goods / receiving of services                  | (706)                             | (2,831)    | (15,706)       | (821)     | (609)                             | (287)      | (43,647)       | (2,985)   |
| Reimbursement of energy expenses                           | -                                 | -          | (33,818)       | (1)       | -                                 | -          | (24,760)       | (1)       |
| Receiving of assets (related to ROU)*                      | -                                 | -          | (16,592)       | -         | -                                 | -          | -              | -         |
| Dividend paid                                              | -                                 | -          | -              | -         | (13,013)                          | -          | -              | (414)     |
| Dividend received                                          | -                                 | -          | -              | -         | -                                 | -          | (11,261)       | -         |
| Sale of fixed assets / IRU                                 | 241                               | -          | -              | 124       | -                                 | -          | -              | -         |
| Fund transferred / Expenses incurred on behalf of others   | -                                 | 252        | 8              | 18        | -                                 | 150        | 4              | 4         |
| Fund received / Expenses incurred on behalf of the Company | -                                 | (307)      | (1)            | (515)     | -                                 | (289)      | -              | (530)     |
| Security deposit given                                     | -                                 | -          | -              | 33        | -                                 | -          | 170            | 22        |
| Loans given                                                | -                                 | -          | -              | 497       | -                                 | -          | -              | -         |
| Repayment of Loans given                                   | -                                 | -          | -              | (262)     | -                                 | -          | -              | -         |
| Interest charged by the company                            | -                                 | -          | 0              | -         | -                                 | -          | 1              | -         |
| Refund of Security deposit given                           | -                                 | -          | (4,460)        | -         | -                                 | -          | -              | (15)      |
| Interest charged by others                                 | -                                 | -          | (43)           | -         | -                                 | -          | (11)           | -         |
| Commission paid                                            | -                                 | -          | (93)           | -         | -                                 | -          | (108)          | -         |

\*Other related parties / fellow companies

#Amount disclosed is net of termination

The significant related party transactions are summarised below:

|                                                                                                          | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|----------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>(i) Purchase of fixed assets</b>                                                                      |                                   |                                   |
| <b>Entities having control over the Company / entities having significant influence over the Company</b> |                                   |                                   |
| Singapore Telecommunications Limited                                                                     | (313)                             | -                                 |
| <b>Other related parties</b>                                                                             |                                   |                                   |
| Brightstar Telecommunication India Limited                                                               | (1,339)                           | (856)                             |
| <b>Joint venture</b>                                                                                     |                                   |                                   |
| Indus Towers Limited                                                                                     | -                                 | (111)                             |
| <b>(ii) Rendering of services</b>                                                                        |                                   |                                   |
| <b>Entities having control over the Company / entities having significant influence over the Company</b> |                                   |                                   |
| Singapore Telecommunications Limited                                                                     | 687                               | 983                               |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The significant related party transactions are summarised below: (Contd..)

|                                                                                                          | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|----------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>(iii) Receiving of services</b>                                                                       |                                      |                                      |
| <b>Entities having control over the Company / entities having significant influence over the Company</b> |                                      |                                      |
| Singapore Telecommunications Limited                                                                     | (693)                                | (596)                                |
| <b>Associates</b>                                                                                        |                                      |                                      |
| Airtel Payment bank Limited                                                                              | (2,795)                              | (224)                                |
| <b>Joint venture</b>                                                                                     |                                      |                                      |
| Indus Towers Limited <sup>#</sup>                                                                        | (15,579)                             | (43,533)                             |
| <b>(iv) Reimbursement of energy expenses paid</b>                                                        |                                      |                                      |
| <b>Joint Venture</b>                                                                                     |                                      |                                      |
| Indus Towers Limited                                                                                     | (33,829)                             | (24,764)                             |
| <b>(v) Refund of security deposit given</b>                                                              |                                      |                                      |
| <b>Joint Venture</b>                                                                                     |                                      |                                      |
| Indus Towers Limited                                                                                     | 4,460                                | -                                    |
| <b>(vi) Repayments of loans given</b>                                                                    |                                      |                                      |
| <b>Other related parties</b>                                                                             |                                      |                                      |
| Bharti Airtel Employees Welfare Trust                                                                    | 497                                  | -                                    |
| <b>(viii) Receiving of assets(ROU)**</b>                                                                 |                                      |                                      |
| <b>Joint venture</b>                                                                                     |                                      |                                      |
| Indus Towers Limited                                                                                     | (16,592)                             | -                                    |

<sup>#</sup>Amount does not include GST

<sup>\*\*</sup>Amount disclosed is net of termination

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

| Scheme                               | Significant<br>influence<br>entities | Associates | Joint ventures | ORP / FC* |
|--------------------------------------|--------------------------------------|------------|----------------|-----------|
| <b>As of March 31, 2020</b>          |                                      |            |                |           |
| Trade payables                       | (57)                                 | (38)       | (16,301)       | (260)     |
| Trade receivables                    | -                                    | 1,886      | -              | 838       |
| Other financial assets - Loans given | -                                    | -          | 8              | -         |
| Security deposit                     | 1                                    | -          | 1,148          | 1,248     |
| Lease liability <sup>#</sup>         | -                                    | -          | (98,440)       | (7,910)   |
| <b>As of March 31, 2019</b>          |                                      |            |                |           |
| Trade payables                       | (219)                                | (71)       | (21,566)       | (227)     |
| Trade receivables                    | -                                    | 406        | -              | 54        |
| Security deposit                     | 2                                    | -          | 4,604          | 1,214     |

\*Other related parties / fellow companies

<sup>#</sup>It include discounted value of future cash payouts

- (1) Outstanding balances at period end are un-secured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.
- (2) In addition to the above, ₹ 714 and ₹ 844 donation has been given to Satya Bharti Foundation and Bharti Foundation during the year ended March 31, 2020 and 2019 respectively.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## (d) Transactions and balances with KMPs

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

|                                                   | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|
| Short-term employee benefits                      | 340                                  | 339                                  |
| Performance linked incentive ('PLI') <sup>#</sup> | 203                                  | 178                                  |
| Post-employment benefits                          | 29                                   | 28                                   |
| Other long-term benefits                          | 18                                   | 24                                   |
| Other awards                                      | 71                                   | -                                    |
| Share-based payment                               | 47                                   | 64                                   |
|                                                   | <b>708</b>                           | <b>633</b>                           |

<sup>#</sup>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 ₹ 205 and ₹ 188 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 Group 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 2019 respectively.

## 35. Leases

### Impact of adoption of Ind AS 116 where the Group 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<br>March 31, 2019 |
|--------------------------------------------------------------------|-------------------------|
| Property, plant and equipment (including CWIP amounting to ₹ 114 ) | (16,830)                |
| Right-of-use assets                                                | 222,866                 |
| Other intangible assets                                            | (39,037)                |
| Intangible assets under development                                | (3,038)                 |
| Deferred tax assets (net)                                          | 14,480                  |
| Other non-current assets                                           | 22,025                  |
| Other current assets                                               | 399                     |
| Lease liabilities                                                  | (239,721)               |
| Other non-current liabilities                                      | 14,210                  |
| <b>Decrease in Equity</b>                                          | <b>(24,646)</b>         |

### 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Group 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      | Lease hold land | Transponder | Vehicle   | Total          |
|--------------------------------------------------------|---------------|---------------------|---------------|-----------------|-------------|-----------|----------------|
| As of April 1, 2019                                    | 16,010        | 177,868             | 14,261        | 12,855          | 1,754       | 117       | 222,865        |
| Additions                                              | 6,444         | 54,915              | 331           | 8,161           | 410         | -         | 70,261         |
| Acquisition through Business Combinations <sup>®</sup> | 20,180        | -                   | 235           | 15              | -           | -         | 20,430         |
| Depreciation/Amortisation                              | (3,238)       | (35,605)            | (2,894)       | (2,623)         | (1,272)     | (74)      | (45,706)       |
| Dismantle/adjustments                                  | 422           | (9,484)             | (14)          | (1,864)         | (23)        | -         | (10,963)       |
| Foreign currency translation reserve                   | 14            | 1,916               | 250           | -               | -           | (18)      | 2,162          |
| <b>As of March 31, 2020</b>                            | <b>39,832</b> | <b>189,610</b>      | <b>12,169</b> | <b>16,544</b>   | <b>869</b>  | <b>25</b> | <b>259,049</b> |

<sup>®</sup>Refer note 4 (c)

- **Bandwidth**  
The Group's leases of bandwidth comprise of dark fiber taken on lease.
- **Plant and equipment**  
The Group 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 Group's leases of building comprise of lease of offices, warehouses and shops.
- **Leasehold land**  
The Group's leases of land comprise of land taken on lease on passive infrastructure is built and offices.
- **Transponder**  
The Group's leases comprise of capacity in the space segment in satellite system in direct to home business.

### Amounts recognised in profit or loss

|                                                                                                  | For the year ended<br>March 31, 2020 |
|--------------------------------------------------------------------------------------------------|--------------------------------------|
| Interest on lease liabilities                                                                    | 25,662                               |
| Expenses relating to short-term leases                                                           | 427                                  |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 173                                  |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Amounts recognised in statement of cash flows

|                               | For the year ended<br>March 31, 2020 |
|-------------------------------|--------------------------------------|
| Total cash outflow for leases | 47,740                               |

## Termination options

Termination options are included in a number of property and equipment leases across the Group, where the Group 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 Group 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 Group. 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:

|                                                                         | For the year ended<br>March 31, 2020 |
|-------------------------------------------------------------------------|--------------------------------------|
| <b>Operating lease commitment at March 31, 2019</b>                     | <b>448,063</b>                       |
| <b>Discounted using the incremental borrowing rate at April 1, 2019</b> | <b>354,738</b>                       |
| Non - lease component                                                   | (126,868)                            |
| Short term lease                                                        | (356)                                |
| Lease component in service contract                                     | 12,207                               |
| <b>Lease liabilities recognised at April 1, 2019</b>                    | <b>239,721</b>                       |

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The incremental borrowing rate used across the Group ranges from 6.09% to 18.82%.

The Group 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.

|                                                   | As of<br>March 31, 2020 |
|---------------------------------------------------|-------------------------|
| Not later than one year                           | 86,271                  |
| Later than one year but not later than five years | 221,900                 |
| Later than five years                             | 98,978                  |
| <b>Total</b>                                      | <b>407,149</b>          |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Group as a lessor- operating lease

### Amounts recognised in profit or loss

|              | For the year ended<br>March 31, 2020 |
|--------------|--------------------------------------|
| Lease income | 22,634                               |

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<br>March 31, 2020 |
|-----------------------------------|-------------------------|
| Less than one year                | 17,013                  |
| One to two years                  | 15,636                  |
| Two to three years                | 14,813                  |
| Three to four years               | 13,130                  |
| Four to five years                | 11,241                  |
| More than five years              | 22,203                  |
| <b>Total</b>                      | <b>94,036</b>           |

| Operating leases under Ind AS 17                  | As of<br>March 31, 2020 |
|---------------------------------------------------|-------------------------|
| Not later than one year                           | 17,586                  |
| Later than one year but not later than five years | 57,291                  |
| Later than five years                             | 25,289                  |
| <b>Total</b>                                      | <b>100,166</b>          |

Group 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.

## 36. Financial and Capital risk

### 1. Financial risk

The business activities of the Group 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 Group's risk management strategies focus on the unpredictability of these elements and seek to minimise the potential adverse effects on its financial performance. Further, the Group uses certain derivative financial instruments to mitigate some of these risk exposures (as discussed below in this note).

The financial risk management for the Group is driven by the Group's senior management ('GSM'), in close co-ordination with the operating entities and internal / external experts subject to necessary supervision. The Group does not undertake any speculative transactions either through derivatives or otherwise. The GSM are accountable to the Board of Directors and Audit Committee. They ensure that the Group'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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The Group policy requires for material translation exposure to be established under effective hedge relationships by ensuring that the critical terms of the hedging instruments match with the terms of the hedged item so as maintain the hedge ratio to be 1:1. The Group uses prospective effectiveness assessment (dollar offset / hypothetical derivative method) to ensure that an economic relationship exists between the hedged item and hedging instrument.

## (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 transacting group entity. The Group, through its parent entity, several intermediary entities and subsidiaries; operates across multiple geographies in the Africa and Asia continent. Accordingly, the Group is exposed to translation risk on the net investment in foreign subsidiaries. The Group has foreign currency trade payables, receivables and borrowings (internal as well as external). However, foreign exchange exposure mainly arises from borrowings and trade payables denominated in foreign currencies and certain net investment in foreign currency. Consequently, the Group is mainly exposed to foreign exchange risks related to USD / Euro vis-à-vis the functional currencies and the translation risk related to USD to INR and USD to XAF-XOF (pegged to Euro).

The foreign exchange risk management policy of the Group requires it to manage the foreign exchange risk either through derivatives or reducing the exposure by transacting as far as possible in the functional currency. Moreover, the Group 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 19. Further, for the details as to the fair value of various outstanding derivative financial instruments designated in a hedge relationship or otherwise refer note 10.

As per the Group's hedging policy certain foreign currency liability, highly probable forecast transactions and material net investment of the Group in foreign subsidiaries have been designated under cash flow hedge and net investment hedge respectively. The following table analyses the movement in the cash flow hedge reserve / net investment hedging in FCTR due to said hedges and details thereto.

### a) Cash flow hedge

|                                                        | March 31, 2020  | March 31, 2019   |                 |
|--------------------------------------------------------|-----------------|------------------|-----------------|
| Currency exchange risk hedged                          | CHF to USD*     | Euro to USD      | CHF to USD      |
| Nominal amount of hedging instruments                  | CHF 350 Mn      | Euro 870 Mn      | CHF 350 Mn      |
| Maturity date                                          | March 2020      | December 2018    | March 2020      |
| Weighted average forward price                         | 1 CHF: 1.12 USD | 1 Euro: 1.12 USD | 1 CHF: 1.12 USD |
| Carrying value of derivative instruments (liabilities) | -               | -                | 1,806           |
| Change in fair value during the year                   |                 |                  |                 |
| Hedged item                                            | (1,806)         | 7,377            | 2,173           |
| Hedging instrument                                     | 1,806           | (7,377)          | (2,173)         |
| CFHR for continuing hedge                              | -               | -                | 138             |
| Hedging loss recognised during the year                | -               | (7,377)          | (2,173)         |
| Gain reclassification during the year to P&L           | 109             | 6,968            | 1,778           |

\*Bharti Airtel International (Netherlands) BV, a subsidiary of the Company, had redeemed CHF 350 Mn (₹ 26,486) 3% senior notes in March 2020 and Euro 1,000 Mn (₹ 79,948) 4% senior notes in December 2018. Consequently, the cash flow hedges on these bonds were discontinued.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## b) Net investment hedge

|                                                     | March 31, 2020 |                           | March 31, 2019 |                           |
|-----------------------------------------------------|----------------|---------------------------|----------------|---------------------------|
| Currency exchange risk hedged                       | Euro to USD    | USD to INR                | Euro to USD    | USD to INR                |
| Nominal amount of hedging instruments               | Euro 160 Mn    | USD 1883 Mn               | Euro 365 Mn    | USD 1405 Mn               |
| Maturity date                                       | May 2021       | June 2025 - February 2028 | May 2021       | June 2025 - February 2028 |
| Carrying value of hedging instruments (borrowings)  | 13,364         | 142,473                   | 28,335         | 97,163                    |
| Change in fair value during the year                |                |                           |                |                           |
| Hedged item                                         | (377)          | 11,232                    | (3,101)        | 4,855                     |
| Hedging instrument                                  | 377            | (11,232)                  | 3,101          | (4,855)                   |
| FCTR loss for continuing hedge (net of tax and NCI) | (1,941)        | (25,067)                  | (2,153)        | (16,707)                  |
| Hedging loss recognised during the year             | 377            | (11,232)                  | 3,101          | (4,855)                   |

## 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) |
|------------------------------------------|----------------------------------|-----------------------------|------------------------|
| <b>For the year ended March 31, 2020</b> |                                  |                             |                        |
| US Dollar                                | +5%                              | (8,017)                     | (10,567)               |
|                                          | -5%                              | 8,017                       | 10,567                 |
| Euro                                     | +5%                              | (2,696)                     | (681)                  |
|                                          | -5%                              | 2,696                       | 681                    |
| Others                                   | +5%                              | (174)                       | -                      |
|                                          | -5%                              | 174                         | -                      |

|                                          | Change in currency exchange rate | Effect on profit before tax | Effect on equity (OCI) |
|------------------------------------------|----------------------------------|-----------------------------|------------------------|
| <b>For the year ended March 31, 2019</b> |                                  |                             |                        |
| US Dollar                                | +5%                              | (10,269)                    | (9,109)                |
|                                          | -5%                              | 10,269                      | 9,109                  |
| Euro                                     | +5%                              | (2,368)                     | (1,590)                |
|                                          | -5%                              | 2,368                       | 1,590                  |
| Others                                   | +5%                              | (905)                       | -                      |
|                                          | -5%                              | 905                         | -                      |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The sensitivity disclosed in the above table is mainly attributable to, in case of to foreign exchange gains / (losses) on translation of USD / Euro / CHF denominated borrowings, derivative financial instruments, trade and other 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 Group's Management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

## (ii) Interest rate risk

As the Group 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 Group's interest rate risk arises mainly from borrowings.

### Borrowings

Borrowings with floating and fixed interest rates expose the Group to cash flow and fair value interest rate risk respectively. However, the short-term borrowings of the Group 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 GSM in a manner which enables the Group to achieve an optimum debt-mix basis its overall objectives and future market expectations.

The Group 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.

The Group has designated the interest rate components (which is separately identifiable from other components) of certain fixed interest rate bonds under the hedge relationship since historically it accounts for substantial portions of the total fair value change of the bonds.

The following table analyses the financial impact of fair value hedge and details thereto.

|                                                                         | March 31, 2020           | March 31, 2019            |
|-------------------------------------------------------------------------|--------------------------|---------------------------|
| Interest rate risk covered for currency                                 | USD                      | USD                       |
| Nominal amount of Hedging instruments                                   | USD 2200 Mn <sup>#</sup> | USD 2200 Mn               |
| Maturity date                                                           | -                        | March 2023<br>- June 2025 |
| Carrying value of hedging instruments (derivative assets)               | -                        | 1,468                     |
| Carrying value of hedging instruments (derivative liabilities)          | -                        | 476                       |
| Carrying value of hedged item (borrowings)                              | -                        | 152,141                   |
| Change in fair value during the year                                    |                          |                           |
| Hedged item                                                             | (5,752)                  | (5,055)                   |
| Hedging instrument                                                      | 5,759                    | 5,338                     |
| Hedge ineffectiveness recognised in finance income/cost during the year | 8                        | 283                       |
| Cumulative change in fair value of hedged item                          | -                        | 943                       |
| Unamortised portion of fair value hedge adjustment                      | (4,484)                  | 735                       |

<sup>#</sup>During the year, the derivatives designated for fair value hedges has been cancelled.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 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 |
|------------------------------------------|------------------------------------|-----------------------------|
| <b>For the year ended March 31, 2020</b> |                                    |                             |
| INR - borrowings                         | +100                               | (2,166)                     |
|                                          | -100                               | 2,166                       |
| USD - borrowings                         | +25                                | (161)                       |
|                                          | -25                                | 161                         |
| Other currency - borrowings              | +100                               | (56)                        |
|                                          | -100                               | 56                          |
| <b>For the year ended March 31, 2019</b> |                                    |                             |
| INR - borrowings                         | +100                               | (2,021)                     |
|                                          | -100                               | 2,021                       |
| USD - borrowings                         | +25                                | (306)                       |
|                                          | -25                                | 306                         |
| Euro - borrowings                        | +25                                | (34)                        |
|                                          | -25                                | 34                          |
| Other currency - borrowings              | +100                               | (219)                       |
|                                          | -100                               | 219                         |

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 Group's borrowings in INR, USD and Euro (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 Group's management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

## (iii) Price risk

The Group invests its surplus funds in various fixed income products, including but not limited to debt mutual funds, short term debt funds, corporate debt, government securities and fixed deposits. In order to manage its price risk arising from investments, the Group diversifies its portfolio in accordance with the limits set by the risk management policies. The Group has exposure across debt securities, mutual fund and money market instruments.

Debt investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of money market instruments and the underlying portfolio in liquid schemes, these do not pose any significant price risk. On the duration investment balance, an increase / decrease of 25 basis points in market yields (parallel shift of the yield curves), will result in decrease / increase in the marked to market value of the investments by ₹ 44 and ₹ 147 as on March 31, 2020 and March 31, 2019 respectively.

## (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 Group to potential financial losses.

The Group 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 CONSOLIDATED FINANCIAL STATEMENTS

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

## Trade receivables

The Trade receivables of the Group are typically non-interest bearing unsecured 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 Group, 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 Group'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 Group to its customers generally ranges from 14-30 days except Airtel business segment wherein it ranges from 7-90 days.

The Group uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer note 15 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 270 days past due in case of interconnect debtors in Africa Mobile Segment and 90 days past due in all other cases.

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 | 11,891                        | 16,860                    | 7,128         | 6,402         | 3,777         | 46,058 |
| March 31, 2019 | 12,548                        | 12,109                    | 6,765         | 5,183         | 6,401         | 43,006 |

The Group 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 Group 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 Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

## Financial instruments and cash deposits

The Group's treasury, in accordance with the board approved policy, maintains its cash and cash equivalents, deposits and investment in mutual funds & debt securities, and enters into derivative financial instruments - with banks, financial and other institutions, having good reputation and past track record, and high / sovereign credit rating. Similarly, counter-parties of the Group's other receivables carry either no or very minimal credit risk. Further, the Group 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 Group will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Group 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Moreover, the GSM 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 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 19.

Based on past performance and current expectations, the Group 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 Group's financial liabilities based on contractual undiscounted payments:

|                                                      | As of March 31, 2020 |               |                    |                |                |                  | Total            |
|------------------------------------------------------|----------------------|---------------|--------------------|----------------|----------------|------------------|------------------|
|                                                      | Carrying amount      | On Demand     | Less than 6 months | 6 to 12 months | 1 to 2 years   | > 2 years        |                  |
| Interest bearing borrowings**                        | 1,210,463            | 20,406        | 161,779            | 115,322        | 168,813        | 1,263,802        | 1,730,122        |
| Lease liabilities*                                   | 306,091              | -             | 36,827             | 49,520         | 74,869         | 246,008          | 407,224          |
| Other financial liabilities#                         | 201,480              | 29,238        | 93,008             | 37,460         | 39,553         | 2,872            | 202,131          |
| Trade payables                                       | 250,199              | -             | 250,199            | -              | -              | -                | 250,199          |
| <b>Financial liabilities (excluding derivatives)</b> | <b>1,968,233</b>     | <b>49,644</b> | <b>541,813</b>     | <b>202,302</b> | <b>283,235</b> | <b>1,512,682</b> | <b>2,589,676</b> |
| Derivative liabilities                               | 860                  | -             | 319                | 239            | -              | 302              | 860              |

|                                                      | As of March 31, 2019 |               |                    |                |                |                  | Total            |
|------------------------------------------------------|----------------------|---------------|--------------------|----------------|----------------|------------------|------------------|
|                                                      | Carrying amount      | On Demand     | Less than 6 months | 6 to 12 months | 1 to 2 years   | > 2 years        |                  |
| Interest bearing borrowings**                        | 1,240,149            | 24,802        | 304,325            | 153,248        | 197,561        | 1,058,793        | 1,738,729        |
| Lease liabilities*                                   | 47,553               | -             | 5,049              | 5,049          | 10,097         | 45,593           | 65,788           |
| Other financial liabilities#                         | 203,851              | 19,100        | 113,102            | 10,649         | 9,804          | 51,196           | 203,851          |
| Trade payables                                       | 263,138              | -             | 263,138            | -              | -              | -                | 263,138          |
| <b>Financial liabilities (excluding derivatives)</b> | <b>1,754,691</b>     | <b>43,902</b> | <b>685,614</b>     | <b>168,946</b> | <b>217,462</b> | <b>1,155,582</b> | <b>2,271,506</b> |
| Derivative liabilities                               | 13,568               | -             | 10,651             | 2,112          | 149            | 656              | 13,568           |

\*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.

## 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  | Non-cash movements |                  |                    |        |          | March 31, 2020 |
|-------------------------------------------------------|------------------------------------------------------------|---------------|------------|--------|--------------------|------------------|--------------------|--------|----------|----------------|
|                                                       |                                                            |               |            |        | Interest expense   | Foreign exchange | Fair value changes | FCTR   | Others   |                |
| Borrowings*                                           | Proceeds / repayments of borrowings (including short-term) | 741,071       | (179,553)  | 65,012 | -                  | 14,362           | 2,476              | 23,211 | 48,821   | 715,399        |
| Interest accrued but not due / derivative instruments | Interest and other finance charges paid                    | 39,052        | (94,859)   | -      | 112,314            | (6,084)          | (3,925)            | 749    | (14,709) | 32,538         |

\*It does not include deferred payment liabilities and bank overdraft but include obligations towards Africa tower sale, and lease back transaction.



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

## 2. Capital risk

The Group'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 Group'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 Group may issue new shares, declare dividends, return capital to shareholders, etc.

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

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

|                                 | As of<br>March 31, 2020 | As of<br>March 31, 2019 |
|---------------------------------|-------------------------|-------------------------|
| Borrowings                      | 1,176,190               | 1,206,730               |
| Less: cash and cash equivalents | 135,507                 | 62,121                  |
| Less: term deposits with bank   | 153                     | 273                     |
| <b>Net debt</b>                 | <b>1,040,530</b>        | <b>1,144,336</b>        |
| Equity                          | 771,448                 | 714,222                 |
| <b>Total capital</b>            | <b>771,448</b>          | <b>714,222</b>          |
| <b>Capital and net debt</b>     | <b>1,811,978</b>        | <b>1,858,558</b>        |
| <b>Gearing ratio</b>            | <b>57.4%</b>            | <b>61.6%</b>            |

## 37. Fair value of financial assets and liabilities

The category wise details as to the carrying value, fair value and the level of fair value measurement hierarchy of the Group's financial instruments are as follows:

|                                                | Level   | Carrying value as of |                   | Fair value as of  |                   |
|------------------------------------------------|---------|----------------------|-------------------|-------------------|-------------------|
|                                                |         | March<br>31, 2020    | March<br>31, 2019 | March<br>31, 2020 | March<br>31, 2019 |
| Financial assets                               |         |                      |                   |                   |                   |
| Fair value through profit and loss             |         |                      |                   |                   |                   |
| Derivatives                                    |         |                      |                   |                   |                   |
| - Currency swaps, forward and option contracts | Level 2 | 2,716                | 346               | 2,716             | 346               |
| - Interest swaps                               | Level 2 | 117                  | 3,185             | 117               | 3,185             |
| Investments-quoted                             | Level 1 | 154,682              | 62,546            | 154,682           | 62,546            |
| Investments-unquoted                           | Level 2 | 3,275                | 3,515             | 3,275             | 3,515             |
| Fair value through other comprehensive income  |         |                      |                   |                   |                   |
| Investments-quoted                             | Level 1 | -                    | 2,112             | -                 | 2,112             |
| Amortised cost                                 |         |                      |                   |                   |                   |
| Security deposits                              |         | 8,728                | 16,452            | 8,728             | 16,452            |
| Trade receivables                              |         | 46,058               | 43,006            | 46,058            | 43,006            |
| Cash and cash equivalents                      |         | 135,507              | 62,121            | 135,507           | 62,121            |
| Other bank balances                            |         | 23,420               | 18,519            | 23,420            | 18,519            |
| Other financial assets                         |         | 225,219              | 29,585            | 225,219           | 29,585            |
|                                                |         | 599,722              | 241,387           | 599,722           | 241,387           |



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

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

|                                                | Level   | Carrying value as of |                   | Fair value as of  |                   |
|------------------------------------------------|---------|----------------------|-------------------|-------------------|-------------------|
|                                                |         | March<br>31, 2020    | March<br>31, 2019 | March<br>31, 2020 | March<br>31, 2019 |
| Financial liabilities                          |         |                      |                   |                   |                   |
| Fair value through profit and loss             |         |                      |                   |                   |                   |
| Derivatives                                    |         |                      |                   |                   |                   |
| - Currency swaps, forward and option contracts | Level 2 | 600                  | 3,691             | 600               | 3,691             |
| - Interest rate swaps / others                 | Level 2 | 26                   | 9,579             | 26                | 9,579             |
| - Embedded derivatives                         | Level 2 | 234                  | 298               | 234               | 298               |
| Amortised cost                                 |         |                      |                   |                   |                   |
| Borrowings - fixed rate                        | Level 1 | 333,510              | 254,194           | 325,204           | 256,985           |
| Borrowings - fixed rate                        | Level 2 | 502,343              | 625,002           | 575,157           | 663,523           |
| Borrowings - floating rate                     |         | 340,337              | 375,087           | 340,337           | 375,087           |
| Trade payables                                 |         | 250,199              | 263,138           | 250,199           | 263,138           |
| Other financial liabilities                    |         | 235,753              | 237,270           | 235,753           | 237,270           |
|                                                |         | 1,663,002            | 1,768,259         | 1,727,510         | 1,809,571         |

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

- 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.
- Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- 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.
- 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 Group 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.

During the year ended March 31, 2020 and March 31, 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of 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       |
| - Embedded derivatives                         | Forward currency exchange rates, Interest rates                     |
| Investments                                    | Prevailing interest rates in market, Interest rates                 |
| Fixed rate borrowings                          | Prevailing interest rates in market, Future payouts, Interest rates |

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

## Level 3 financial instruments

The following table provides the details as to changes in value of financial instruments categorised within level 3 of the fair value hierarchy:

|                                                                            | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|----------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>                                                     | 9,139                                | -                                    |
| Issuance: recognised in finance costs / finance income                     | -                                    | 9,139                                |
| Increase in fair value (net): recognised in finance costs / finance income | 31,979                               | -                                    |
| Payment                                                                    | (41,118)                             | -                                    |
| <b>Closing balance</b>                                                     | -                                    | <b>9,139</b>                         |

As part of issue of equity shares to global investors, the Group had committed indemnities pertaining to acquisition of non-controlling interest in Group's operations and other protections (together referred as 'indemnities'). The derivative liabilities for such indemnities derived its value based on the price of the shares. The significant input to valuation was the probability of payout of these indemnities. The liability was valued on the basis of probability weighted amount payable for these indemnities and was considered a significant unobservable input to the valuation, thereby resulting in the embedded derivative being classified as Level 3 in the fair value hierarchy.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's embedded derivative categorized within level 3.

## Narrative description of sensitivity of fair value changes to changes in unobservable inputs

Any increase/ decrease in probability of expected payouts under non-controlling indemnity liability by 5% will result in 5% increase/ decrease in the derivative liability value.

## 38. COVID-19

Covid 19 pandemic has resulted in a nationwide locked down with restrictions imposed on movement of people and goods. Telecommunications, Internet, Broadcast and Cable Services" have been mentioned as an "Essential" service in all government orders/notifications. Consequently, the Group formulated a robust Business Continuity Plan to ensure that its operations are not disrupted. The Group 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 Group 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 Group has not experienced any loss of significant customer on account of force majeure clauses in the revenue contracts. Besides, the Group 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 arrangements, the Group has not defaulted and there is no breach of any of the debt covenants. Further, impairment testing of tangible assets, goodwill and Group's investments in 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 Group 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 Group has also evaluated its hedging arrangements and hedge effectiveness and no material impact was noted.

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

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

## 39. 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## 40. Additional information as required under Schedule III of the Companies Act, 2013

Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income

| S. No.                                       | Name of the entity / Principal activities               | % of shareholding as at March 31, 2020 and 2019 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2020                                                 |           | Share in profit or loss ('P&L') As % of consolidated P |
|----------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|-----------|--------------------------------------------------------|
|                                              |                                                         |                                                                      |                                                         | Net Assets ('N A'), i.e., total assets minus total liabilities | Amount    |                                                        |
|                                              |                                                         |                                                                      |                                                         | As % of consolidated N A                                       |           |                                                        |
| <b>Parent</b>                                |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| <b>- Telecommunication services</b>          |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| 1                                            | Bharti Airtel Limited                                   | 100%                                                                 | India                                                   | 99.32%                                                         | 1,014,306 | 112.13                                                 |
| <b>Subsidiaries</b>                          |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| <b>A. Indian</b>                             |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| <b>- Telecommunication services</b>          |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| 1                                            | Bharti Hexacom Limited                                  | 70%                                                                  | India                                                   | 2.96%                                                          | 30,200    | 8.44                                                   |
| 2                                            | Nxtra Data Limited                                      | 100%                                                                 | India                                                   | 0.10%                                                          | 1,056     | -0.22                                                  |
| 3                                            | Smartx Services Limited                                 | 53.51%                                                               | India                                                   | 0.00%                                                          | 7         | 0.02                                                   |
| 4                                            | Telesonic Networks Limited                              | 100%                                                                 | India                                                   | 0.48%                                                          | 4,895     | -1.27                                                  |
| 5                                            | Airtel Digital Limited (formerly known as Wynk Limited) | 100%                                                                 | India                                                   | -0.01%                                                         | (139)     | 0.20                                                   |
| <b>- Direct To Home services</b>             |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| 1                                            | Bharti Telemedia Limited                                | 80%                                                                  | India                                                   | -0.74%                                                         | (7,601)   | -1.20                                                  |
| <b>- Infrastructure sharing services</b>     |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| 1                                            | Bharti Infratel Limited                                 | 53.51%                                                               | India                                                   | 7.32%                                                          | 74,743    | -6.18                                                  |
| <b>- Investment Company</b>                  |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| 1                                            | Nettle Infrastructure Investments Limited               | 100%                                                                 | India                                                   | -6.13%                                                         | (62,645)  | -1.49                                                  |
| <b>- Others</b>                              |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| 1                                            | Bharti Airtel Services Limited                          | 100%                                                                 | India                                                   | 0.00%                                                          | (32)      | -0.08                                                  |
| 2                                            | Airtel International LLP ^                              | 100%                                                                 | India                                                   | 0.01%                                                          | 77        | -0.01                                                  |
| <b>- Uplinking channels for broadcasters</b> |                                                         |                                                                      |                                                         |                                                                |           |                                                        |
| 1                                            | Indo Teleports Limited                                  | 100%                                                                 | India                                                   | -0.07%                                                         | (672)     | 0.02                                                   |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income (Contd..)**

| S. No.                                   | Name of the entity / Principal activities  | % of shareholding as at March 31, 2020 and 2019<br>(Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2020                                                 |         |                                 |
|------------------------------------------|--------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|---------|---------------------------------|
|                                          |                                            |                                                                         |                                                         | Net Assets ('N A'), i.e., total assets minus total liabilities |         | Share in profit or loss ('P&L') |
|                                          |                                            |                                                                         |                                                         | As % of consolidated N A                                       | Amount  | As % of consolidated P          |
| <b>B. Foreign</b>                        |                                            |                                                                         |                                                         |                                                                |         |                                 |
| <b>- Infrastructure sharing services</b> |                                            |                                                                         |                                                         |                                                                |         |                                 |
| 1                                        | Congo RDC Towers S.A. ^                    | 100%                                                                    | Democratic Republic of Congo                            | -0.07%                                                         | (675)   | 0.01%                           |
| 2                                        | Gabon Towers S.A. # ^                      | 97.95%                                                                  | Gabon                                                   | 0.00%                                                          | (2)     | 0.00%                           |
| 3                                        | Madagascar Towers S.A. ^                   | 100%                                                                    | Madagascar                                              | 0.08%                                                          | 809     | -0.06%                          |
| 4                                        | Malawi Towers Limited ^                    | 100%                                                                    | Malawi                                                  | -0.03%                                                         | (339)   | 0.00%                           |
| 5                                        | Tanzania Towers Limited ^                  | 51.00% <sup>(i)</sup>                                                   | Tanzania                                                | 0.00%                                                          | (35)    | 0.00%                           |
| <b>- Investment Company</b>              |                                            |                                                                         |                                                         |                                                                |         |                                 |
| 1                                        | Africa Towers N.V. ^                       | 100%                                                                    | Netherlands                                             | -0.07%                                                         | (708)   | 0.03%                           |
| 2                                        | Airtel Mobile Commerce B.V. ^              | 100%                                                                    | Netherlands                                             | -0.02%                                                         | (201)   | 0.03%                           |
| 3                                        | Airtel Mobile Commerce Holdings B.V. ^     | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 3       | 0.00%                           |
| 4                                        | Airtel Africa Mauritius Limited            | 100%                                                                    | Mauritius                                               | 10.91%                                                         | 111,382 | 10.18%                          |
| 5                                        | Airtel Africa Plc                          | 56.01% <sup>(ii)</sup>                                                  | United Kingdom                                          | 31.21%                                                         | 318,702 | -8.33%                          |
| 6                                        | Airtel Mobile Commerce Nigeria B.V. ^      | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 7                                        | Airtel Mobile Commerce (Seychelles) B.V. ^ | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 8                                        | Airtel Mobile Commerce Congo B.V. ^        | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 9                                        | Airtel Mobile Commerce Kenya B.V. ^        | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 10                                       | Airtel Mobile Commerce Madagascar B.V. ^   | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 11                                       | Airtel Mobile Commerce Malawi B.V. ^       | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 12                                       | Airtel Mobile Commerce Rwanda B.V. ^       | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 13                                       | Airtel Mobile Commerce Tchad B.V. ^        | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 14                                       | Airtel Mobile Commerce Uganda B.V. ^       | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 15                                       | Airtel Mobile Commerce Zambia B.V. ^       | 100%                                                                    | Netherlands                                             | 0.00%                                                          | 0       | 0.00%                           |
| 16                                       | Bharti Airtel Africa B.V. ^                | 100%                                                                    | Netherlands                                             | 11.04%                                                         | 112,795 | -6.98%                          |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income (Contd..)**

| S. No. | Name of the entity / Principal activities        | % of shareholding as at March 31, 2020 and 2019 (Refer note 1 and 2) | Principal place of operation / country of incorporation | Net Assets ('N A'), i.e., total assets minus total liabilities |          | March 31                                               |
|--------|--------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|----------|--------------------------------------------------------|
|        |                                                  |                                                                      |                                                         | As % of consolidated N A                                       | Amount   | Share in profit or loss ('P&L') As % of consolidated P |
| 17     | Bharti Airtel Chad Holdings B.V. ^               | 100%                                                                 | Netherlands                                             | -0.06%                                                         | (637)    | 0.00%                                                  |
| 18     | Bharti Airtel Congo Holdings B.V. ^              | 100%                                                                 | Netherlands                                             | 0.45%                                                          | 4,636    | -0.06%                                                 |
| 19     | Bharti Airtel Developers Forum Limited ^         | 96.36%                                                               | Zambia                                                  | -                                                              | -        | 0.00%                                                  |
| 20     | Bharti Airtel Holding (Mauritius) Limited        | 100%                                                                 | Mauritius                                               | 0.01%                                                          | 11,545   | 0.00%                                                  |
| 21     | Bharti Airtel Overseas (Mauritius) Limited       | 100%                                                                 | Mauritius                                               | 0.01%                                                          | 7,963    | -0.35%                                                 |
| 22     | Bharti Airtel Gabon Holdings B.V. ^              | 100%                                                                 | Netherlands                                             | 0.95%                                                          | 9,655    | 0.00%                                                  |
| 23     | Bharti Airtel International (Mauritius) Limited  | 100%                                                                 | Mauritius                                               | 1.87%                                                          | 19,109   | -0.16%                                                 |
| 24     | Bharti Airtel International (Netherlands) B.V. ^ | 100%                                                                 | Netherlands                                             | 22.78%                                                         | 232,661  | -8.67%                                                 |
| 25     | Bharti Airtel Kenya B.V. ^                       | 100%                                                                 | Netherlands                                             | -2.78%                                                         | (28,401) | 0.91%                                                  |
| 26     | Bharti Airtel Kenya Holdings B.V. ^              | 100%                                                                 | Netherlands                                             | -0.33%                                                         | (3,372)  | 0.04%                                                  |
| 27     | Bharti Airtel Madagascar Holdings B.V. ^         | 100%                                                                 | Netherlands                                             | -0.47%                                                         | (4,808)  | 0.00%                                                  |
| 28     | Bharti Airtel Malawi Holdings B.V. ^             | 100%                                                                 | Netherlands                                             | 0.42%                                                          | 4,240    | -0.68%                                                 |
| 29     | Bharti Airtel Mali Holdings B.V. ^               | 100%                                                                 | Netherlands                                             | 0.00%                                                          | (22)     | 0.01%                                                  |
| 30     | Bharti Airtel Niger Holdings B.V. ^              | 100%                                                                 | Netherlands                                             | 1.55%                                                          | 15,792   | -0.27%                                                 |
| 31     | Bharti Airtel Nigeria B.V. ^                     | 100%                                                                 | Netherlands                                             | -9.38%                                                         | (95,774) | 1.11%                                                  |
| 32     | Bharti Airtel Nigeria Holdings II B.V. ^         | 100%                                                                 | Netherlands                                             | -0.01%                                                         | (125)    | 0.00%                                                  |
| 33     | Bharti Airtel RDC Holdings B.V. ^                | 100%                                                                 | Netherlands                                             | -0.11%                                                         | (1,167)  | 0.00%                                                  |
| 34     | Bharti Airtel Rwanda Holdings Limited ^          | 100%                                                                 | Mauritius                                               | 0.00%                                                          | (24)     | 0.00%                                                  |
| 35     | Bharti Airtel Services B.V. ^                    | 100%                                                                 | Netherlands                                             | 0.04%                                                          | 361      | 0.00%                                                  |
| 36     | Bharti Airtel Tanzania B.V. ^                    | 100%                                                                 | Netherlands                                             | -0.45%                                                         | (4,600)  | 0.00%                                                  |
| 37     | Bharti Airtel Uganda Holdings B.V. ^             | 100%                                                                 | Netherlands                                             | 0.02%                                                          | 197      | -2.31%                                                 |
| 38     | Bharti Airtel Zambia Holdings B.V. ^             | 100%                                                                 | Netherlands                                             | 1.15%                                                          | 11,761   | 0.00%                                                  |
| 39     | Celtel (Mauritius) Holdings Limited ^            | 100%                                                                 | Mauritius                                               | 0.29%                                                          | 2,945    | 0.00%                                                  |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income (Contd..)**

| S. No.                            | Name of the entity / Principal activities                   | % of shareholding as at March 31, 2020 and 2019 (Refer note 1 and 2) | Principal place of operation / country of incorporation | Net Assets ('N A'), i.e., total assets minus total liabilities |        | March 31                                               |
|-----------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|--------|--------------------------------------------------------|
|                                   |                                                             |                                                                      |                                                         | As % of consolidated N A                                       | Amount | Share in profit or loss ('P&L') As % of consolidated P |
| 40                                | Channel Sea Management Company (Mauritius) Limited ^        | 100%                                                                 | Mauritius                                               | 0.00%                                                          | 36     | 0.00%                                                  |
| 41                                | Indian Ocean Telecom Limited ^                              | 100%                                                                 | Jersey                                                  | 0.16%                                                          | 1,654  | -0.09%                                                 |
| 42                                | Montana International ^                                     | 100%                                                                 | Mauritius                                               | 0.00%                                                          | (17)   | 0.00%                                                  |
| 43                                | Partnership Investments Sarl ^                              | 100%                                                                 | Democratic Republic of Congo                            | -                                                              | -      | 0.00%                                                  |
| 44                                | Société Malgache de Téléphone Cellulaire S.A. ^             | 100%                                                                 | Mauritius                                               | 0.01%                                                          | 116    | 0.00%                                                  |
| 45                                | Bharti Airtel International (Mauritius) Investments Limited | 100%                                                                 | Mauritius                                               | 0.00%                                                          | (1)    | 0.00%                                                  |
| <b>- Mobile commerce services</b> |                                                             |                                                                      |                                                         |                                                                |        |                                                        |
| 1                                 | Airtel Mobile Commerce (Kenya) Limited ^                    | 100%                                                                 | Kenya                                                   | 0.00%                                                          | 0      | 0.00%                                                  |
| 2                                 | Airtel Mobile Commerce (Seychelles) Limited ^               | 100%                                                                 | Seychelles                                              | 0.00%                                                          | (40)   | 0.00%                                                  |
| 3                                 | Airtel Mobile Commerce (Tanzania) Limited ^                 | 100%                                                                 | Tanzania                                                | 0.00%                                                          | 0      | 0.00%                                                  |
| 4                                 | Airtel Mobile Commerce (Malawi) Limited ^                   | 100%                                                                 | Malawi                                                  | 0.08%                                                          | 798    | -0.06%                                                 |
| 5                                 | Airtel Mobile Commerce Madagascar S.A. ^                    | 100%                                                                 | Madagascar                                              | 0.02%                                                          | 207    | -0.04%                                                 |
| 6                                 | Airtel Mobile Commerce Rwanda Limited ^                     | 100%                                                                 | Rwanda                                                  | 0.00%                                                          | 1      | 0.00%                                                  |
| 7                                 | Airtel Mobile Commerce Tchad S.a.r.l. ^                     | 100%                                                                 | Chad                                                    | 0.00%                                                          | 0      | 0.00%                                                  |
| 8                                 | Airtel Mobile Commerce Uganda Limited ^                     | 100%                                                                 | Uganda                                                  | 0.00%                                                          | 0      | 0.00%                                                  |
| 9                                 | Airtel Mobile Commerce Zambia Limited ^                     | 100%                                                                 | Zambia                                                  | 0.07%                                                          | 721    | -0.26%                                                 |
| 10                                | Airtel Money (RDC) S.A. ^                                   | 98.50%                                                               | Democratic Republic of Congo                            | 0.18%                                                          | 1,796  | -0.26%                                                 |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income (Contd..)**

| S. No.                              | Name of the entity / Principal activities                                            | % of shareholding as at March 31, 2020 and 2019 (Refer note 1 and 2) | Principal place of operation / country of incorporation | Net Assets ('N A'), i.e., total assets minus total liabilities |          | March 31                                               |
|-------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|----------|--------------------------------------------------------|
|                                     |                                                                                      |                                                                      |                                                         | As % of consolidated N A                                       | Amount   | Share in profit or loss ('P&L') As % of consolidated P |
| 11                                  | Airtel Money Niger S.A. ^                                                            | 90%                                                                  | Niger                                                   | 0.00%                                                          | 199      | -0.03                                                  |
| 12                                  | Airtel Money S.A. (Gabon) ^                                                          | 100%                                                                 | Gabon                                                   | 0.23%                                                          | 2,298    | -0.37                                                  |
| 13                                  | Airtel Money Transfer Limited ^                                                      | 100%                                                                 | Kenya                                                   | 0.00 %                                                         | 14       | 0.00                                                   |
| 14                                  | Mobile Commerce Congo S.A. ^                                                         | 100%                                                                 | Congo Brazzaville                                       | 0.00%                                                          | 1        | 0.00                                                   |
| 15                                  | Airtel Money Tanzania Limited ^                                                      | 51.00% <sup>(i)</sup>                                                | Tanzania                                                | 0.03%                                                          | 275      | -0.18                                                  |
| 16                                  | Airtel Mobile Commerce Nigeria Limited ^                                             | 91.74% <sup>(iii)</sup>                                              | Nigeria                                                 | -                                                              | -        | 0.00                                                   |
| <b>- Submarine Cable System</b>     |                                                                                      |                                                                      |                                                         |                                                                |          |                                                        |
| 1                                   | Network i2i Limited                                                                  | 100%                                                                 | Mauritius                                               | 17.90%                                                         | 182,764  | 0.21                                                   |
| 2                                   | Network I2I (Kenya) Limited (incorporated w.e.f. July 3, 2019)                       | 100%                                                                 | Kenya                                                   | 0.00%                                                          | -        | 0.00                                                   |
| <b>- Telecommunication services</b> |                                                                                      |                                                                      |                                                         |                                                                |          |                                                        |
| 1                                   | Airtel (Seychelles) Limited ^                                                        | 100%                                                                 | Seychelles                                              | 0.05%                                                          | 508      | -0.06                                                  |
| 2                                   | Airtel Congo (RDC) S.A. ^                                                            | 98.50%                                                               | Democratic Republic of Congo                            | -5.37%                                                         | (54,840) | -1.25                                                  |
| 3                                   | Airtel Congo S.A. ^                                                                  | 90.00%                                                               | Congo Brazzaville                                       | -0.17%                                                         | (1,742)  | 0.39                                                   |
| 4                                   | Airtel Gabon S.A. ^                                                                  | 97.95%                                                               | Gabon                                                   | -0.52%                                                         | (5,336)  | 0.08                                                   |
| 5                                   | Airtel Madagascar S.A. ^                                                             | 100%                                                                 | Madagascar                                              | -0.94%                                                         | (9,607)  | 0.53                                                   |
| 6                                   | Airtel Malawi Plc ^                                                                  | 80.00% <sup>(iv)</sup>                                               | Malawi                                                  | 0.23%                                                          | 2,364    | -0.75                                                  |
| 7                                   | Airtel Networks Kenya Limited @^                                                     | 100%                                                                 | Kenya                                                   | -3.15%                                                         | (32,146) | 0.95                                                   |
| 8                                   | Airtel Networks Limited ^                                                            | 91.74% <sup>(iii)</sup>                                              | Nigeria                                                 | 2.91%                                                          | 29,737   | -7.95                                                  |
| 9                                   | Airtel Rwanda Limited ^                                                              | 100%                                                                 | Rwanda                                                  | -2.04%                                                         | (20,810) | 1.07                                                   |
| 10                                  | Airtel Tanzania Public Limited Company ^ (Formerly known as Airtel Tanzania Limited) | 51.00% <sup>(i)</sup>                                                | Tanzania                                                | -3.08%                                                         | (31,501) | -0.43                                                  |
| 11                                  | Airtel Tchad S.A. ^                                                                  | 100%                                                                 | Chad                                                    | -0.59%                                                         | (5,986)  | -0.01                                                  |
| 12                                  | Airtel Uganda Limited ^                                                              | 100%                                                                 | Uganda                                                  | 0.12%                                                          | 1,269    | -1.95                                                  |
| 13                                  | Bharti Airtel (France) SAS                                                           | 100%                                                                 | France                                                  | 0.08%                                                          | 835      | -0.06                                                  |



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income (Contd..)**

| S. No.                                                  | Name of the entity / Principal activities  | % of shareholding as at March 31, 2020 and 2019 (Refer note 1 and 2) | Principal place of operation / country of incorporation | Net Assets ('N A'), i.e., total assets minus total liabilities |         | March 31                                               |
|---------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|---------|--------------------------------------------------------|
|                                                         |                                            |                                                                      |                                                         | As % of consolidated N A                                       | Amount  | Share in profit or loss ('P&L') As % of consolidated P |
| 14                                                      | Bharti Airtel (Hong Kong) Limited          | 100%                                                                 | Hong Kong                                               | 0.04%                                                          | 374     | -0.05%                                                 |
| 15                                                      | Bharti Airtel (Japan) Private Limited      | 100%                                                                 | Japan                                                   | 0.00%                                                          | 9       | 0.00%                                                  |
| 16                                                      | Bharti Airtel (UK) Limited                 | 100%                                                                 | United Kingdom                                          | 0.13%                                                          | 1,346   | -0.13%                                                 |
| 17                                                      | Bharti Airtel (USA) Limited                | 100%                                                                 | United States of America                                | 0.09%                                                          | 960     | 0.00%                                                  |
| 18                                                      | Bharti Airtel Lanka (Private) Limited      | 100%                                                                 | Sri Lanka                                               | -0.25%                                                         | (2,552) | 0.67%                                                  |
| 19                                                      | Bharti International (Singapore) Pte. Ltd. | 100%                                                                 | Singapore                                               | 1.26%                                                          | 12,881  | 0.01%                                                  |
| 20                                                      | Celtel Niger S.A. ^                        | 90%                                                                  | Niger                                                   | -0.31%                                                         | (3,142) | 0.67%                                                  |
| 21                                                      | Airtel Networks Zambia Plc ^               | 96.36%                                                               | Zambia                                                  | -0.22%                                                         | (2,289) | 0.32%                                                  |
| <b>Minority Interests in all subsidiaries</b>           |                                            |                                                                      |                                                         | 24.46%                                                         | 249,847 | 4.72%                                                  |
| <b>Associates (Investment as per the equity method)</b> |                                            |                                                                      |                                                         |                                                                |         |                                                        |
| <b>A. Indian</b>                                        |                                            |                                                                      |                                                         |                                                                |         |                                                        |
| <b>- Financial Services</b>                             |                                            |                                                                      |                                                         |                                                                |         |                                                        |
| 1                                                       | Seynse Technologies Private Limited        | 22.54%                                                               | India                                                   | 0.00%                                                          | -       | 0.00%                                                  |
| <b>- Mobile commerce services</b>                       |                                            |                                                                      |                                                         |                                                                |         |                                                        |
| 1                                                       | Airtel Payments Bank Limited               | 80.10%                                                               | India                                                   | 0.98%                                                          | 10,010  | 1.46%                                                  |
| <b>- Others</b>                                         |                                            |                                                                      |                                                         |                                                                |         |                                                        |
| 1                                                       | Juggernaut Books Private Limited           | 17.79% <sup>(v)</sup>                                                | India                                                   | 0.01%                                                          | 107     | 0.00%                                                  |
| <b>B. Foreign</b>                                       |                                            |                                                                      |                                                         |                                                                |         |                                                        |
| <b>- Submarine cable system</b>                         |                                            |                                                                      |                                                         |                                                                |         |                                                        |
| 1                                                       | Seychelles Cable Systems Company Limited ^ | 26%                                                                  | Seychelles                                              | 0.03%                                                          | 261     | 0.00%                                                  |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income (Contd..)**

| S. No.                                                      | Name of the entity / Principal activities                | % of shareholding as at March 31, 2020 and 2019 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2020                                                 |                  |                                 |
|-------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|------------------|---------------------------------|
|                                                             |                                                          |                                                                      |                                                         | Net Assets ('N A'), i.e., total assets minus total liabilities |                  | Share in profit or loss ('P&L') |
|                                                             |                                                          |                                                                      |                                                         | As % of consolidated N A                                       | Amount           | As % of consolidated P          |
| <b>- Telecommunication services</b>                         |                                                          |                                                                      |                                                         |                                                                |                  |                                 |
| 1                                                           | Robi Axiata Limited                                      | 25%                                                                  | Bangladesh                                              | 2.51%                                                          | 25,649           | -0.04                           |
| 2                                                           | RedDot Digital Limited (Incorporated on 5 November 2019) | 25%                                                                  | Bangladesh                                              | 0.00%                                                          | -                | 0.00                            |
| <b>Joint Ventures (Investment as per the equity method)</b> |                                                          |                                                                      |                                                         |                                                                |                  |                                 |
| <b>A. Indian</b>                                            |                                                          |                                                                      |                                                         |                                                                |                  |                                 |
| <b>- Passive infrastructure services</b>                    |                                                          |                                                                      |                                                         |                                                                |                  |                                 |
| 1                                                           | Indus Towers Limited                                     | 22.47%                                                               | India                                                   | 5.94%                                                          | 60,673           | -4.09                           |
| <b>- Telecommunication services</b>                         |                                                          |                                                                      |                                                         |                                                                |                  |                                 |
| 1                                                           | FireFly Networks Limited                                 | 50%                                                                  | India                                                   | 0.00%                                                          | 31               | -0.01                           |
| <b>B. Foreign</b>                                           |                                                          |                                                                      |                                                         |                                                                |                  |                                 |
| <b>- Provision of regional mobile services</b>              |                                                          |                                                                      |                                                         |                                                                |                  |                                 |
| 1                                                           | Bridge Mobile Pte Limited                                | 10%                                                                  | Singapore                                               | 0.01%                                                          | 77               | 0.00                            |
| <b>- Telecommunication services</b>                         |                                                          |                                                                      |                                                         |                                                                |                  |                                 |
| 1                                                           | Bharti Airtel Ghana Holdings B.V.                        | 50%                                                                  | Netherlands                                             | 0.00%                                                          | 0                | 0.66                            |
| Inter-company eliminations / adjustments on consolidation   |                                                          |                                                                      |                                                         |                                                                | (1,174,380)      |                                 |
| <b>Total</b>                                                |                                                          |                                                                      |                                                         | <b>100%</b>                                                    | <b>1,021,295</b> | <b>100%</b>                     |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

**Table 2 - Details pertaining to share in other comprehensive income.**

| S. No.                                           | Name of the entity                                      | % of shareholding as at March 31, 2020 and 2019<br>(Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2020                              |          |
|--------------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------|----------|
|                                                  |                                                         |                                                                         |                                                         | Share in other comprehensive income ('OCI') |          |
|                                                  |                                                         |                                                                         |                                                         | As % of OCI                                 | Amount   |
| Parent                                           |                                                         |                                                                         |                                                         |                                             |          |
| Telecommunication services                       |                                                         |                                                                         |                                                         |                                             |          |
| 1                                                | Bharti Airtel Limited                                   | 100%                                                                    | India                                                   | 0.60%                                       | (70)     |
| Subsidiaries                                     |                                                         |                                                                         |                                                         |                                             |          |
| - Indian                                         |                                                         |                                                                         |                                                         |                                             |          |
| - Telecommunication services                     |                                                         |                                                                         |                                                         |                                             |          |
| 1                                                | Bharti Hexacom Limited                                  | 70%                                                                     | India                                                   | 0.02%                                       | (2)      |
| 2                                                | Nxtra Data Limited                                      | 100%                                                                    | India                                                   | 0.01%                                       | (1)      |
| 3                                                | Telesonic Networks Limited                              | 100%                                                                    | India                                                   | 0.14%                                       | (17)     |
| 4                                                | Airtel Digital Limited (formerly known as Wynn Limited) | 100%                                                                    | India                                                   | 0.02%                                       | (2)      |
| - Direct To Home services                        |                                                         |                                                                         |                                                         |                                             |          |
| 1                                                | Bharti Telemedia Limited                                | 80%                                                                     | India                                                   | 0.04%                                       | (5)      |
| - Infrastructure sharing services                |                                                         |                                                                         |                                                         |                                             |          |
| 1                                                | Bharti Infratel Limited                                 | 53.51%                                                                  | India                                                   | 0.94%                                       | (110)    |
| - Investment Company                             |                                                         |                                                                         |                                                         |                                             |          |
| 1                                                | Nettle Infrastructure Investments Limited               | 100%                                                                    | India                                                   | 481.67%                                     | (56,587) |
| - Other                                          |                                                         |                                                                         |                                                         |                                             |          |
| 1                                                | Bharti Airtel Services Limited                          | 100%                                                                    | India                                                   | -0.01%                                      | 1        |
| - Foreign                                        |                                                         |                                                                         |                                                         |                                             |          |
| - Telecommunication services                     |                                                         |                                                                         |                                                         |                                             |          |
| 1                                                | Bharti Airtel Lanka (Private) Limited                   | 100%                                                                    | Sri Lanka                                               | 0.02%                                       | (2)      |
| Minority Interests in all subsidiaries           |                                                         |                                                                         |                                                         | 70.39%                                      | (8,270)  |
| Associates (Investment as per the equity method) |                                                         |                                                                         |                                                         |                                             |          |
| A. Foreign                                       |                                                         |                                                                         |                                                         |                                             |          |
| - Telecommunication services                     |                                                         |                                                                         |                                                         |                                             |          |
| 1                                                | Robi Axiata Limited                                     | 25%                                                                     | Bangladesh                                              | -0.15%                                      | 18       |
| - Mobile commerce services                       |                                                         |                                                                         |                                                         |                                             |          |
| 1                                                | Airtel Payments Bank Limited                            | 80.10%                                                                  | India                                                   | -0.05%                                      | 6        |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

| S. No.                                                      | Name of the entity                                        | % of shareholding as at March 31, 2020 and 2019 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2020                              |                 |
|-------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------|-----------------|
|                                                             |                                                           |                                                                      |                                                         | Share in other comprehensive income ('OCI') | Amount          |
|                                                             |                                                           |                                                                      |                                                         | As % of OCI                                 |                 |
| <b>Joint Ventures (Investment as per the equity method)</b> |                                                           |                                                                      |                                                         |                                             |                 |
| <b>A. Indian</b>                                            |                                                           |                                                                      |                                                         |                                             |                 |
| <b>- Passive infrastructure services</b>                    |                                                           |                                                                      |                                                         |                                             |                 |
| 1                                                           | Indus Towers Limited                                      | 22.47%                                                               | India                                                   | 0.08%                                       | (9)             |
|                                                             | Inter-company eliminations / adjustments on consolidation |                                                                      |                                                         |                                             | 53,302          |
|                                                             | <b>Total</b>                                              |                                                                      |                                                         | <b>100%</b>                                 | <b>(11,748)</b> |

## Notes:

### 1 Changes in shareholding during the year ended March 31, 2020:

- The Company has reduced its shareholding to 51.00% (60% in March 31, 2019) during the year ended March 31, 2020.
- The Company has reduced its shareholding to 56.01% (68.31% in March 31, 2019) during the year ended March 31, 2020.
- The Company has reduced its shareholding to 91.74% (91.77% in March 31, 2019) during the year ended March 31, 2020.
- The Company has reduced its shareholding to 80.00% (100.00% in March 31, 2019) during the year ended March 31, 2020.
- The Company has reduced its shareholding to 17.79% (19.35% in March 31, 2019) during the year ended March 31, 2020.

### 2 Others

#Under liquidation.

@ The Group also holds 100% preference shareholding in the Company. The preference shares do not carry any voting rights.

^During the period effective shareholding of Airtel Africa Plc ('AAP') has been changed to 56.01%, due to which effective shareholding of entities owned by AAP directly/ indirectly will undergo change vis-à-vis the % presented in the above table.

The figures which are appearing as '0' are result of rounding off.

## Salient features of the financial statement of subsidiaries, associates and joint ventures for pursuant to Section 129 (3) of the Companies Act 2013

### Part A - Subsidiaries

| S. No. | Name of the Subsidiary                                                                  | Date on which subsidiary was acquired / incorporated | Country of Registration      | Reporting Currency | Reporting Period | Financial Year End | Exchange Rate as of March 31, 2020 | Share Capital | Reserves  | Total Assets | Total Liabilities | Investments |
|--------|-----------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------|--------------------|------------------|--------------------|------------------------------------|---------------|-----------|--------------|-------------------|-------------|
| 1      | Bharti Airtel (France) SAS                                                              | June 9, 2010                                         | France                       | EUR                | Apr'19 to Mar'20 | March 31, 2020     | 83.53                              | 1             | 834       | 3,730        | 2,895             |             |
| 2      | Bharti Airtel (Hong Kong) Limited                                                       | October 12, 2006                                     | Hong Kong                    | HKD                | Apr'19 to Mar'20 | March 31, 2020     | 9.76                               | 27            | 347       | 779          | 405               |             |
| 3      | Bharti Airtel (Japan) Private Limited                                                   | April 5, 2010                                        | Japan                        | JPY                | Apr'19 to Mar'20 | March 31, 2020     | 0.70                               | 0             | 9         | 49           | 40                |             |
| 4      | Bharti Airtel Services Limited                                                          | March 26, 2001                                       | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 1             | (33)      | 3,740        | 3,772             | 4           |
| 5      | Bharti Airtel (UK) Limited                                                              | August 29, 2006                                      | United Kingdom               | GBP                | Apr'19 to Mar'20 | March 31, 2020     | 93.85                              | 24            | 1,322     | 5,482        | 4,136             |             |
| 6      | Bharti Airtel (USA) Limited                                                             | September 12, 2006                                   | United States of America     | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | -             | 960       | 1,530        | 570               |             |
| 7      | Bharti International (Singapore) Pte Ltd                                                | March 18, 2010                                       | Singapore                    | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 115,422       | (102,541) | 44,848       | 31,967            | 25,95       |
| 8      | Bharti Airtel International (Mauritius) Limited                                         | April 6, 2010                                        | Mauritius                    | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 225,122       | (206,013) | 19,128       | 19                |             |
| 9      | Bharti Airtel Lanka (Private) Limited                                                   | March 29, 2007                                       | Sri Lanka                    | LKR                | Apr'19 to Mar'20 | March 31, 2020     | 0.40                               | 23,117        | (25,669)  | 8,188        | 10,740            |             |
| 10     | Bharti Hexacom Limited                                                                  | May 18, 2004                                         | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 2,500         | 27,700    | 148,311      | 118,111           | 6,25        |
| 11     | Indo Teleports Limited                                                                  | March 4, 2009                                        | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 230           | (902)     | 439          | 1,111             |             |
| 12     | Bharti Infratel Limited                                                                 | November 30, 2006                                    | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 18,496        | 116,927   | 200,145      | 64,722            | 111,70      |
| 13     | Smartx Services Limited                                                                 | September 21, 2015                                   | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 30            | (23)      | 447          | 440               |             |
| 14     | Bharti Telemedia Limited                                                                | June 5, 2007                                         | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 5,102         | (12,703)  | 36,980       | 44,581            | 7,29        |
| 15     | Network I2I Limited                                                                     | September 28, 2007                                   | Mauritius                    | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 154,227       | 28,537    | 313,301      | 130,537           | 3,01        |
| 16     | Telesonic Networks Limited                                                              | February 5, 2013                                     | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 939           | 3,956     | 21,883       | 16,988            |             |
| 17     | Nxtra Data Limited                                                                      | July 2, 2013                                         | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 90            | 966       | 14,095       | 13,039            |             |
| 18     | Airtel Digital Limited (formerly known as Wynk Limited)                                 | January 13, 2015                                     | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 1             | (140)     | 2,625        | 2,764             |             |
| 19     | Nettle Infrastructure Investments Limited (formerly known as Nettle Developers Limited) | March 14, 2017                                       | India                        | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 1             | (62,646)  | 72,367       | 135,012           | 32          |
| 20     | Bharti Airtel International (Mauritius) Investments Limited                             | March 26, 2018                                       | Mauritius                    | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | (3)       | (1)          | 0                 |             |
| 21     | Bharti Airtel Holding (Mauritius) Limited                                               | June 27, 2018                                        | Mauritius                    | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 10,789        | 756       | 11,546       | 1                 |             |
| 22     | Bharti Airtel Overseas (Mauritius) Limited                                              | June 28, 2018                                        | Mauritius                    | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 10,787        | (2,825)   | 7,962        | 0                 | 7,94        |
| 23     | Airtel Africa Mauritius Limited                                                         | June 28, 2018                                        | Mauritius                    | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 137,206       | (25,824)  | 151,724      | 40,342            |             |
| 24     | Bharti Airtel International (Netherlands) BV                                            | March 19, 2010                                       | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 178,551       | 104,231   | 504,661      | 221,879           |             |
| 25     | Bharti Airtel Africa BV                                                                 | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 42            | 114,005   | 454,478      | 340,431           |             |
| 26     | Bharti Airtel Chad Holdings BV                                                          | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 1             | 510       | 15,886       | 15,375            |             |
| 27     | Airtel Tchad S.A.                                                                       | June 8, 2010                                         | Chad                         | XOF                | Jan'19 to Dec'19 | December 31, 2019  | 0.13                               | 3,540         | (9,099)   | 12,865       | 18,424            |             |
| 28     | Bharti Airtel Gabon Holdings BV                                                         | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | 10,267    | 10,577       | 308               |             |
| 29     | Airtel Gabon S.A.                                                                       | June 8, 2010                                         | Gabon                        | XAF                | Jan'19 to Dec'19 | December 31, 2019  | 0.13                               | 764           | (6,111)   | 10,338       | 15,685            |             |
| 30     | Bharti Airtel Congo Holdings BV                                                         | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | 7,572     | 19,408       | 11,834            |             |
| 31     | Airtel Congo S.A.                                                                       | June 8, 2010                                         | Congo Brazzaville            | XAF                | Jan'19 to Dec'19 | December 31, 2019  | 0.13                               | 490           | (1,748)   | 20,721       | 21,979            |             |
| 32     | Bharti Airtel RDC Holdings BV                                                           | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 1             | (1,128)   | 62,394       | 63,521            |             |
| 33     | Airtel Congo (RDC) S.A.                                                                 | June 8, 2010                                         | Democratic Republic of Congo | USD                | Jan'19 to Dec'19 | December 31, 2019  | 75.68                              | 26            | (58,704)  | 38,952       | 97,630            |             |
| 34     | Bharti Airtel Mali Holdings BV                                                          | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 1             | 182       | 750          | 567               |             |
| 35     | Bharti Airtel Kenya Holdings BV                                                         | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 1             | (3,373)   | 92,243       | 95,615            |             |
| 36     | Bharti Airtel Kenya BV                                                                  | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | (15,956)  | 80,882       | 96,836            |             |
| 37     | Airtel Networks Kenya Limited #                                                         | June 8, 2010                                         | Kenya                        | KES                | Jan'19 to Dec'19 | December 31, 2019  | 0.72                               | 18,800        | (46,164)  | 25,581       | 52,945            |             |
| 38     | Bharti Airtel Malawi Holdings BV                                                        | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | 4,385     | 3,177        | (1,210)           |             |
| 39     | Airtel Malawi Plc                                                                       | June 8, 2010                                         | Malawi                       | MWK                | Jan'19 to Dec'19 | December 31, 2019  | 0.10                               | 0             | 2,823     | 10,593       | 7,770             |             |
| 40     | Bharti Airtel Niger Holdings BV                                                         | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 1             | 16,292    | 16,307       | 14                |             |
| 41     | Celtel Niger S.A.                                                                       | June 8, 2010                                         | Niger                        | XOF                | Jan'19 to Dec'19 | December 31, 2019  | 0.13                               | 191           | (1,453)   | 20,571       | 21,833            |             |
| 42     | Airtel Networks Zambia Plc                                                              | June 8, 2010                                         | Zambia                       | ZMW                | Jan'19 to Dec'19 | December 31, 2019  | 4.23                               | 4             | (170)     | 10,769       | 10,935            |             |
| 43     | Bharti Airtel Uganda Holdings BV                                                        | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | 691       | 1,805        | 1,112             |             |

## Salient features of the financial statement of subsidiaries, associates and joint ventures for pursuant to Section 129 (3) of the Companies Act 2013

### Part A - Subsidiaries

| S. No. | Name of the Subsidiary                                                             | Date on which subsidiary was acquired / incorporated | Country of Registration      | Reporting Currency | Reporting Period | Financial Year End | Exchange Rate as of March 31, 2020 | Share Capital | Reserves | Total Assets | Total Liabilities | Investments |
|--------|------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------|--------------------|------------------|--------------------|------------------------------------|---------------|----------|--------------|-------------------|-------------|
| 44     | Airtel Uganda Limited                                                              | June 8, 2010                                         | Uganda                       | UGX                | Jan'19 to Dec'19 | December 31, 2019  | 0.02                               | 28            | 2,436    | 26,526       | 24,062            |             |
| 45     | Bharti Airtel Tanzania BV.                                                         | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | (4,003)  | 38,372       | 42,373            |             |
| 46     | Airtel Tanzania Public Limited Company (formerly known as Airtel Tanzania Limited) | June 8, 2010                                         | Tanzania                     | TZS                | Jan'19 to Dec'19 | December 31, 2019  | 0.03                               | 1,578         | (32,807) | 19,693       | 50,922            |             |
| 47     | Bharti Airtel Madagascar Holdings BV.                                              | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | (2,754)  | 13,781       | 16,533            |             |
| 48     | Channel Sea Management Company (Mauritius) Limited                                 | June 8, 2010                                         | Mauritius                    | USD                | Jan'19 to Dec'19 | December 31, 2019  | 75.68                              | 1             | 36       | 1            | (36)              |             |
| 49     | Bharti Airtel Rwanda Holdings Limited                                              | June 8, 2010                                         | Mauritius                    | USD                | Jan'19 to Dec'19 | December 31, 2019  | 75.68                              | 3             | (26)     | 16,456       | 16,479            |             |
| 50     | Montana International                                                              | June 8, 2010                                         | Mauritius                    | USD                | Jan'19 to Dec'19 | December 31, 2019  | 75.68                              | 0             | (16)     | 4            | 20                |             |
| 51     | Airtel Madagascar S.A.                                                             | June 8, 2010                                         | Madagascar                   | MGA                | Jan'19 to Dec'19 | December 31, 2019  | 0.02                               | 60            | (8,926)  | 8,028        | 16,894            |             |
| 52     | Bharti Airtel Nigeria Holdings II BV.                                              | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | (126)    | 174,013      | 174,137           |             |
| 53     | Bharti Airtel Nigeria BV.                                                          | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 1             | (68,492) | 107,346      | 175,837           |             |
| 54     | Bharti Airtel Services BV.                                                         | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | 359      | 943          | 582               |             |
| 55     | Airtel Networks Limited                                                            | June 8, 2010                                         | Nigeria                      | NGN                | Jan'19 to Dec'19 | December 31, 2019  | 0.20                               | 811           | 20,573   | 93,385       | 72,001            |             |
| 56     | Bharti Airtel Zambia Holdings BV.                                                  | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | 16,202   | 16,306       | 102               |             |
| 57     | Airtel Mobile Commerce (Malawi) Limited                                            | June 8, 2010                                         | Malawi                       | MWK                | Jan'19 to Dec'19 | December 31, 2019  | 0.10                               | -             | -        | 1,158        | 1,158             |             |
| 58     | Airtel Mobile Commerce (Kenya) Limited                                             | June 8, 2010                                         | Kenya                        | KES                | Jan'19 to Dec'19 | December 31, 2019  | 0.72                               | 0             | -        | 997          | 997               |             |
| 59     | Celtel (Mauritius) Holdings Limited                                                | June 8, 2010                                         | Mauritius                    | USD                | Jan'19 to Dec'19 | December 31, 2019  | 75.68                              | 1             | 3,035    | 8,762        | 5,726             |             |
| 60     | Airtel Mobile Commerce Zambia Limited                                              | June 8, 2010                                         | Zambia                       | ZMW                | Jan'19 to Dec'19 | December 31, 2019  | 4.23                               | 8             | 518      | 2,873        | 2,347             |             |
| 61     | Airtel Mobile Commerce Tchad S.r.l.                                                | June 8, 2010                                         | Chad                         | XOF                | Jan'19 to Dec'19 | December 31, 2019  | 0.13                               | 0             | -        | 199          | 199               |             |
| 62     | Airtel Mobile Commerce BV.                                                         | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | (178)    | 1,370        | 1,546             |             |
| 63     | Airtel Money S.A. (Gabon)                                                          | October 26, 2010                                     | Gabon                        | XAF                | Jan'19 to Dec'19 | December 31, 2019  | 0.13                               | 1             | 1,977    | 3,120        | 1,142             |             |
| 64     | Malawi Towers Limited                                                              | December 15, 2010                                    | Malawi                       | MWK                | Jan'19 to Dec'19 | December 31, 2019  | 0.10                               | 1             | (272)    | 2,360        | 2,631             |             |
| 65     | Airtel Money Niger S.A.                                                            | June 8, 2010                                         | Niger                        | XOF                | Jan'19 to Dec'19 | December 31, 2019  | 0.13                               | 167           | 20       | 237          | 50                |             |
| 66     | Société Malgache de Téléphone Cellulaire S.A.                                      | June 8, 2010                                         | Mauritius                    | USD                | Jan'19 to Dec'19 | December 31, 2019  | 75.68                              | 3             | 165      | 189          | 21                |             |
| 67     | Airtel Mobile Commerce Holdings BV.                                                | June 8, 2010                                         | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 2             | 1        | -            | (3)               |             |
| 68     | Indian Ocean Telecom Limited                                                       | October 19, 2010                                     | Jersey                       | USD                | Jan'19 to Dec'19 | December 31, 2019  | 75.68                              | 189           | 1,491    | 1,675        | (5)               |             |
| 69     | Airtel (Seychelles) Limited                                                        | August 27, 2010                                      | Seychelles                   | SCR                | Jan'19 to Dec'19 | December 31, 2019  | 5.51                               | 198           | 532      | 2,674        | 1,944             | 26          |
| 70     | Airtel Mobile Commerce (Tanzania) Limited                                          | November 11, 2010                                    | Tanzania                     | TZS                | Jan'19 to Dec'19 | December 31, 2019  | 0.03                               | 0             | -        | 5,867        | 5,867             |             |
| 71     | Airtel Mobile Commerce Uganda Limited                                              | October 7, 2010                                      | Uganda                       | UGX                | Jan'19 to Dec'19 | December 31, 2019  | 0.02                               | 0             | -        | 5,489        | 5,489             |             |
| 72     | Africa Towers NV.                                                                  | October 5, 2010                                      | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 5             | (710)    | 1,655        | 2,360             |             |
| 73     | Madagascar Towers S.A.                                                             | March 15, 2011                                       | Madagascar                   | MGA                | Jan'19 to Dec'19 | December 31, 2019  | 0.02                               | 0             | 732      | 1,677        | 945               |             |
| 74     | Mobile Commerce Congo S.A.                                                         | June 8, 2010                                         | Congo Brazzaville            | XAF                | Jan'19 to Dec'19 | December 31, 2019  | 0.13                               | 1             | -        | 448          | 447               |             |
| 75     | Tanzania Towers Limited                                                            | March 15, 2011                                       | Tanzania                     | TZS                | Jan'19 to Dec'19 | December 31, 2019  | 0.03                               | 0             | (35)     | -            | 35                |             |
| 76     | Airtel Money (RDC) S.A.                                                            | June 8, 2010                                         | Democratic Republic of Congo | USD                | Jan'19 to Dec'19 | December 31, 2019  | 75.68                              | 189           | 1,346    | 3,478        | 1,943             |             |
| 77     | Congo RDC Towers S.A.                                                              | April 5, 2011                                        | Democratic Republic of Congo | USD                | Jan'19 to Dec'19 | December 31, 2019  | 75.68                              | 8             | (677)    | 448          | 1,117             |             |
| 78     | Gabon Towers S.A. ##                                                               | May 17, 2011                                         | Gabon                        | XAF                | Jan'19 to Dec'19 | December 31, 2019  | 0.13                               | 1             | (3)      | 0            | 2                 |             |
| 79     | Airtel Mobile Commerce Madagascar S.A.                                             | April 5, 2011                                        | Madagascar                   | MGA                | Jan'19 to Dec'19 | December 31, 2019  | 0.02                               | 10            | 175      | 857          | 672               |             |
| 80     | Airtel Rwanda Limited                                                              | September 2, 2011                                    | Rwanda                       | RWF                | Jan'19 to Dec'19 | December 31, 2019  | 0.08                               | 8             | (20,508) | 10,176       | 30,676            |             |
| 81     | Airtel Africa Plc                                                                  | July 12, 2018                                        | United Kingdom               | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 258,805       | 76,943   | 335,890      | 142               |             |
| 82     | Airtel Mobile Commerce (Rwanda) Limited                                            | February 22, 2013                                    | Rwanda                       | RWF                | Jan'19 to Dec'19 | December 31, 2019  | 0.08                               | 1             | -        | 363          | 362               |             |
| 83     | Airtel Mobile Commerce (Seychelles) Limited                                        | August 9, 2013                                       | Seychelles                   | SCR                | Jan'19 to Dec'19 | December 31, 2019  | 5.51                               | 6             | (45)     | 28           | 67                |             |
| 84     | Airtel Money Tanzania Limited                                                      | June 10, 2016                                        | Tanzania                     | TZS                | Jan'19 to Dec'19 | December 31, 2019  | 0.03                               | 0             | 335      | 566          | 231               |             |
| 85     | Airtel Mobile Commerce Nigeria BV.                                                 | December 5, 2018                                     | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | 1,051        | 1,051             |             |
| 86     | Airtel Mobile Commerce (Nigeria) Limited                                           | August 31, 2017                                      | Nigeria                      | NGN                | Jan'19 to Dec'19 | December 31, 2019  | 0.20                               | -             | -        | -            | -                 |             |
| 87     | Airtel Mobile Commerce (Seychelles) BV.                                            | January 29, 2019                                     | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | -            | (0)               |             |
| 88     | Airtel Mobile Commerce Congo BV.                                                   | January 29, 2019                                     | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | -            | (0)               |             |
| 89     | Airtel Mobile Commerce Kenya BV.                                                   | January 29, 2019                                     | Netherlands                  | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | -            | (0)               |             |

## Salient features of the financial statement of subsidiaries, associates and joint ventures for pursuant to Section 129 (3) of the Companies Act 2013

### Part A - Subsidiaries

| S. No. | Name of the Subsidiary                | Date on which subsidiary was acquired / incorporated | Country of Registration | Reporting Currency | Reporting Period | Financial Year End | Exchange Rate as of March 31, 2020 | Share Capital | Reserves | Total Assets | Total Liabilities | Investments |
|--------|---------------------------------------|------------------------------------------------------|-------------------------|--------------------|------------------|--------------------|------------------------------------|---------------|----------|--------------|-------------------|-------------|
| 90     | Airtel Mobile Commerce Madagascar BV. | January 29, 2019                                     | Netherlands             | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | -            | (0)               |             |
| 91     | Airtel Mobile Commerce Malawi BV.     | January 29, 2019                                     | Netherlands             | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | -            | (0)               |             |
| 92     | Airtel Mobile Commerce Rwanda BV.     | January 29, 2019                                     | Netherlands             | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | -            | (0)               |             |
| 93     | Airtel Mobile Commerce Tchad BV.      | January 29, 2019                                     | Netherlands             | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | 0            | (0)               |             |
| 94     | Airtel Mobile Commerce Uganda BV.     | January 29, 2019                                     | Netherlands             | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | -            | (0)               |             |
| 95     | Airtel Mobile Commerce Zambia BV.     | January 29, 2019                                     | Netherlands             | USD                | Apr'19 to Mar'20 | March 31, 2020     | 75.68                              | 0             | -        | -            | (0)               |             |
| 96     | Airtel Money Transfer Limited         | July 20, 2015                                        | Kenya                   | KES                | Jan'19 to Dec'19 | December 31, 2019  | 0.72                               | 14            | -        | 18           | 4                 |             |
| 97     | Airtel International LLP              | March 27, 2019                                       | India                   | INR                | Apr'19 to Mar'20 | March 31, 2020     | 1.00                               | 33            | 44       | 249          | 172               |             |

#### Notes:

- The above financial information is basis audited / unaudited financial statements / financial information considered for the purpose of consolidated audited Ind AS financial statements.
  - The figures which are appearing as '0' are result of rounding off.
  - All particulars has been converted using closing exchange rate as on March 31<sup>st</sup> 2020.
  - During the period effective shareholding of Airtel Africa Plc has been changed to 56.01%, due to which effective shareholding of entities owned by Airtel Africa Plc directly/ indirectly is as shown in the above table.
  - Financial information has been extracted from the submission considered for the purpose of consolidated audited Ind AS financial statements.
- # Share capital includes preference share capital.  
 ## The subsidiary is under liquidation as at March 31, 2020.  
 \* Investments exclude investments in subsidiaries.

### Other details:

#### I. Subsidiaries yet to commence operations:

- Partnership Investments SARL
- Bharti Airtel Developers Forum Limited
- Network I2I (Kenya) Limited (incorporated on July 3, 2019)

#### II. Subsidiaries have been liquidated/sold during the year:

- Bharti Digital Networks Private Limited (Formerly known as Tikona Digital Networks Private Limited)

## Salient features of the financial statement of subsidiaries, associates and joint ventures for pursuant to Section 129 (3) of the Companies Act 2013

### Part B - Associates and Joint Ventures

| S. No.         | Name of the Associate / Joint Venture      | Date on which Associate / Joint Venture was associated or acquired | Latest audited Balance Sheet date | Share of Associates / Joint Ventures held by the company as of March 31, 2020 |                                                   |                     | Description of how the company has significant influence over joint control |
|----------------|--------------------------------------------|--------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------|---------------------|-----------------------------------------------------------------------------|
|                |                                            |                                                                    |                                   | Number of shares                                                              | Amount of Investment in Associate / Joint Venture | Extent of holding % |                                                                             |
| Associates     |                                            |                                                                    |                                   |                                                                               |                                                   |                     |                                                                             |
| 1              | Robi Axiata Limited @                      | November 16, 2016                                                  | December 31, 2019                 | 1,178,535,001                                                                 | 25,649                                            | 25%                 | By virtue of shareholding                                                   |
| 2              | Seynse Technologies Private Limited        | February 21, 2017                                                  | March 31, 2019                    | 6,824                                                                         | -                                                 | 22.54%              |                                                                             |
| 3              | Seychelles Cable Systems Company Limited** | June 8, 2010                                                       | June 30, 2019                     | 260                                                                           | 261                                               | 14.56%              |                                                                             |
| 4              | Airtel Payments Bank Limited               | October 25, 2018                                                   | March 31, 2020                    | 805,025,128                                                                   | 10,010                                            | 80.10%              | By virtue of shareholding agreement                                         |
| 5              | Juggernaut Books Private Limited***        | November 26, 2017                                                  | March 31, 2019                    | 2,100,471                                                                     | 107                                               | 17.79%              |                                                                             |
| Joint Ventures |                                            |                                                                    |                                   |                                                                               |                                                   |                     |                                                                             |
| 1              | Bridge Mobile Pte Limited                  | November 3, 2004                                                   | March 31, 2019                    | 800,000                                                                       | 77                                                | 10%                 | By virtue of shareholding                                                   |
| 2              | Indus Towers Limited *                     | December 7, 2007                                                   | March 31, 2020                    | 500,504                                                                       | 60,673                                            | 22.47%              |                                                                             |
| 3              | FireFly Networks Limited                   | February 4, 2014                                                   | March 31, 2019                    | 1,000,000                                                                     | 31                                                | 50%                 |                                                                             |
| 4              | Bharti Airtel Ghana Holdings BV. #         | October 12, 2017                                                   | March 31, 2017                    | 18,000                                                                        | 0.000001^                                         | 50%                 |                                                                             |
| 5              | Airtel Ghana Limited #                     | October 12, 2017                                                   | December 31, 2018                 | 440,709,862                                                                   |                                                   | 49.95%              |                                                                             |

@RedDot Digital Limited is incorporated on November 5, 2019 and is subsidiary of Robi Axiata Limited.

\* Profit / (loss) considered for consolidation is based on direct shareholding of Bharti Infratel Limited as against effective shareholding of the Company.

\*\* The group has reduced its shareholding to 14.56% (17.79% in March 31, 2019) during the year ended March 31, 2020.

\*\*\* The group has reduced its shareholding to 17.79% (19.35% in March 31, 2019) during the year ended March 31, 2020.

# The group has acquired stake in joint venture during the year ended March 31, 2018. However, the latest audited balance sheet is pertaining to the period prior to the acquisition.

^ Amount considered for Ghana entities are consolidated number.

#### Notes :

Amount of investment in joint venture / associate is based on the carrying value of investments in the consolidated financial statements of Bharti Airtel Limited. Mobile Financial Services Limited and Millicom Ghana Company Limited have been liquidated during financial year 2020.



# Independent Auditor's Report

TO  
THE MEMBERS OF **BHARTI AIRTEL LIMITED**

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying Consolidated Financial Statements of **Bharti Airtel Limited** ("the Company") and its subsidiaries, (the Company and its subsidiaries together referred to as "the Group") which includes the Group's share of profit / loss in its associates and joint ventures, which comprise the Consolidated Balance Sheet as at March 31 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the joint ventures referred to in Other Matters section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing

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

### Emphasis of Matter

We draw attention to Note 24(i)(f)(vi) of the Consolidated Financial Statements, which describes the uncertainties related to the outcome of Department of Telecommunications demand with respect to one-time spectrum charges.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

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

#### Key Audit Matter (CFS)

##### Revenue recognition

There is an inherent risk around accuracy of revenue recorded in respect of Mobile Services, Airtel Business, Digital TV Services and Tower Infrastructure Services segments because of the complexity of the IT systems and other support systems, significance of volumes of data processed by the systems and the impact of changing pricing models (tariff structures, incentive arrangements and discounts, etc.). In addition, for Airtel Business, we considered occurrence of revenue as a risk due to the possibility that revenue may be recorded without active service links being provided to customers or for contracts that are cancelled/not renewed.

#### Audit Procedures to address Key Audit Matter

We involved our IT specialists to evaluate the design and test the operating effectiveness of the general IT controls and application specific controls within the IT system, including testing of system generated reports used in our audit of revenues. We also tested the controls within the billing systems, prepaid charging systems, capturing and recording of revenue, authorisation and input of changes to the IT systems and over reconciliations performed between the active customers base with billing system.

| Key Audit Matter (CFS)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Audit Procedures to address Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>In addition, the Group has applied Ind AS 115 'Revenue from contracts with customers' which was effective from April 1, 2018. An adjustment on presentation of revenue for the year ended March 31, 2019 is required on transition to Ind-AS 115 from Ind-AS 18. The Group has applied full retrospective method.</p> <p>Refer note 2.19 "Revenue recognition" for accounting policies and notes related to implementation of Ind AS-115 and note 25 on disclosures related to Revenue in the consolidated financial statements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>We performed substantive procedures, which included verifying the accuracy of customer invoices and tracing receipts to customer invoices, comparing the number of links/connection as per the active customer base to the billing system, testing reconciliations between billing system and the general ledger (including validation of relevant journal entries), making test calls and testing whether they are rated correctly and analytical procedures for relevant segment revenue.</p> <p>With regard to the estimated impact of the initial adoption of Ind AS 115, we assessed the impact analysis and the accounting estimates and judgements made in respect of the revenue transactions of the Group and the appropriateness of the methods used in such analysis.</p> <p>We also evaluated and verified the retrospective application of Ind AS 115.</p> <p>We verified the appropriateness of the accounting policies, notes related to implementation of Ind AS-115 and the disclosure related to Revenue in notes 2.19 and 25 respectively in the consolidated financial statements and the consistency of the recorded revenue with the Group's accounting policies.</p>                                                                                                                                                                                                                                                                                                                          |
| <p><b>Evaluation of Impairment Assessment of Goodwill</b></p> <p>At least once a year, Management ensures that the net carrying amount of goodwill recognised as an asset, amounting to ₹ 332,562 million at March 31, 2019, does not exceed its recoverable amount. The impairment assessment is performed at the level of each cash generating unit ('CGU') or group of CGUs, which generally corresponds to the operating segment. The recoverable amount is determined based on value in use, which represents the present value of the estimated future cash flows expected to arise from the use of the asset group comprising each CGU or group of CGUs. The determination of recoverable amount of goodwill based on value-in-use is complex and subjective as estimates of future cash flows and determination of value in use involves management's estimates and judgement in determining the variables such as the revenue growth rates, EBITDA margins, amount of future capital expenditure, discount rates applied to estimated cash flows and long-term growth rate.</p> <p>The carrying amount of goodwill reported in the consolidated financial statements is significant and is sensitive to the assumptions made by the Management.</p> <p>In March 2019, for internal management purposes, the Group has reorganised its reporting structure basis which goodwill in respect of 'Mobile Services Africa' is monitored at three group of CGUs, which is lower than the Mobile Services Africa segment level, and which requires further allocation of goodwill to the three group of CGUs.</p> | <p>We evaluated the design and tested the operating effectiveness of internal controls related to evaluation of impairment assessment of goodwill.</p> <p>We involved our internal valuation specialists to test the reasonableness of key valuation assumptions like long-term growth rates and discount rates used in determining value in use.</p> <p>We benchmarked and challenged the key business assumptions like revenue growth rates, amount of future capital expenditure and EBITDA margins against historical data and trends and with market data and external sources, where available, to assess their reasonableness.</p> <p>We tested the sensitivity assessment of value in use to a change in the valuation assumptions and tested the mathematical accuracy of the cash flow models.</p> <p>We verified management's assessment of alternatives approaches to allocate Mobile services Africa goodwill based on relative fair value, the rationale for the selected option to allocate goodwill to the three group of CGUs and the appropriateness thereof, the related workings for allocation of goodwill to three group of CGUs and the impairment assessment at the revised three group of CGUs post allocation of goodwill.</p> <p>We verified the appropriateness of the accounting policies, critical accounting estimates and assumptions and disclosures related to impairment review of goodwill in notes 2.9(a), 3.1(a) and 7 respectively in the consolidated financial statements.</p> |

| Key Audit Matter (CFS)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Audit Procedures to address Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Allocation of goodwill to three group of CGUs necessitated fresh assessment of whether goodwill at the three CGUs level is impaired. This involves judgement with respect to identifying the most appropriate relative fair value approach or any other appropriate method for allocation of goodwill and the valuation assumptions like discount rates and long term growth rates that need to be applied to the future cash flows to determine the fair value of three group of CGUs.</p> <p>Refer note 2.9(a) for policy on "Impairment of non-financial assets"- Goodwill, note 3.1(a) on "Critical accounting estimates and assumptions" related to impairment reviews and note 7 "Intangible assets" for disclosures related to Impairment review of goodwill in the consolidated financial statements.</p> <p><b>Recoverability of deferred tax assets (DTA) recognized on tax loss carry-forwards and Minimum Alternate Tax (MAT) credit</b></p> <p>DTA on tax loss carry forwards and MAT credit recognised as at March 31, 2019 amounts to ₹ 152,447 million.</p> <p>Significant judgement is required in assessing the recoverability of DTA and MAT credit, particularly in respect of tax losses and MAT credit in India and tax losses in Nigeria amounting to ₹ 126,085 million and ₹ 20,148 million respectively.</p> <p>Recoverability of DTA on tax losses and MAT credit is sensitive to the assumptions used by management in projecting the ten year business plan and to expiry of losses and restriction on utilization of MAT credit after the period specified in tax statute of respective countries.</p> <p>Refer notes 2.12 "Taxes" for accounting policies, 3.1.b on "Critical accounting estimates and assumptions" related to taxes and note 14 "Income tax" for disclosures related to taxes in the consolidated financial statements.</p> | <p>We evaluated the design and tested the operating effectiveness of internal controls related to the assessment of recoverability of DTA on carry forward tax losses and MAT credit.</p> <p>We benchmarked and challenged the key business assumptions like revenue growth rates, amount of future capital expenditure and EBITDA margins in the ten year business plans against historical data and trends and with market data and external sources, where available, to assess their reasonableness.</p> <p>We verified the tax computation for the ten year forecast period and considered whether the tax losses and MAT credit would expire in accordance with the tax statute of respective countries. We also performed sensitivity assessment to evaluate whether it is probable that the tax losses and MAT credit would expire within the period specified in the tax statute of respective countries and tested the mathematical accuracy of the business plans and tax computation for the forecast period.</p> <p>We verified that recognition of DTA is consistent with Group's accounting guidelines for recognition of deferred tax on loss carry forward and MAT credit.</p> <p>We verified the appropriateness of disclosures in accounting policies, critical accounting estimates and assumptions and disclosures related to Income tax in notes 2.12, 3.1.b and 14 respectively in the consolidated financial statements.</p> |
| <p><b>Evaluation of uncertain positions related to tax and regulatory matters</b></p> <p>The Group has material uncertain positions related to regulatory matters and direct and indirect tax matters under dispute that involves significant judgment to determine the possible outcome of these disputes, provisions required, if any, and/or write back of provision in respect of such matters.</p> <p>Refer notes 2.18 "Contingencies" for accounting policies, note 22 "Provisions" for disclosure related to provisions for subjudice matters and notes 24(i) in respect of details of Contingent liabilities in the consolidated financial statements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>We evaluated the design and tested the operating effectiveness of internal controls related to the assessment of the likely outcome of uncertain positions related to the regulatory and tax matters, the provision made, if any, and/or write back of provision.</p> <p>We discussed significant open matters and developments with the Group's regulatory and tax team.</p> <p>We involved our internal tax experts to understand and evaluate the status of tax matters, review legal precedence and external expert opinions, if any, obtained by the management to evaluate whether the tax position is appropriate and has taken into account recent developments, if any.</p> <p>We challenged management's underlying assumptions in estimating tax and regulatory provisions and/or write back of provisions and assessed management evaluations and conclusions by understanding precedence, if any, set in similar matters and performed substantive procedures on the underlying calculation supporting the provisions required and/or write back of provisions.</p> <p>We verified the appropriateness of the accounting policies, disclosures related to provisions for subjudice matters and details of contingent liabilities in notes 2.18, 22 and 24(i) respectively in the consolidated financial statements.</p>                                                                                                              |

**Information other than the financial statements and auditor's report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexures to the Board's Report, Business Responsibility Report, Corporate Governance and Integrated Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the financial statements of joint ventures audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the joint ventures, is traced from their financial statements audited by the other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's responsibility for the consolidated financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its Associates and joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the

purpose of preparation of the Consolidated Financial Statements by the Directors of the Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

**Auditor's responsibility for the audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associates and joint ventures to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Other matters

The Consolidated Financial Statements include the Group's share of net profit of ₹ 3625 Million and total comprehensive income of ₹ 3623 Million for the year ended March 31, 2019, as considered in the Consolidated Financial Statements, in respect of two joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these joint ventures and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint ventures is based solely on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

### Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on the separate financial statements of the joint ventures referred to in the Other Matters section above we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.



- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the auditors’ reports of the Company, subsidiary companies, associate companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to explanation given to us, the remuneration paid / accrued by the Company to its Chairman and Managing Director & CEO (India and South Asia) for the year ended March 31, 2019 is in excess by ₹ 300.66 Million vis-à-vis the limits specified in section 197 of Companies Act, 2013 ('the Act') read with

Schedule V thereto as the Company does not have profits. The Company has represented to us that it is in the process of complying with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders, as necessary.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures.
  - ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies, associate companies and joint venture companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Shyamak R Tata**

Partner

(Membership No. 38320)

Place: New Delhi

Date: May 06, 2019

# Annexure “A” to the **Independent Auditor’s Report**

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Bharti Airtel Limited of even date)**

## **Report on the internal financial controls over financial reporting under clause (i) of sub-section 3 of section 143 of the companies act, 2013 (“the act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Bharti Airtel Limited (“the Company”) and its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, as of that date.

## **Management’s responsibility for internal financial controls**

The respective Board of Directors of the Company, its subsidiary companies, its associate companies and joint venture Companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## **Auditor’s responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established

and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the auditor of the joint venture company which is incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of Company, its subsidiary companies, its associate companies and its joint venture companies, which are companies incorporated in India.

## **Meaning of internal financial controls over financial reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

## **Inherent limitations of internal financial controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Company, its subsidiary companies, its associate companies and joint venture companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated

in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to a joint venture, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place: New Delhi  
Date: May 06, 2019

**Shyamak R Tata**  
Partner  
(Membership No. 38320)



# Consolidated Balance Sheet

as at 31st March 2019

(All amounts are in millions of Indian Rupee)

|                                                    | Note No. | As of March 31, 2019 | As of March 31, 2018 |
|----------------------------------------------------|----------|----------------------|----------------------|
| <b>Assets</b>                                      |          |                      |                      |
| <b>Non-current assets</b>                          |          |                      |                      |
| Property, plant and equipment                      | 6        | 815,228              | 706,079              |
| Capital work-in-progress                           | 6        | 88,433               | 52,089               |
| Goodwill                                           | 7        | 332,562              | 328,070              |
| Other intangible assets                            | 7        | 860,525              | 837,855              |
| Intangible assets under development                | 7        | 7,909                | 45,423               |
| Investment in joint ventures and associates        | 8        | 88,937               | 86,839               |
| <b>Financial assets</b>                            |          |                      |                      |
| - Investments                                      | 10       | 21,941               | 5,769                |
| - Derivative instruments                           | 11       | 3,105                | 2,031                |
| - Security deposits                                | 12       | 16,452               | 9,703                |
| - Others                                           | 13       | 3,227                | 5,814                |
| Income tax assets (net)                            |          | 17,694               | 25,505               |
| Deferred tax assets (net)                          | 14       | 89,379               | 29,330               |
| Other non-current assets                           | 15       | 77,526               | 36,319               |
|                                                    |          | <b>2,422,918</b>     | <b>2,170,826</b>     |
| <b>Current assets</b>                              |          |                      |                      |
| Inventories                                        |          | 884                  | 693                  |
| <b>Financial assets</b>                            |          |                      |                      |
| - Investments                                      | 10       | 46,232               | 68,978               |
| - Derivative instruments                           | 11       | 426                  | 8,941                |
| - Trade receivables                                | 16       | 43,006               | 58,830               |
| - Cash and cash equivalents                        | 17       | 62,121               | 49,552               |
| - Other bank balances                              | 17       | 18,934               | 17,154               |
| - Others                                           | 13       | 20,343               | 27,462               |
| Other current assets                               | 15       | 137,111              | 103,380              |
|                                                    |          | <b>329,057</b>       | <b>334,990</b>       |
| <b>Total assets</b>                                |          | <b>2,751,975</b>     | <b>2,505,817</b>     |
| <b>Equity and Liabilities</b>                      |          |                      |                      |
| <b>Equity</b>                                      |          |                      |                      |
| Share capital                                      | 18       | 19,987               | 19,987               |
| Other equity                                       |          | 694,235              | 675,357              |
| <b>Equity attributable to owners of the Parent</b> |          | <b>714,222</b>       | <b>695,344</b>       |
| Non-controlling interests                          |          | 135,258              | 88,139               |
|                                                    |          | <b>849,480</b>       | <b>783,483</b>       |
| <b>Non-current liabilities</b>                     |          |                      |                      |
| <b>Financial liabilities</b>                       |          |                      |                      |
| - Borrowings                                       | 20       | 872,454              | 849,420              |
| - Derivative instruments                           | 11       | 826                  | 5,409                |
| - Others                                           | 21       | 62,131               | 44,547               |
| Deferred revenue                                   |          | 17,986               | 22,117               |
| Provisions                                         | 22       | 6,823                | 7,212                |
| Deferred tax liabilities (net)                     | 14       | 11,297               | 10,606               |
| Other non-current liabilities                      | 23       | 429                  | 623                  |
|                                                    |          | <b>971,946</b>       | <b>939,934</b>       |
| <b>Current liabilities</b>                         |          |                      |                      |
| <b>Financial liabilities</b>                       |          |                      |                      |
| - Borrowings                                       | 20       | 310,097              | 129,569              |
| - Current maturities of long-term borrowings       | 20       | 71,732               | 134,346              |
| - Derivative instruments                           | 11       | 12,742               | 283                  |
| - Trade payables                                   |          | 280,031              | 268,536              |
| - Others                                           | 21       | 159,806              | 140,605              |
| Deferred revenue                                   |          | 43,993               | 48,666               |
| Provisions                                         | 22       | 2,197                | 2,384                |
| Current tax liabilities (net)                      |          | 8,228                | 11,058               |
| Other current liabilities                          | 23       | 41,723               | 46,952               |
|                                                    |          | <b>930,549</b>       | <b>782,399</b>       |
| <b>Total liabilities</b>                           |          | <b>1,902,495</b>     | <b>1,722,333</b>     |
| <b>Total equity and liabilities</b>                |          | <b>2,751,975</b>     | <b>2,505,816</b>     |

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

As per our report of even date

**For and on behalf of the Board of Directors of Bharti Airtel Limited**

**For Deloitte Haskins & Sells LLP**

**Chartered Accountants**

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

**Shyamak R Tata**

**Partner**

Membership No: 38320

**Sunil Bharti Mittal**

**Chairman**

DIN: 00042491

**Gopal Vittal**

**Managing Director & CEO**

**(India and South Asia)**

DIN: 02291778

Place: **New Delhi**

Date: **May 6, 2019**

**Badal Bagri**

**Chief Financial Officer**

**Pankaj Tewari**

**Company Secretary**

# Consolidated Statement of Profit and Loss

for the year ended 31st March 2019

(All amounts are in millions of Indian Rupee; except per share data)

|                                                                                                 | Note No. | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-------------------------------------------------------------------------------------------------|----------|--------------------------------------|--------------------------------------|
| <b>Income</b>                                                                                   |          |                                      |                                      |
| Revenue                                                                                         | 25       | 807,802                              | 826,388                              |
| Other income                                                                                    |          | 2,912                                | 2,488                                |
|                                                                                                 |          | <b>810,714</b>                       | <b>828,876</b>                       |
| <b>Expenses</b>                                                                                 |          |                                      |                                      |
| Network operating expenses                                                                      | 26       | 223,900                              | 197,520                              |
| Access charges                                                                                  |          | 93,521                               | 90,446                               |
| License fee / spectrum charges                                                                  |          | 69,426                               | 75,558                               |
| Employee benefits expense                                                                       | 27       | 37,975                               | 39,771                               |
| Sales and marketing expenses                                                                    | 28       | 41,277                               | 45,275                               |
| Other expenses                                                                                  | 30       | 83,514                               | 77,027                               |
|                                                                                                 |          | <b>549,613</b>                       | <b>525,597</b>                       |
| <b>Profit from operating activities before depreciation, amortisation and exceptional items</b> |          | <b>261,101</b>                       | <b>303,279</b>                       |
| Depreciation and amortisation                                                                   | 29       | 213,475                              | 192,431                              |
| Finance costs                                                                                   | 31       | 110,134                              | 93,255                               |
| Finance income                                                                                  | 31       | (14,240)                             | (12,540)                             |
| Non-operating expenses (net)                                                                    |          | 1,894                                | 141                                  |
| Share of profit of associates and joint ventures (net)                                          | 8        | (3,556)                              | (10,609)                             |
| <b>(Loss) / profit before exceptional items and tax</b>                                         |          | <b>(46,606)</b>                      | <b>40,601</b>                        |
| Exceptional items (net)                                                                         | 32       | (29,288)                             | 7,931                                |
| <b>(Loss) / profit before tax</b>                                                               |          | <b>(17,318)</b>                      | <b>32,670</b>                        |
| <b>Tax expense / (credit)</b>                                                                   |          |                                      |                                      |
| Current tax                                                                                     | 14       | 19,391                               | 18,230                               |
| Deferred tax                                                                                    | 14       | (53,584)                             | (7,395)                              |
| <b>Profit for the year</b>                                                                      |          | <b>16,875</b>                        | <b>21,835</b>                        |
| <b>Other comprehensive income ('OCI')</b>                                                       |          |                                      |                                      |
| <b>Items to be reclassified subsequently to profit or loss :</b>                                |          |                                      |                                      |
| Net losses due to foreign currency translation differences                                      |          | (15,739)                             | (7,181)                              |
| Net losses on net investment hedge                                                              |          | (1,754)                              | (8,024)                              |
| Net (losses) / gains on cash flow hedge                                                         |          | (833)                                | 809                                  |
| Net (losses) / gains on fair value through OCI investments                                      |          | (45)                                 | 129                                  |
| Tax credit / (charge)                                                                           | 14       | 5,428                                | (122)                                |
|                                                                                                 |          | <b>(12,943)</b>                      | <b>(14,389)</b>                      |
| <b>Items not to be reclassified to profit or loss :</b>                                         |          |                                      |                                      |
| Re-measurement gains on defined benefit plans                                                   |          | 47                                   | 205                                  |
| Tax charge                                                                                      |          | (62)                                 | (29)                                 |
| Share of OCI of associates and joint ventures                                                   | 8        | (12)                                 | 18                                   |
|                                                                                                 |          | <b>(27)</b>                          | <b>194</b>                           |
| <b>Other comprehensive loss for the year</b>                                                    |          | <b>(12,970)</b>                      | <b>(14,195)</b>                      |
| <b>Total comprehensive income for the year</b>                                                  |          | <b>3,905</b>                         | <b>7,640</b>                         |
| <b>Profit for the year attributable to :</b>                                                    |          | <b>16,875</b>                        | <b>21,835</b>                        |
| Owners of the Parent                                                                            |          | 4,095                                | 10,990                               |
| Non-controlling interests                                                                       |          | 12,780                               | 10,845                               |
| <b>Other comprehensive loss for the year attributable to :</b>                                  |          | <b>(12,970)</b>                      | <b>(14,195)</b>                      |
| Owners of the Parent                                                                            |          | (10,216)                             | (13,445)                             |
| Non-controlling interests                                                                       |          | (2,754)                              | (750)                                |
| <b>Total comprehensive income for the year attributable to :</b>                                |          | <b>3,905</b>                         | <b>7,640</b>                         |
| Owners of the Parent                                                                            |          | (6,121)                              | (2,455)                              |
| Non-controlling interests                                                                       |          | 10,026                               | 10,095                               |
| <b>Earnings per share (Face value: ₹ 5/- each)</b>                                              |          |                                      |                                      |
| Basic                                                                                           | 33       | 1.02                                 | 2.75                                 |
| Diluted                                                                                         | 33       | 1.02                                 | 2.75                                 |

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

As per our report of even date

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

For Deloitte Haskins &amp; Sells LLP

Chartered Accountants

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

Shyamak R Tata

Partner

Membership No: 38320

Sunil Bharti Mittal

Chairman

DIN: 00042491

Gopal Vittal

Managing Director &amp; CEO

(India and South Asia)

DIN: 02291778

Place: New Delhi

Date: May 6, 2019

Badal Bagri

Chief Financial Officer

Pankaj Tewari

Company Secretary

# Consolidated Statement of Changes in Equity

(All amounts in ₹ Crores)

|                                                    | Equity attributable to owners of the Parent |               |                    |                   |                  |                         |                 |                             |                |
|----------------------------------------------------|---------------------------------------------|---------------|--------------------|-------------------|------------------|-------------------------|-----------------|-----------------------------|----------------|
|                                                    | Share capital                               |               | Other equity       |                   |                  |                         |                 |                             |                |
|                                                    | No of shares (in '000)                      | Amount        | Securities premium | Retained earnings | General reserves | Debt redemption reserve | Capital reserve | Share-based payment reserve | NCI reserve    |
| <b>As of April 01, 2017</b>                        | <b>3,997,400</b>                            | <b>19,987</b> | <b>123,456</b>     | <b>483,638</b>    | <b>27,030</b>    | -                       | -               | <b>4,065</b>                | <b>77,216</b>  |
| Profit for the period                              | -                                           | -             | -                  | 10,990            | -                | -                       | -               | -                           | -              |
| Other comprehensive income / (loss)                | -                                           | -             | -                  | 194               | -                | -                       | -               | -                           | -              |
| <b>Total comprehensive income / (loss)</b>         | <b>-</b>                                    | <b>-</b>      | <b>-</b>           | <b>11,184</b>     | <b>-</b>         | <b>-</b>                | <b>-</b>        | <b>-</b>                    | <b>-</b>       |
| <b>Transaction with owners of equity</b>           |                                             |               |                    |                   |                  |                         |                 |                             |                |
| Employee share-based payment expense               | -                                           | -             | -                  | -                 | -                | -                       | -               | 392                         | -              |
| Purchase of treasury shares                        | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | -              |
| Exercise of share options                          | -                                           | -             | -                  | -                 | 3,510            | -                       | -               | (3,675)                     | -              |
| Transaction with NCI                               | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | 42,625         |
| Creation of debt redemption reserve                | -                                           | -             | -                  | -                 | (7,500)          | 7,500                   | -               | -                           | -              |
| Dividend (including tax) to Company's shareholders | -                                           | -             | -                  | (18,475)          | -                | -                       | -               | -                           | -              |
| Dividend (including tax) to NCI                    | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | -              |
| Movement on account of court approved schemes      | -                                           | -             | -                  | (866)             | -                | -                       | -               | -                           | -              |
| <b>As of March 31, 2018</b>                        | <b>3,997,400</b>                            | <b>19,987</b> | <b>123,456</b>     | <b>475,481</b>    | <b>23,040</b>    | <b>7,500</b>            | <b>-</b>        | <b>782</b>                  | <b>119,841</b> |
| Profit for the year                                | -                                           | -             | -                  | 4,095             | -                | -                       | -               | -                           | -              |
| Other comprehensive income / (loss)                | -                                           | -             | -                  | (29)              | -                | -                       | -               | -                           | -              |
| <b>Total comprehensive income / (loss)</b>         | <b>-</b>                                    | <b>-</b>      | <b>-</b>           | <b>4,066</b>      | <b>-</b>         | <b>-</b>                | <b>-</b>        | <b>-</b>                    | <b>-</b>       |
| <b>Transaction with owners of equity</b>           |                                             |               |                    |                   |                  |                         |                 |                             |                |
| Issue of equity shares (refer note 5 (c))          | 0                                           | 0             | 0                  | -                 | -                | -                       | -               | -                           | -              |
| Employee share-based payment expense               | -                                           | -             | -                  | -                 | -                | -                       | -               | 333                         | -              |
| Purchase of treasury shares                        | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | -              |
| Exercise of share options                          | -                                           | -             | -                  | -                 | 12               | -                       | -               | (371)                       | -              |
| Transaction with NCI                               | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | 44,439         |
| Business combination (refer note 5 (c))            | -                                           | -             | -                  | -                 | -                | -                       | 5,315           | -                           | -              |
| Dividend (including tax) to Company's shareholders | -                                           | -             | -                  | (24,096)          | -                | -                       | -               | -                           | -              |
| Dividend (including tax) to NCI                    | -                                           | -             | -                  | -                 | -                | -                       | -               | -                           | -              |
| Movement on account of court approved schemes      | -                                           | -             | -                  | (721)             | -                | -                       | -               | -                           | -              |
| <b>As of March 31, 2019</b>                        | <b>3,997,400</b>                            | <b>19,987</b> | <b>123,456</b>     | <b>454,730</b>    | <b>23,052</b>    | <b>7,500</b>            | <b>5,315</b>    | <b>744</b>                  | <b>164,280</b> |

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

As per our report of even date

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

For Deloitte Haskins &amp; Sells LLP

Chartered Accountants

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

Shyamak R Tata

Partner

Membership No: 38320

Sunil Bharti Mittal

Chairman

DIN: 00042491

Place: New Delhi

Date: May 6, 2019

Badal Bagri

Chief Financial Officer

# Consolidated Statement of Cash Flows

(All amounts are in millions of Indian Rupee)

|                                                                | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities</b>                    |                                      |                                      |
| <b>(Loss) / profit before tax</b>                              | <b>(17,318)</b>                      | <b>32,670</b>                        |
| <b>Adjustments for :</b>                                       |                                      |                                      |
| Depreciation and amortisation                                  | 213,475                              | 192,431                              |
| Finance costs                                                  | 110,134                              | 93,255                               |
| Finance income                                                 | (14,240)                             | (12,540)                             |
| Share of results of joint ventures and associates (net)        | (3,556)                              | (10,609)                             |
| Exceptional items                                              | (32,792)                             | 325                                  |
| Employee share-based payment expense                           | 345                                  | 413                                  |
| (Profit) / loss on sale of property, plant and equipment       | (175)                                | 293                                  |
| Other non-cash items                                           | 11,909                               | 10,117                               |
| <b>Operating cash flow before changes in working capital</b>   | <b>267,782</b>                       | <b>306,355</b>                       |
| <b>Changes in working capital</b>                              |                                      |                                      |
| Trade receivables                                              | 8,427                                | (24,474)                             |
| Trade payables                                                 | 21,580                               | 15,122                               |
| Inventories                                                    | (191)                                | (202)                                |
| Provisions                                                     | (107)                                | 154                                  |
| Other financial and non-financial liabilities                  | (20,955)                             | 51,205                               |
| Other financial and non-financial assets                       | (66,950)                             | (35,899)                             |
| <b>Net cash generated from operations before tax</b>           | <b>209,586</b>                       | <b>312,261</b>                       |
| Income tax paid                                                | (11,706)                             | (13,723)                             |
| <b>Net cash generated from operating activities (a)</b>        | <b>197,880</b>                       | <b>298,538</b>                       |
| <b>Cash flows from investing activities</b>                    |                                      |                                      |
| Purchase of property, plant and equipment                      | (260,971)                            | (245,259)                            |
| Proceeds from sale of property, plant and equipment            | 1,225                                | 5,655                                |
| Purchase of intangible assets                                  | (33,804)                             | (17,749)                             |
| Payment towards spectrum - Deferred payment liability*         | (11,720)                             | (9,909)                              |
| Net movement in current investments                            | 18,158                               | (50,259)                             |
| Purchase of non-current investments                            | (57,067)                             | -                                    |
| Sale of non-current investments                                | 44,976                               | 36,495                               |
| Consideration / advance for acquisitions, net of cash acquired | (5,083)                              | (19,498)                             |
| Sale of tower assets                                           | 3,051                                | 4,869                                |
| Investment in associate                                        | (60)                                 | (60)                                 |
| Dividend received                                              | 11,493                               | 10,377                               |
| Interest received                                              | 4,793                                | 5,662                                |
| <b>Net cash used in investing activities (b)</b>               | <b>(285,009)</b>                     | <b>(279,676)</b>                     |

# Consolidated Statement of Cash Flows

(All amounts are in millions of Indian Rupee)

|                                                                          | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flows from financing activities</b>                              |                                      |                                      |
| Proceeds from borrowings                                                 | 353,141                              | 197,664                              |
| Repayment of borrowings                                                  | (345,359)                            | (130,717)                            |
| Net proceeds / (repayments) from short-term borrowings                   | 98,101                               | (26,874)                             |
| Proceeds from sale and finance leaseback of towers                       | 1,688                                | 2,958                                |
| Repayment of finance lease liabilities                                   | (5,077)                              | (3,932)                              |
| Purchase of treasury shares                                              | (248)                                | (424)                                |
| Interest and other finance charges paid                                  | (76,171)                             | (44,041)                             |
| Proceeds from exercise of share options                                  | 10                                   | 13                                   |
| Dividend paid (including tax)                                            | (46,617)                             | (32,652)                             |
| Proceeds from issuance of equity shares to NCI                           | 104,341                              | 21                                   |
| Sale of interest in a subsidiary (refer Note 5 (l) & (q))                | 16,238                               | 57,189                               |
| Purchase of shares from NCI (refer note 5 (j) & (k))                     | (5,409)                              | -                                    |
| <b>Net cash generated from financing activities (c)</b>                  | <b>94,638</b>                        | <b>19,205</b>                        |
| <b>Net increase in cash and cash equivalents during the year (a+b+c)</b> | <b>7,509</b>                         | <b>38,067</b>                        |
| Effect of exchange rate on cash and cash equivalents                     | 1,338                                | 281                                  |
| Cash and cash equivalents as at beginning of the year                    | 28,468                               | (9,880)                              |
| <b>Cash and cash equivalents as at end of the year (Note 17)</b>         | <b>37,315</b>                        | <b>28,468</b>                        |

\*Cash flows towards spectrum acquisitions are based on the timing of payouts to DoT (viz. upfront / deferred)

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

As per our report of even date

**For and on behalf of the Board of Directors of Bharti Airtel Limited**

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

**Shyamak R Tata**  
**Partner**  
Membership No: 38320

**Sunil Bharti Mittal**  
**Chairman**  
DIN: 00042491

**Gopal Vittal**  
**Managing Director & CEO**  
**(India and South Asia)**  
DIN: 02291778

Place: **New Delhi**  
Date: **May 6, 2019**

**Badal Bagri**  
**Chief Financial Officer**

**Pankaj Tewari**  
**Company Secretary**

# Notes to Consolidated Financial Statements

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

## 1. Corporate information

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

The Company together with its subsidiaries (hereinafter referred to as 'the Group') has presence in India, Africa and South Asia. The principal activities of the Group, its joint ventures and associates consist of provision of telecommunication services, tower infrastructure services and direct-to-home digital television services. The details as to the services provided by the Group are further provided in note 34. For details as to the Group structure, refer note 39.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

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

The financial statements are approved for issue by the Company's Board of Directors on May 06, 2019.

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 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 Rupees ('Rupee' or '₹') and are rounded to the nearest million, except per share data and unless stated otherwise. Further, amounts which are less than a million 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 Group'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 all the group entities, to all the periods presented in the said financial statements.

### 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 or through other comprehensive income (refer note 2.10 (b)), liability for cash-settled awards (refer note 2.16), the component of carrying values of recognised liabilities that are designated in fair value hedges (refer note 2.10 (d)) - 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 paid to transfer a liability, in an orderly transaction between market participants. The Group's accounting policies require, measurement of certain financial / non-financial assets 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 Group 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 Group 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 Basis of consolidation

#### a. Subsidiaries

Subsidiaries include all the entities over which the Group has control. The Group controls an entity when it is exposed or has right to variable return from its

# Notes to Consolidated Financial Statements

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

involvement with the entity, and has the ability to affect those returns through its power (that is, existing rights that give it the current ability to direct the relevant activities) over the entity. The Group re-assesses whether or not it controls the entity, in case the underlying facts and circumstances indicate that there are changes to above mentioned parameters that determine the existence of control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are de-consolidated from the date that control ceases. Non-controlling interests is the equity in a subsidiary not attributable to a parent and presented separately from the Group's equity. Non-controlling interests consist of the amount at the date of the business combination and its share of changes in equity since that date. Profit or loss and other comprehensive income are attributed to the controlling and non-controlling interests in proportion to their ownership interests, even if this results in the non-controlling interests having a deficit balance. However, in case where there are binding contractual arrangements that determine the attribution of the earnings, the attribution specified by such arrangement is considered.

The profit or loss on disposal (associated with loss of control) is recognised in the statement of profit and loss being the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. In addition, any amounts previously recognised in the other comprehensive income in respect of that de-consolidated entity, are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognised in the other comprehensive income are re-classified to the statement of profit and loss. Any retained interest in the entity is remeasured to its fair value with the resultant change in carrying value being recognised in statement of profit and loss.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as a transaction with equity holders. Any difference between the amount of the adjustment to non-controlling interests and any consideration exchanged is recognised in 'NCI reserve', a component of equity.

## **b. Joint ventures and associates**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint

control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in joint ventures and associates are accounted for using equity method; from the date on which Group obtains joint control over the joint venture / starts exercising significant influence over the associate. The said investments are tested at least annually and 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).

## **c. Method of consolidation**

Accounting policies of the respective individual subsidiary, joint venture and associate are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

The standalone financial statements of subsidiaries are fully consolidated on a line-by-line basis, after adjusting for business combination adjustments (refer note 2.4). Intra-group balances and transactions, and income and expenses arising from intra-group transactions, are eliminated while preparing the said financial statements. The un-realised gains resulting from intra-group transactions are also eliminated. Similarly, the un-realised losses are eliminated, unless the transaction provides evidence as to impairment of the asset transferred.

The Group's investments in its joint ventures and associates are accounted for using the equity method. Accordingly, the investments are carried at cost less any impairment losses, as adjusted for post-acquisition changes in the Group's share of the net assets of investees. Any excess of the cost over the Group's share of net assets in its joint ventures / associates at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. The un-realised gains / losses resulting from transactions with joint ventures and associates are eliminated against the investment to the extent of the Group's interest in the investee. However, un-realised losses are eliminated only to the extent that there is no evidence of impairment.



# Notes to Consolidated Financial Statements

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

At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of investment and its carrying value.

## 2.4 Business combinations

The Group accounts for business combinations using the acquisition method of accounting, and accordingly, the identifiable assets acquired and the liabilities assumed in the acquiree are recorded at their acquisition date fair values (except certain assets and liabilities which are required to be measured as per the applicable standard) and the non-controlling interest is initially recognised at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The consideration transferred for the acquisition of a subsidiary is aggregation of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group in exchange for control of the acquiree.

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the acquirer 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 profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, along with the amount of any non-controlling interests in the acquiree and the acquisition-date fair value (with the resulting difference being recognised in statement of profit and loss) of any previous equity interest in the acquiree, over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

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

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 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 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 amortisation recognised in accordance with Ind AS 115 "Revenue from Contracts with Customers".

## 2.5 Foreign currency transactions

### a. Functional and presentation currency

The items included in financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates (i.e. 'functional currency').

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

### b. Transactions and balances

Transactions in foreign currencies are initially recorded in the relevant functional currency at the rates 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.

### c. Foreign operations

The assets and liabilities of foreign operations (including the goodwill and fair value adjustments arising on the acquisition of foreign entities) are translated into Rupees at the exchange rates prevailing at the reporting date whereas their statements of profit and loss are



# Notes to Consolidated Financial Statements

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

translated into Rupees at monthly average exchange rates and the equity is recorded at the historical rate. The resulting exchange differences arising on the translation are recognised in other comprehensive income and held in foreign currency translation reserve ('FCTR'), a component of equity. On disposal of a foreign operation (that is, disposal involving loss of control), the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

## 2.6 Current versus non-current classification

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

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

An asset is classified as current when it is expected to be realised or intended to be sold or consumed in normal operating cycle, held primarily for the purpose of trading, expected to be realised within twelve months after the reporting period, or cash and 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.

The derivatives designated in hedging relationship and separated embedded derivatives are classified basis the hedged item and host contract respectively.

## 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 Group 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. Further, it includes assets installed on the premises of customers as the associated risks, rewards and control remain with the Group.

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

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 Group, 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. Freehold land is not depreciated as it has an unlimited useful life. The Group has established the estimated range of useful lives for different categories of PPE as follows:

| Categories                                             | Years                                                             |
|--------------------------------------------------------|-------------------------------------------------------------------|
| Leasehold improvement                                  | Period of lease or 10 -20 years, as applicable, whichever is less |
| Leasehold land                                         | Period of lease                                                   |
| Buildings                                              | 20                                                                |
| Building on leased land                                | 20                                                                |
| Plant and equipment                                    |                                                                   |
| - Network equipment (including passive infrastructure) | 3 - 25                                                            |
| - Customer premise equipment                           | 3 - 5                                                             |
| - Assets taken on finance lease                        | Period of lease or 10 years, as applicable, whichever is less     |
| Other equipment, operating and office equipment        |                                                                   |
| Computer / Servers                                     | 3 - 5                                                             |
| Furniture & fixture 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

# Notes to Consolidated Financial Statements

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

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 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.

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

## 2.8 Intangible assets

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

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets purchased (refer note 2.4). Goodwill is not amortised; however it is tested annually for impairment (refer note 2.9) and carried at cost less any accumulated impairment losses. The gains / (losses) on the disposal of a cash-generating-unit ('CGU') include the carrying amount of goodwill relating to the CGU sold (in case goodwill has been allocated to group of CGUs; it is determined on the basis of the relative fair value of the operations sold).

The intangible assets that are acquired in a business combination are recognised at its fair value there at. Other 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 Group 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. Bandwidth

Bandwidth is amortised over the period of the agreement.

### c. 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 five 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.

## d. 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

**Distribution network:** One year to two 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 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 prospectively, and accordingly, the amortisation is calculated over the remaining revised useful life.

Further, the cost of intangible assets under development includes the amount of spectrum allotted to the Group and related costs (including borrowing costs that are directly attributable to the acquisition or construction of qualifying assets) (refer note 2.20), if any, for which services are yet to be rolled out and are presented separately in the balance sheet.

## 2.9 Impairment of non-financial assets

### a. Goodwill

Goodwill is tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired. 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.

# Notes to Consolidated Financial Statements

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

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) 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 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 in previous years.

## **2.10 Financial instruments**

### **a. Recognition, classification and presentation**

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

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

The Group classifies its financial assets in the following categories: a) those to be measured subsequently at fair value (either through other comprehensive income, or 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 Group has classified all the non-derivative financial liabilities as measured at amortised cost.

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 Group 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 Group measures the non-derivative financial instruments at its fair value plus, in the case of a financial instruments not at fair value through profit or loss, transaction costs. Otherwise transaction costs are expensed in the statement of profit and loss.

### **II. Subsequent measurement - financial assets**

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

#### **i. Financial assets measured at amortised cost**

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

# Notes to Consolidated Financial Statements

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

## ii. Financial assets at fair value through other comprehensive income ('FVTOCI')

Equity investments which are not held for trading and for which the Group has elected to present the change in the fair value in other comprehensive income and debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payment of principal and interest, are measured at FVTOCI.

The changes in fair value are taken through OCI, except for the impairment (on debt instruments), interest (basis EIR method), dividend and foreign exchange differences which are recognised in the statement of profit and loss.

When the financial asset is derecognised, the related accumulated fair value adjustments in OCI as at the date of derecognition are reclassified from equity and recognised in the statement of profit and loss. However, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss in case of equity instruments.

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

All equity instruments and financial assets that do not meet the criteria for amortised cost or FVTOCI 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 / finance costs 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 and debt instrument carried at FVTOCI. 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

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

### c. Measurement - derivative financial instruments

Derivative financial instruments, including separated embedded derivatives, that are not designated as hedging instruments in a hedging relationship 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. Hedging activities

#### I. Fair value hedge

Some of the Group's entities use derivative financial instruments (e.g. interest rate / currency swaps) to manage / mitigate their exposure to the risk of change in fair value of the borrowings. The Group designates certain interest swaps to hedge the risk of changes in fair value of recognised borrowings attributable to the hedged interest rate risk. The effective and ineffective portion of changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit and loss within finance income / finance costs, together with any changes in the fair value of the hedged liability that is attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the statement of profit and loss over the period to remaining maturity of the hedged item.

#### II. Cash flow hedge

Some of the Group's entities use derivative financial instruments (e.g. foreign currency forwards, options, swaps) to manage their exposure to foreign exchange and price risk. Further, the Group designates certain derivative financial instruments (or its components) as hedging instruments for hedging the exchange rate fluctuation risk attributable to either a recognised item or a highly probable forecast transaction ('Cash flow hedge'). The effective portion of changes in the fair value of derivative financial instruments (or its components) that are designated and qualify as cash flow hedges, are recognised in other comprehensive income and held as cash flow hedge reserve ('CFHR') - within other components of equity. Any gains / (losses) relating to the ineffective portion, are recognised immediately in

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the statement of profit and loss within finance income / finance costs. The amounts accumulated in equity are re-classified to the statement of profit and loss in the periods when the hedged item affects profit / (loss).

When a hedging instrument expires or is sold, or when a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gains / (losses) existing in equity at that time remains in equity and is recognised (on the basis as discussed in the above paragraph) when the forecast transaction is ultimately recognised in the statement of profit and loss. However, at any point of time, when a forecast transaction is no longer expected to occur, the cumulative gains / (losses) that were reported in equity is immediately transferred to the statement of profit and loss within finance income / finance costs.

### III. Net investment hedge

The Group hedges its net investment in certain foreign subsidiaries. Accordingly, any foreign exchange differences on the hedging instrument (e.g. borrowings) relating to the effective portion of the hedge is recognised in other comprehensive income as foreign currency translation reserve ('FCTR') – within other components of equity, so as to offset the change in the value of the net investment being hedged. The ineffective portion of the gain or loss on these hedges is immediately recognised in the statement of profit and loss. The amounts accumulated in equity are included in the statement of profit and loss when the foreign operation is disposed or partially disposed.

### e. 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 Group has transferred substantially all risks and rewards of ownership. The difference in the carrying amount is recognised in the statement of profit and loss.

### 2.11 Leases

The determination of whether an arrangement is a lease is based on whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Operating lease receipts / payments are recognised as an income / expense on a straight-line basis over the lease term unless the lease payments increase in line with expected general inflation.

Contingent rents are recognised as income / expense in the period in which they are earned / incurred.

### a. Group as a lessee

Assets acquired under finance leases are capitalised at the lease inception at lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between finance charges (recognised in the statement of profit and loss) and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period.

Sale and leaseback transaction involves the sale and the leasing back of the same asset. In case it results in a finance lease, any profit or loss is not immediately recognised, instead the asset leased back is retained at its carrying value and the amount received towards the leased back portion is recorded as a finance lease obligation. However, in case it results in an operating lease, any profit or loss is recognised immediately provided the transaction occurs at fair value.

### b. Group as a lessor

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

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised in statement of profit and loss on a straight-line basis over the lease term.

The Group enters into 'Indefeasible right to use' ('IRU') arrangement wherein the assets are given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remains with the Group. Hence, 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



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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 in the respective countries where the group entities operate and generate taxable income. The payment made in excess / (shortfall) of the respective group entities' income tax obligation for the period are recognised in the balance sheet under non-current income tax assets / liabilities.

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

The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## b. Deferred tax

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

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. Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates - unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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 Group 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 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 variable 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 Group's cash management, are also included as a component of cash and cash equivalents.

## 2.15 Share capital / Securities premium / Treasury shares

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.

When the Company purchases its ordinary shares through Bharti Airtel Employees' Welfare Trust, they are treated as treasury shares, and the consideration paid is deducted from the Equity. When the treasury shares are subsequently re-issued, any difference between its carrying amount and consideration received is recognised in share-based-payment reserve.

## 2.16 Employee benefits

The Group's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, defined benefit 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 group employees.

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## **a. Defined contribution plans**

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

## **b. Defined benefit plans**

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

The Group 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.

The obligation towards the said benefits is recognised in the balance sheet, at the present value of the defined benefit obligations less the fair value of plan assets (being the funded portion). The present value of the said obligation is determined by discounting the estimated future cash outflows, using interest rates of government bonds.

The interest income / (expense) are calculated by applying the above mentioned discount rate to the plan assets and defined benefit obligations. The net interest income / (expense) on the net defined benefit obligation is recognised in the statement of profit and loss. However, the related re-measurements of the net defined benefit obligation 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), the return on plan assets (excluding interest). Re-measurements are not re-classified to the statement of profit and loss in any of the subsequent periods.

## **c. Other long-term employee benefits**

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

The Group 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.

## **d. Share-based payments**

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

In case of equity-settled awards, the fair value is recognised as an expense in the statement of profit and loss within employee benefits as employee share-based payment expenses, 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. 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 Group 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 vesting 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

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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.

## 2.17 Provisions

### a. General

Provisions are recognised when the Group 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, using a pre-tax rate that reflects current market assessments of the time value of money (if the impact of discounting is significant) and the risks specific to the obligation. The increase in the provision due to un-winding of discount over passage of time is recognised within finance costs.

### b. Asset retirement obligations ('ARO')

ARO are recognised for those operating lease arrangements where the Group 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

Effective April 1, 2018, the Group has adopted Ind AS 115, 'Revenue from Contracts with Customers'. Further during the quarter ended March 31, 2019, the Company has

finalised the transition method as the fully retrospective method applied retrospectively and hence, the comparative information have been restated. Accordingly, certain commission charges hitherto included in Sales and marketing expenses in respect of Africa mobile operations have been netted from Revenue.

Revenue is recognised upon transfer of control of promised products or services to the customer at the consideration which the Group 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 Group is entitled for providing promised products or services via intermediaries, the Group 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 Group is entitled is determined to be that received from the intermediary.

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

### a. Service revenues

Service revenues mainly pertain to usage, subscription and customer onboarding charges for voice, data, messaging, value added services and Direct to Home (DTH) services. It also includes revenue from interconnection / roaming charges for usage of the Group's network by other operators for voice, data, messaging and signaling services. Service revenues also includes rental revenue for use of sites and energy revenue for the provision of energy for operation of sites.

Telecommunication services (comprising voice, data and SMS) are considered to represent a single performance obligation as all are provided over the Group'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 Group 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 and associated cost is recognised upon successful onboarding of customer i.e. upfront. Revenues in excess of invoicing are classified



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as unbilled revenue while invoicing / collection in excess of revenue are classified as deferred revenue / advance from customers. The Group collects GST on behalf of the government and therefore, it is not an economic benefit flowing to the Company, hence it is excluded from revenue.

Service revenues also includes revenue from interconnection / roaming charges for usage of the Group's network by other operators for voice, data, messaging and signaling services. These are recognised upon transfer of control of services being transferred 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 installation), which are recognised on provision of services and over the period of respective arrangements.

Rental revenue is recognized as and when services are rendered on a monthly basis as per the contractual terms prescribed under master service agreement entered with customer. The Group has ascertained that the lease payment received are structured to increase in line with expected general inflationary increase in cost and therefore not straight lined. Exit Charges are recognised when uncertainty relating to the amounts receivable on exit is resolved and it is probable that a significant reversal relating to the amounts receivable on exit will not occur. Energy revenue is recognized over the period on a monthly basis upon satisfaction of performance obligation as per contracts with the customers. The transaction price is the consideration received from customers based on prices agreed as per the contract with the customers. The determination of standalone selling prices is not required as the transaction prices are stated in the contract based on the identified performance obligation.

## **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. Dividend income**

Dividend income is recognised when the Company's right to receive the payment is established. For further details, refer note 2.10

## **2.20 Borrowing costs**

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

## **2.21 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 Group.

## **2.22 Non-operating expense / income**

Non-operating expense comprises regulatory levies applicable to finance income in some of the geographies whereas non-operating income pertains to certain fee income in one of the group entities.

## **2.23 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.

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## 2.24 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS data.

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 excluding the treasury shares.

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

## 3. Critical accounting estimates, assumptions and judgements

The estimates and judgements used in the preparation of the said financial statements are continuously evaluated by the Group, and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Group 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 Group 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 Critical accounting estimates and assumptions

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. Impairment reviews

PPE (including CWIP) 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. Similarly,

goodwill and intangible assets under development is tested for impairment, at-least annually and whenever circumstances indicate that it may be impaired. For details as to the impairment policy, refer note 2.9. Accordingly the Group has performed impairment reviews for the above assets. However, the said reviews did not result in any impairment charge.

In calculating the value in use, the Group is required to make significant judgements, estimates and assumptions inter-alia concerning the growth in earnings before interest, taxes, depreciation and amortization ('EBITDA') margins, capital expenditure, long-term growth rates and discount rates to reflect the risks involved. Also, judgement is involved in determining the CGU /grouping of CGUs for allocation of the goodwill.

The Group mainly operates in developing markets and in such markets, the plan for shorter duration is not indicative of the long-term future performance. Considering this and the consistent use of such robust ten year information for management reporting purpose, the Group uses ten year plans for the purpose of impairment testing.

#### b. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority.

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.

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## c. Property, plant and equipment

Refer note 2.7 and 6 for the estimated useful life and carrying value of property, plant and equipment respectively.

During the year ended March 31, 2019, the Group has reassessed useful life of certain categories of network

assets based on internal assessment and technical evaluation, and accordingly has revised the estimate of its useful life from 18 years to 25 years 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<br>March 31, 2019 | For the Year Ended<br>March 31, 2020 | For the Year Ended<br>March 31, 2021 | For the Year Ended<br>March 31, 2022 | Future |
|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------|
| Impact on depreciation charge | (2,774)                              | (2,712)                              | (2,355)                              | (1,922)                              | 9,763  |

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

## g. Determination of functional currency

The Group has determined the functional currency of the group entities by identifying the primary economic environment in which the entity operates - based on under-lying facts / circumstances. However, in respect of certain intermediary foreign operations of the Group, the determination of functional currency is not very obvious due to mixed indicators and the extent of autonomy enjoyed by the foreign operation. In such cases management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

## h. Taxes

The identification of temporary differences pertaining to the investment in subsidiaries that are expected to reverse in the foreseeable future and the determination of the related deferred income tax liabilities after considering the requisite tax credits require the Group to make significant judgements.

## 3.2 Critical judgement's in applying the Group's accounting policies

The critical judgement's, which the management has made in the process of applying the Group's accounting policies and has the most significant impact on the amounts recognised in the said financial statements, is discussed below:

## f. Revenue recognition and presentation

The Group 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. Standards issued but not effective until the date of authorisation for issuance of the said financial statements :

The new significant standards, amendments to Standards that are issued but not yet effective until the date of authorisation for issuance of the said financial statements are discussed below. The Group has not early adopted these amendments and intends to adopt when they become effective.

### Ind AS 116 'Leases'

In March 2019, MCA has notified the Ind AS 116, Leases. It will replace the existing leases Standard, Ind AS 17 'Leases', and related interpretations. The Standard sets out the principles for the recognition, measurement, presentation

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and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lease is required to recognise a right-of-use asset representing its right to use and the underlying leased assets and a lease liability representing its obligation to make lease payments.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Group is in the process of evaluating its impact on the financial statements.

The following pronouncements, which are potentially relevant to the Group, have been issued and are effective for annual periods beginning on or after April 1, 2019.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : According to the appendix, Group need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the group have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Group does not expect that the adoption of the said amendment will have any significant impact on the financial Statements.

- Amendment to Ind AS 12 – Income taxes: The amendment clarifies that an Group shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity accordingly to where the Group originally recognised those past transactions or events whereas hitherto it was being recognised in equity.

## 5. Significant transactions / new developments

- a) Subsequent to the balance sheet date, on May 03, 2019, the Company has launched a rights issue of approximately 1,134 Mn fully paid up equity shares (face value ₹ 5 each) at a price of ₹ 220/- per share aggregating to ₹ 249,390. The right issue will close on May 17, 2019. The rights entitlement is determined as 19 equity shares for every 67 equity shares held.
- b) In February 2019, Airtel Kenya, the Group's operating subsidiary in Kenya, entered into an agreement with Telkom Kenya Limited, the third largest mobile network operator in Kenya, to merge their respective mobile, enterprise and carrier services businesses to operate as 'Airtel-Telkom'. As at the date of this financial statements, the transaction remains subject to approval by the relevant authorities.
- c) During the year ended March 31, 2017, the Group had entered into a scheme of amalgamation for the merger of

Telenor (India) Communications Private Limited with the Company. Further, during the year ended March 31, 2019, as the closing conditions for the said merger have been fulfilled, the said transaction is 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 has been recognised as Capital reserve, a component of equity.

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

|                                                                                  |              |
|----------------------------------------------------------------------------------|--------------|
| <b>Non-current assets</b>                                                        |              |
| Property, plant and equipment<br>(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        |
| <b>Current assets</b>                                                            |              |
| Cash and cash equivalents                                                        | 6,931        |
| Others                                                                           | 7,661        |
| <b>Non-current liabilities</b>                                                   |              |
| Borrowings                                                                       | 14,842       |
| Others                                                                           | 955          |
| <b>Current liabilities</b>                                                       |              |
| Borrowings                                                                       | 1,229        |
| Trade payables                                                                   | 17,301       |
| Others                                                                           | 12,592       |
| <b>Net assets acquired</b>                                                       | <b>4,765</b> |

- d) During the year ended March 31, 2019, Airtel Africa Limited issued to global investors 976,635,762 equity shares for an aggregate investment of USD 1,450 together with certain indemnities. These indemnities represent an obligation for adjustment of subscription amounts triggered on payouts for the indemnified contingencies. These have been recorded as derivatives measured at fair value through profit and loss and other financial liabilities initially measured at fair value and subsequently re-measured at amortised cost. The key assumptions taken into measurement of these liabilities are around the probability of the outcome on which the indemnities are based and expected settlement amount.
- e) During the year ended March 31, 2019, Bharti Airtel International (Netherlands) B.V., a subsidiary of the Group, early redeemed an amount of USD 995 from its USD 1,500 5.125% Guaranteed Senior Notes due in March 2023 at a consideration equivalent to 98.5% of the par amount of each bond plus interest accrued.
- f) During the year ended March 31, 2019, consequent to the change in shareholder rights in Airtel Payment Bank Limited ('APBL'), APBL ceased to be a subsidiary (under Ind AS, '110 Consolidated Financial Statements'). APBL has since been

# Notes to Consolidated Financial Statements

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considered as an associate (under Ind AS 28, 'Investments in Associates and Joint Ventures'). Hence, in accordance with Ind AS 110, the difference between the fair value of retained interest and the previous carrying amount of the Group's share in the net assets of APBL, of ₹ 8,735 has been recognized as gain within exceptional items.

- g) In January 2019, the Government of Tanzania ('GoT') and the Group, on a composite basis, agreed (i) to the GoT's withdrawal of certain tax claims and regulatory fines (ii) the entry into an agreement between the GoT and Airtel Tanzania ('AT') for the provision of support services to AT on a 'best efforts' basis in order to support its development; (iii) to approve the sale of towers owned by AT; (iv) to allow a defined portion of the net sale proceeds of the tower sale towards repayment of the outstanding shareholder loan granted to AT by Bharti Airtel Tanzania B.V. ('BATBV') which shall be treated as full repayment of said loan; (v) to either exempt AT from the listing obligations or to ensure that the Group's beneficial ownership of AT will not decrease below 51% at any time; and (vi) to an increase in the GoT's shareholding in AT, to 49% at zero effective cost. The said document also provided for execution of detailed agreements between GoT, AT and the Group, wherever required, to give effect to the above.

Pursuant to the above arrangement, the Group believes that the above-mentioned settlement amongst the shareholders of AT should be accounted for as an equity transaction on the consummation of the said agreements.

- h) During the year ended March 31, 2019, the Company's board of directors at its meeting held on October 25, 2018, has paid interim dividend for the financial year 2018-19 of ₹ 2.50/- per equity share (face value : ₹ 5/- each).
- i) During the year ended March 31, 2019, Bharti Airtel International (Netherlands) B.V., a subsidiary of the Company, has redeemed Euro 1,000 Mn 4% senior notes due in December 2018 ('Notes').
- j) During the year ended March 31, 2019, the Group has acquired 7.95% equity stake in Airtel Gabon S.A. thereby, increasing its shareholding to 97.95%. The excess of consideration paid to NCI over the carrying value of the interest acquired ₹ 1,112 has been recognised in the transaction with NCI reserve, a component of equity.
- k) During the year ended March 31, 2019, the Group has acquired 8.52% equity stake in Airtel Networks Limited thereby, increasing its shareholding to 91.77%. The excess of consideration paid to NCI over the carrying value of the interest acquired ₹ 4,684 has been recognised in the transaction with NCI reserve, a component of equity.

- l) During the year ended March 31, 2018, the Group had entered into an agreement to sell 15% equity stake in Bharti Telemedia Limited, a subsidiary of the Company. Further, during the year ended March 31, 2019, as the closing conditions for the said transaction have been fulfilled, the said transaction is consummated. Accordingly, the excess of proceeds over the NCI amounting to ₹ 19,064 has been recognised directly in NCI reserve, a component of equity.

- m) During the year ended March 31, 2018, the Group had entered into a share purchase agreement with Millicom International Cellular S.A. to acquire 100% equity interest in Tigo Rwanda Limited. The acquisition will make the Group the second largest mobile operator in Rwanda. The difference of ₹ 362 between the fair value of purchase consideration (including contingent consideration) aggregating to ₹ 3,200 and provisional fair value of net assets of ₹ 2,838 had been recognised as goodwill. The said goodwill is mainly attributable to the acquired customer base, assembled workforce and economies of scale expected from combining the operations of the Group. The initial accounting for the acquisition had only provisionally determined at the year ended March 31, 2018.

Further during the year ended March 31, 2019, the provisional accounting has been finalized and accordingly, the revised difference of ₹ 873 between the fair value of the purchase consideration aggregating to ₹ 3,377 and fair value of net assets of ₹ 2,504 has been recognised as goodwill.

Further, with effect from July 1, 2018, Tigo Rwanda Limited had merged with Airtel Rwanda Limited. Accordingly Tigo Rwanda Limited has ceased to exist.

- n) During the year ended March 31, 2018, the Group had entered into a share purchase agreement with seller of Tikona Digital Networks Private Limited ('TDNPL') to acquire 100% equity interest in TDNPL.

The difference of ₹ 739 Mn between the purchase consideration and fair value of net assets has been recognised as goodwill. The said goodwill is mainly attributable to synergies expected from the combined operation of the Group and TDNPL.

- o) During the year ended March 31, 2017, the Group signed a definitive agreement to enter into 50-50 joint venture between Bharti Airtel Ghana Holdings B.V. and MIC Africa B.V. against consideration of their respective ownership interest of operations in Ghana. Further during the year ended March 31, 2018, as the closing conditions for consummation of the transaction have been fulfilled, the Group and Millicom International Cellular had formed a joint venture to combine their telecommunication operations in Ghana.

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- p) During the year ended March 31, 2018, an understanding for demerger of consumer mobile businesses of Tata Teleservices Limited and Tata Teleservices Maharashtra Limited into the Company / Bharti Hexacom Limited (subsidiary of the Company) was entered into. Further, the boards of directors have approved the scheme(s) of arrangement under section 230 to section 232 of the Companies Act, 2013 for the said demerger. The said transaction is subject to requisite regulatory approvals.
- q) During the year ended March 31, 2018, the Group has sold approx. 150.5 Mn equity shares of Bharti Infratel Limited. The excess of proceeds (net of associated transaction costs, taxes and regulatory levies) over the change in NCI amounting to ₹ 42,598 has been recognized directly in NCI reserve, a component of equity.



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## 6. 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, 2019 and 2018:

|                                            | Leasehold improvement | Building      | Land         | Plant and equipment | Furniture & fixture | Vehicles     |
|--------------------------------------------|-----------------------|---------------|--------------|---------------------|---------------------|--------------|
| <b>Gross carrying value</b>                |                       |               |              |                     |                     |              |
| <b>As of April 1, 2017</b>                 | <b>8,403</b>          | <b>10,408</b> | <b>3,438</b> | <b>1,286,468</b>    | <b>2,723</b>        | <b>2,174</b> |
| Additions / capitalisation                 | 318                   | 147           | 123          | 220,354             | 389                 | 57           |
| Acquisition through business combinations* | 15                    | 157           | -            | 3,996               | -                   | 19           |
| Disposals / adjustments                    | 229                   | (498)         | 520          | (38,517)            | (29)                | (52)         |
| Sale of subsidiaries^                      | (82)                  | (66)          | -            | (9,184)             | (145)               | (4)          |
| Exchange differences                       | 127                   | 9             | 131          | (4,665)             | 59                  | 88           |
| <b>As of March 31, 2018</b>                | <b>9,010</b>          | <b>10,157</b> | <b>4,212</b> | <b>1,458,452</b>    | <b>2,997</b>        | <b>2,282</b> |
| Additions / capitalisation                 | 849                   | 2             | 211          | 251,349             | 571                 | 24           |
| Acquisition through business combinations* | -                     | -             | -            | 4,450               | 27                  | -            |
| Disposals / adjustments                    | (24)                  | (53)          | 87           | (6,091)             | (130)               | (146)        |
| Sale of subsidiaries^                      | (4)                   | -             | -            | -                   | (1)                 | -            |
| Exchange differences                       | 8                     | (74)          | 3            | (5,719)             | (316)               | 51           |
| <b>As of March 31, 2019</b>                | <b>9,839</b>          | <b>10,032</b> | <b>4,513</b> | <b>1,702,441</b>    | <b>3,148</b>        | <b>2,211</b> |
| <b>Accumulated depreciation</b>            |                       |               |              |                     |                     |              |
| <b>As of April 1, 2017</b>                 | <b>6,485</b>          | <b>3,691</b>  | <b>128</b>   | <b>690,103</b>      | <b>2,351</b>        | <b>1,813</b> |
| Charge#                                    | 533                   | 495           | 18           | 128,189             | 429                 | 176          |
| Disposals / adjustments                    | 228                   | (384)         | (33)         | (32,400)            | (3)                 | (28)         |
| Sale of subsidiaries^                      | (60)                  | (27)          | -            | (4,168)             | (134)               | (3)          |
| Exchange differences                       | 122                   | 5             | 11           | (4,318)             | 13                  | 72           |
| <b>As of March 31, 2018</b>                | <b>7,308</b>          | <b>3,780</b>  | <b>124</b>   | <b>777,406</b>      | <b>2,656</b>        | <b>2,030</b> |
| Charge#                                    | 490                   | 548           | 19           | 146,611             | 410                 | 112          |
| Disposals / adjustments                    | (13)                  | (19)          | 84           | (4,357)             | (118)               | (134)        |
| Sale of subsidiaries^                      | (4)                   | -             | -            | -                   | -                   | -            |
| Exchange differences                       | 5                     | (47)          | 2            | (7,211)             | (288)               | 46           |
| <b>As of March 31, 2019</b>                | <b>7,786</b>          | <b>4,262</b>  | <b>229</b>   | <b>912,449</b>      | <b>2,660</b>        | <b>2,054</b> |
| <b>Net carrying value</b>                  |                       |               |              |                     |                     |              |
| As of March 31, 2018                       | 1,702                 | 6,377         | 4,088        | 681,046             | 341                 | 252          |
| As of March 31, 2019                       | 2,053                 | 5,770         | 4,284        | 789,992             | 488                 | 157          |

\*Refer note 5 (c), (m) & (n)

^Refer note 5 (f) & (o)

#It includes ₹ 5,861 (March 31, 2018 ₹ 3,672) on account of exceptional item with respect to plant and equipment (refer note 32 (i) a & (ii) a) and ₹ 419 (March 31, 2018 ₹ 387) on

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The Company has capitalised borrowing cost of ₹ 930 and Nil during the year ended March 31, 2019 and 2018 respectively.

The carrying value of CWIP as at March 31, 2019 and 2018 is ₹ 88,433 and ₹ 52,089 respectively, which mainly pertains to plant and equipment.

The following table summarises the detail of the significant assets taken on finance lease:

| Plant and equipment      | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|--------------------------|-------------------------|-------------------------|
| Gross carrying value     | 37,077                  | 36,453                  |
| Accumulated depreciation | 22,001                  | 19,898                  |
| Net carrying value       | 15,076                  | 16,555                  |

For details towards pledge of the above assets refer note 20.2.

## 7. Intangible assets

The following table presents the reconciliation of changes in the carrying value of goodwill and other intangible assets for the year ended March 31, 2019 and 2018:

|                                            | Other intangible assets |               |               |                                     |                                  |
|--------------------------------------------|-------------------------|---------------|---------------|-------------------------------------|----------------------------------|
|                                            | Goodwill #              | Software      | Bandwidth     | Licenses<br>(including<br>spectrum) | Other<br>acquired<br>intangibles |
| <b>Gross carrying value</b>                |                         |               |               |                                     |                                  |
| <b>As of April 1, 2017</b>                 | <b>340,719</b>          | <b>17,982</b> | <b>23,582</b> | <b>933,212</b>                      | <b>9,777</b>                     |
| Additions / capitalisation                 | -                       | 3,637         | 7,451         | 64,352                              | 6                                |
| Acquisition through business combinations* | 1,084                   | -             | -             | 321                                 | 632                              |
| Disposals / adjustment@                    | -                       | (140)         | 138           | 460                                 | (389)                            |
| Sale of subsidiaries^                      | (6,310)                 | -             | (463)         | (16,112)                            | -                                |
| Exchange differences                       | (4,783)                 | 2             | (71)          | (2,830)                             | 102                              |
| <b>As of March 31, 2018</b>                | <b>330,710</b>          | <b>21,481</b> | <b>30,637</b> | <b>979,403</b>                      | <b>10,128</b>                    |
| Additions / capitalisation                 | -                       | 2,740         | 18,269        | 47,713                              | -                                |
| Acquisition through business combinations* | 436                     | 1             | -             | 15,691                              | 831                              |
| Disposals / adjustment@                    | -                       | (1)           | 319           | 326                                 | (23)                             |
| Sale of subsidiaries^                      | (3)                     | (194)         | -             | -                                   | -                                |
| Exchange differences                       | 4,056                   | 20            | 1,252         | 133                                 | 53                               |
| <b>As of March 31, 2019</b>                | <b>335,199</b>          | <b>24,047</b> | <b>50,477</b> | <b>1,043,266</b>                    | <b>10,989</b>                    |
| <b>Accumulated amortisation</b>            |                         |               |               |                                     |                                  |
| <b>As of April 1, 2017</b>                 | <b>-</b>                | <b>14,064</b> | <b>6,620</b>  | <b>135,302</b>                      | <b>4,386</b>                     |
| Charge                                     | -                       | 2,731         | 1,663         | 52,612                              | 2,462                            |
| Disposals / adjustments@                   | -                       | (140)         | 138           | 460                                 | (389)                            |
| Sale of subsidiaries^                      | -                       | -             | (53)          | (14,868)                            | -                                |
| Exchange differences                       | -                       | 2             | (9)           | (1,295)                             | 108                              |
| <b>As of March 31, 2018</b>                | <b>-</b>                | <b>16,657</b> | <b>8,359</b>  | <b>172,211</b>                      | <b>6,567</b>                     |
| Charge                                     | -                       | 2,525         | 2,799         | 57,515                              | 2,004                            |
| Disposals / adjustments@                   | -                       | (1)           | 104           | 12                                  | (22)                             |
| Sale of subsidiaries^                      | -                       | (75)          | -             | -                                   | -                                |
| Exchange differences                       | -                       | 20            | 178           | (644)                               | 45                               |
| <b>As of March 31, 2019</b>                | <b>-</b>                | <b>19,126</b> | <b>11,440</b> | <b>229,094</b>                      | <b>8,594</b>                     |
| <b>Net carrying value</b>                  |                         |               |               |                                     |                                  |
| As of March 31, 2018                       | 328,070                 | 4,824         | 22,278        | 807,192                             | 3,561                            |
| As of March 31, 2019                       | 332,562                 | 4,921         | 39,037        | 814,172                             | 2,395                            |

#Net carrying value of goodwill includes accumulated impairment of ₹ 2,637.

\*Refer note 5 (c), (m) & (n)

^Refer note 5 (f) & (o)

@Mainly pertains to gross block and accumulated amortisation of license (including spectrum), bandwidth and software whose useful life has expired.



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The carrying value of Intangible assets under development as at March 31, 2019 and March 31, 2018 is ₹ 7,909 and ₹ 45,423 respectively, which pertains to spectrum.

During the year ended March 31, 2019 and 2018 the Group has capitalised borrowing cost of ₹ 178 and ₹ 3,037 respectively.

Weighted average remaining amortization period of licenses as of March 31, 2019 and March 31, 2018 is 15.01 years and 15.88 years respectively.

For details towards pledge of the above assets refer note 20.2.

## Impairment review

The Group tests goodwill for impairment annually on December 31. During the year ended March 31, 2019, the testing did not result in any impairment in the carrying amount of goodwill.

The carrying amount of goodwill is attributable to the following CGU / group of CGUs:

|                          | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|--------------------------|-------------------------|-------------------------|
| Mobile Services - Africa | 285,327                 | 281,182                 |
| Mobile Services - India  | 40,413                  | 40,413                  |
| Airtel business          | 6,478                   | 6,131                   |
| Homes Services           | 344                     | 344                     |
|                          | <b>332,562</b>          | <b>328,070</b>          |

The recoverable amount of the above CGUs are based on value-in-use, which is determined based on ten year business plans that have been approved by management for internal purposes. The said planning horizon reflects the assumptions for short-to-mid term market developments. The cash flows beyond the planning period are extrapolated using appropriate terminal growth rates. The terminal growth rates used do not exceed the long term average growth rates of the respective industry and country in which the entity operates and are consistent with the internal / external sources of information.

The key assumptions used in value-in-use calculations are as follows:

- EBITDA margins
- Discount rate
- Growth rates
- Capital expenditures

**EBITDA margins:** The margins have been estimated based on past experience after considering incremental revenue arising out of adoption of valued added and data services from the existing and new customers, though these benefits are partially offset by decline in tariffs in competitive scenario. Margins will be positively impacted from the efficiencies and cost rationalisation / others initiatives driven by the Group; whereas, factors like higher churn, increased cost of operations may impact the margins negatively.

**Discount rate:** Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs and estimated based on the weighted average cost of capital for respective CGU / group of CGUs. Pre-tax discount rates used are 21.61% / 13.39% for Mobile Services – Africa / other CGUs respectively, for the year ended March 31, 2019 and 24.15% / 12.75% for Mobile Services – Africa / other CGUs respectively, for the year ended March 31, 2018.

**Growth rates:** The growth rates used are in line with the long-term average growth rates of the respective industry and country in which the entity operates and are consistent with the internal / external sources of information. The average growth rates used in extrapolating cash flows beyond the planning period ranged from 3.5% to 4.0% for March 31, 2019 and ranged from 3.5% to 4.0% for March 31, 2018.

**Capital expenditures:** The cash flow forecasts of capital expenditure are based on past experience after considering the additional capital expenditure required for roll out of incremental coverage and capacity requirements and to provide enhanced voice and data services.

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## Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for Homes Services and Airtel Business, no reasonably possible change in any of the above key assumptions would have caused the carrying amount of these units to exceed their recoverable amount.

In case of Mobile Services - India CGU group, the recoverable amount exceeds the carrying amount by ₹ 3,38,681 (22.99%) as of December 31, 2018 and ₹ 3,49,671 (25.53%) as of December 31, 2017. An increase of 1.76% (December 31, 2017: 1.78%) in pre-tax discount rate shall equate the recoverable amount with the carrying amount of the Mobile Services – India CGU group as of December 31, 2018. Further, no reasonably possible change in the terminal growth rate beyond the planning horizon would cause the carrying amount to exceed the recoverable amount.

In case of Mobile Services - Africa CGU group, the recoverable amount exceeds the carrying amount by ₹ 1,53,714 (39.39%) as of December 31, 2018 and ₹ 54,087 (15.20%) as of December 31, 2017. An increase of 5.67% (December 31, 2017: 2.37%) in pre-tax discount rate shall equate the recoverable amount with the carrying amount of the Mobile Services – Africa CGU group as of December 31, 2018. Further, no reasonably possible change in the terminal growth rate beyond the planning horizon would cause the carrying amount to exceed the recoverable amount.

## Mobile Services Africa Segment

During March 2019, due to revision in organisational structure of Mobile Services Africa segment, goodwill has been re-allocated to the following clusters based on implicit goodwill approach as an alternative to the relative fair value method. Implicit goodwill has been determined as the difference between value in use and carrying value of each segment relative to the total implicit goodwill. This is similar to the approach used for deriving goodwill using a purchase price allocation method in the case of a business combination. At the date of implementation of the new organisational structure; goodwill allocated to the three clusters is given in the table below:

|                | As of<br>March 31, 2019 |
|----------------|-------------------------|
| Nigeria        | 104,063                 |
| East Africa    | 135,536                 |
| Rest of Africa | 50,414                  |
|                | <b>290,013</b>          |

On reallocation of goodwill, impairment tests by Mobile Services Africa Segment for the above clusters did not result in any impairment.

## 8. Investment in joint ventures and associates

### Details of joint ventures:

| S. no. | Name of joint ventures              | Principal place of business | Principal activities                  | Ownership interest        |                           |
|--------|-------------------------------------|-----------------------------|---------------------------------------|---------------------------|---------------------------|
|        |                                     |                             |                                       | % As of<br>March 31, 2019 | % As of<br>March 31, 2018 |
| 1      | Indus Towers Limited*               | India                       | Passive infrastructure services       | 22.49                     | 22.49                     |
| 2      | Bharti Airtel Ghana Holdings B.V.\$ | Netherlands                 | Investment company                    | 50.00                     | 50.00                     |
| 3      | Bridge Mobile Pte Limited           | Singapore                   | Provision of regional mobile services | 10.00                     | 10.00                     |
| 4      | FireFly Networks Limited            | India                       | Telecommunication services            | 50.00                     | 50.00                     |

\* Bharti Infratel Limited, in which the Group has 53.51% equity interest (53.54% as of March 31, 2018), owns 42% of Indus Towers Limited.

\$ w.e.f. October 12, 2017, refer note 5(o).

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## Details of associates:

| S. no. | Name of associates                                          | Principal place of business | Principal activities              | Ownership interest     |                        |
|--------|-------------------------------------------------------------|-----------------------------|-----------------------------------|------------------------|------------------------|
|        |                                                             |                             |                                   | % As of March 31, 2019 | % As of March 31, 2018 |
| 1      | Seychelles Cable Systems Company Limited                    | Seychelles                  | Submarine cable system            | 26.00                  | 26.00                  |
| 2      | Robi Axiata Limited                                         | Bangladesh                  | Telecommunication services        | 25.00                  | 25.00                  |
| 3      | Seynse Technologies Private Limited                         | India                       | Financial services                | 22.54                  | 22.54                  |
| 4      | Juggernaut Books Private Limited (w.e.f. November 29, 2017) | India                       | Digital books publishing services | 19.35                  | 10.71                  |
| 5      | Airtel Payments Bank Limited (w.e.f. October 25, 2018)      | India                       | Mobile commerce services          | 80.10                  | -                      |

The amounts recognised in the balance sheet are as follows:

|                | As of March 31, 2019 | As of March 31, 2018 |
|----------------|----------------------|----------------------|
| Joint ventures | 54,227               | 64,714               |
| Associates     | 34,710               | 22,125               |
|                | <b>88,937</b>        | <b>86,839</b>        |

The amounts recognised in the statement of profit and loss are as follows:

|                                                 | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|-------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Recognised in profit and loss</b>            |                                   |                                   |
| Joint ventures                                  | 3,630                             | 10,715                            |
| Associates                                      | (74)                              | (106)                             |
|                                                 | <b>3,556</b>                      | <b>10,609</b>                     |
| <b>Recognised in other comprehensive income</b> |                                   |                                   |
| Joint ventures                                  | (2)                               | 1                                 |
| Associates                                      | (11)                              | 17                                |
|                                                 | <b>(13)</b>                       | <b>18</b>                         |

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The summarised financial information of joint venture and associate that are material to the Group are as follows:

## Summarized balance sheet

|                                                                             | As of                |                   |                                       |                   |                     |                   |                                |
|-----------------------------------------------------------------------------|----------------------|-------------------|---------------------------------------|-------------------|---------------------|-------------------|--------------------------------|
|                                                                             | Joint ventures       |                   |                                       |                   | Associate           |                   |                                |
|                                                                             | March<br>31, 2019    | March<br>31, 2018 | March<br>31, 2019                     | March<br>31, 2018 | March<br>31, 2019   | March<br>31, 2018 | March<br>31, 2019              |
|                                                                             | Indus Towers Limited |                   | Bharti Airtel Ghana<br>Holdings B.V.* |                   | Robi Axiata Limited |                   | Airtel Payment<br>Bank Limited |
| <b>Assets</b>                                                               |                      |                   |                                       |                   |                     |                   |                                |
| <b>Non current assets</b>                                                   | 193,138              | 201,576           | 24,056                                | 12,102            | 105,957             | 104,308           | 1,062                          |
| <b>Current assets</b>                                                       |                      |                   |                                       |                   |                     |                   |                                |
| Cash and cash equivalents ('C&CE')                                          | 3,224                | 1,063             | 886                                   | 1,759             | 1,920               | 1,111             | 4,290                          |
| Other current assets (excluding 'C&CE')                                     | 47,774               | 33,534            | 3,605                                 | 2,120             | 8,456               | 8,899             | 7,207                          |
| <b>Total current assets</b>                                                 | <b>50,998</b>        | <b>34,597</b>     | <b>4,491</b>                          | <b>3,879</b>      | <b>10,376</b>       | <b>10,010</b>     | <b>11,497</b>                  |
| <b>Liabilities</b>                                                          |                      |                   |                                       |                   |                     |                   |                                |
| <b>Non current liabilities</b>                                              |                      |                   |                                       |                   |                     |                   |                                |
| Borrowings                                                                  | 11,223               | 9,556             | 9,705                                 | 4,122             | 11,509              | 6,078             | -                              |
| Other liabilities                                                           | 32,429               | 31,751            | 5,489                                 | 716               | 3,805               | 2,836             | 47                             |
| <b>Total non current liabilities</b>                                        | <b>43,652</b>        | <b>41,307</b>     | <b>15,194</b>                         | <b>4,838</b>      | <b>15,314</b>       | <b>8,914</b>      | <b>47</b>                      |
| <b>Current liabilities</b>                                                  |                      |                   |                                       |                   |                     |                   |                                |
| Borrowings                                                                  | 44,574               | 30,683            | 1,654                                 | 869               | 11,071              | 22,177            | -                              |
| Other liabilities                                                           | 34,279               | 32,233            | 8,347                                 | 12,283            | 39,990              | 37,396            | 10,579                         |
| <b>Total current liabilities</b>                                            | <b>78,853</b>        | <b>62,916</b>     | <b>10,001</b>                         | <b>13,152</b>     | <b>51,061</b>       | <b>59,573</b>     | <b>10,579</b>                  |
| <b>Equity</b>                                                               | <b>121,631</b>       | <b>131,950</b>    | <b>3,352</b>                          | <b>(2,009)</b>    | <b>49,958</b>       | <b>45,831</b>     | <b>1,933</b>                   |
| Percentage of Group's ownership interest                                    | 42.00%               | 42.00%            | 50.00%                                | 50.00%            | 25.00%              | 25.00%            | 80.10%                         |
| Interest in joint venture / associate                                       | 51,085               | 55,419            | 1,676                                 | (1,005)           | 12,490              | 11,458            | 1,548                          |
| Consolidation adjustment (including goodwill / accounting policy alignment) | 1,397                | 2,691             | -                                     | 7,548             | 11,396              | 10,162            | 8,735                          |
| <b>Carrying amount of investment</b>                                        | <b>52,482</b>        | <b>58,110</b>     | <b>1,676</b>                          | <b>6,543</b>      | <b>23,886</b>       | <b>21,620</b>     | <b>10,283</b>                  |

## Summarised information on statement of profit and loss

|                                              | For the year / period ended |                   |                                       |                   |                     |                   |                                |
|----------------------------------------------|-----------------------------|-------------------|---------------------------------------|-------------------|---------------------|-------------------|--------------------------------|
|                                              | Joint ventures              |                   |                                       |                   | Associate           |                   |                                |
|                                              | March<br>31, 2019           | March<br>31, 2018 | March<br>31, 2019                     | March<br>31, 2018 | March<br>31, 2019   | March<br>31, 2018 | March<br>31, 2019              |
|                                              | Indus Towers Limited        |                   | Bharti Airtel Ghana<br>Holdings B.V.* |                   | Robi Axiata Limited |                   | Airtel Payment<br>Bank Limited |
| Revenue                                      | 184,775                     | 187,424           | 11,683                                | 5,612             | 60,491              | 52,635            | 1,434                          |
| Depreciation and amortisation                | 27,572                      | 27,766            | 3,689                                 | 1,388             | 15,016              | 11,574            | 45                             |
| Finance income                               | 534                         | 995               | -                                     | -                 | 85                  | 66                | -                              |
| Finance cost                                 | 6,028                       | 5,053             | 5,180                                 | 789               | 2,697               | 1,343             | 98                             |
| Income tax expense                           | 13,078                      | 16,593            | 2                                     | 3                 | 889                 | 1,385             | -                              |
| <b>Profit / (loss) for the year / period</b> | <b>24,220</b>               | <b>31,013</b>     | <b>(9,059)</b>                        | <b>(1,092)</b>    | <b>2,887</b>        | <b>(1,668)</b>    | <b>(1,541)</b>                 |

# Notes to Consolidated Financial Statements

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

## Summarised information on statement of profit and loss (Contd..)

|                                                         | For the year / period ended |                   |                                       |                   |                     |                   |                                |
|---------------------------------------------------------|-----------------------------|-------------------|---------------------------------------|-------------------|---------------------|-------------------|--------------------------------|
|                                                         | Joint ventures              |                   |                                       |                   | Associate           |                   |                                |
|                                                         | March<br>31, 2019           | March<br>31, 2018 | March<br>31, 2019                     | March<br>31, 2018 | March<br>31, 2019   | March<br>31, 2018 | March<br>31, 2019              |
|                                                         | Indus Towers Limited        |                   | Bharti Airtel Ghana<br>Holdings B.V.* |                   | Robi Axiata Limited |                   | Airtel Payment<br>Bank Limited |
| OCI / loss for the year / period                        | (6)                         | 3                 | -                                     | -                 | (46)                | 76                | 1                              |
| Percentage of Group's ownership interest                | 42.00%                      | 42.00%            | 50.00%                                | 50.00%            | 25.00%              | 25.00%            | 80.10%                         |
| Group's share in profit / (loss) for the year           | 10,172                      | 13,025            | (4,529)                               | (546)             | 722                 | (417)             | (1,235)                        |
| Group's share in OCI / (loss) for the year / period     | (2)                         | 1                 | -                                     | -                 | (11)                | 19                | 1                              |
| Consolidation adjustments / accounting policy alignment | (1,294)                     | (1,209)           | (724)                                 | (564)             | 471                 | 135               | -                              |
| <b>Group's share in profit / (loss) recognised</b>      | <b>8,878</b>                | <b>11,816</b>     | <b>(5,253)</b>                        | <b>(1,110)</b>    | <b>1,193</b>        | <b>(282)</b>      | <b>(1,235)</b>                 |
| Dividend received from joint venture / associate        | 11,261                      | 10,010            | -                                     | -                 | -                   | -                 | -                              |

\*Based on consolidated financial statements of the entity

## The aggregate information of joint ventures that are individually immaterial is as follows:

|                                | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|--------------------------------|-------------------------|-------------------------|
| Carrying amount of investments | 69                      | 61                      |

## Group's share in joint ventures

|                            | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------|--------------------------------------|--------------------------------------|
| Net profit                 | 4                                    | 9                                    |
| Total comprehensive income | 4                                    | 9                                    |

## The aggregate information of associates that are individually immaterial is as follows:

|                                | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|--------------------------------|-------------------------|-------------------------|
| Carrying amount of investments | 543                     | 505                     |

## Group's share in associates

|                            | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------|--------------------------------------|--------------------------------------|
| Net profit                 | (33)                                 | 176                                  |
| Total comprehensive income | (33)                                 | 176                                  |

Refer note 24 for Group's share of joint venture's and associate's commitments and contingencies.

# Notes to Consolidated Financial Statements

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

## 9. Investments in subsidiaries

Information as to the subsidiaries which are part of the Group is as follows:

| S. no. | Principal activity         | Principal place of business | Number of wholly-owned subsidiaries |                      |
|--------|----------------------------|-----------------------------|-------------------------------------|----------------------|
|        |                            |                             | As of March 31, 2019                | As of March 31, 2018 |
| 1      | Telecommunication services | India                       | 4                                   | 4                    |
| 2      | Telecommunication services | Africa                      | 7                                   | 8                    |
| 3      | Telecommunication services | South Asia                  | 1                                   | 1                    |
| 4      | Telecommunication services | Others                      | 6                                   | 6                    |
| 5      | Mobile commerce services   | Africa                      | 13                                  | 13                   |
| 6      | Infrastructure services    | Africa                      | 3                                   | 4                    |
| 7      | Submarine cable            | Mauritius                   | 1                                   | 1                    |
| 8      | Investment company         | Netherlands                 | 31                                  | 22                   |
| 9      | Investment company         | Mauritius                   | 10                                  | 7                    |
| 10     | Investment company         | Others                      | 3                                   | 3                    |
| 11     | Others                     | India                       | 3                                   | 2                    |
|        |                            |                             | <b>82</b>                           | <b>71</b>            |

| S. no. | Principal activity         | Principal place of business | Number of non-wholly-owned subsidiaries |                      |
|--------|----------------------------|-----------------------------|-----------------------------------------|----------------------|
|        |                            |                             | As of March 31, 2019                    | As of March 31, 2018 |
| 1      | Telecommunication services | India                       | 2                                       | 2                    |
| 2      | Telecommunication services | Africa                      | 7                                       | 7                    |
| 3      | Mobile commerce services   | India                       | 0                                       | 1                    |
| 4      | Mobile commerce services   | Africa                      | 3                                       | 3                    |
| 5      | Infrastructure services    | India                       | 1                                       | 1                    |
| 6      | Infrastructure services    | Africa                      | 2                                       | 2                    |
| 7      | Direct to home services    | India                       | 1                                       | 1                    |
| 8      | Investment company         | Africa                      | 2                                       | 1                    |
|        |                            |                             | <b>18</b>                               | <b>18</b>            |

Additionally, the Group also controls the employee stock option plan trusts as mentioned here below:

| S. no. | Name of trust                            | Principal place of business |
|--------|------------------------------------------|-----------------------------|
| 1      | Bharti Airtel Employees' Welfare Trust   | India                       |
| 2      | Bharti Infratel Employees' Welfare Trust | India                       |

# Notes to Consolidated Financial Statements

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

The summarised financial information of subsidiaries (including acquisition date fair valuation and adjustments thereto, and accounting policies interests is as follows:-

## Summarised balance sheet

|                                     | Bharti Infratel Limited* |                         | Bharti Hexacom          |
|-------------------------------------|--------------------------|-------------------------|-------------------------|
|                                     | As of<br>March 31, 2019  | As of<br>March 31, 2018 | As of<br>March 31, 2019 |
| <b>Assets</b>                       |                          |                         |                         |
| Non current assets                  | 139,923                  | 135,827                 | 103,402                 |
| Current assets                      | 42,800                   | 76,121                  | 10,005                  |
| <b>Liabilities</b>                  |                          |                         |                         |
| Non current liabilities             | 13,033                   | 14,613                  | 3,237                   |
| Current liabilities                 | 17,752                   | 18,159                  | 52,494                  |
| <b>Equity</b>                       | <b>151,939</b>           | <b>179,176</b>          | <b>57,676</b>           |
| % of ownership interest held by NCI | 46.49%                   | 46.46%                  | 30.00%                  |
| Accumulated NCI                     | 70,632                   | 83,245                  | 17,303                  |

## Summarised statement of profit and loss

|                                     | Bharti Infratel Limited*             |                                      | Bharti Hexacom                       |
|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                                     | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2019 |
| <b>Revenue</b>                      | 65,889                               | 64,751                               | 36,199                               |
| Net profit / (loss)                 | 22,085                               | 22,651                               | (7,220)                              |
| Other comprehensive income / (loss) | (24)                                 | 24                                   | 3                                    |
| Total comprehensive income / (loss) | 22,061                               | 22,675                               | (7,217)                              |
| Profit / (loss) allocated to NCI    | 10,271                               | 9,530                                | (2,160)                              |

## Summarised statement of cash flows

|                                                              | Bharti Infratel Limited*             |                                      | Bharti Hexacom                       |
|--------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                                                              | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 | For the year ended<br>March 31, 2019 |
| <b>Net cash (outflow) / inflow from operating activities</b> | 31,586                               | 34,694                               | 4,926                                |
| Net cash (outflow) / inflow from investing activities        | 15,999                               | (18,551)                             | (11,657)                             |
| Net cash (outflow) / inflow from financing activities        | (47,947)                             | (35,548)                             | 5,595                                |
| <b>Net cash (outflow) / inflow</b>                           | <b>(362)</b>                         | <b>(19,405)</b>                      | <b>(1,136)</b>                       |
| Dividend paid to NCI (including tax)                         | 22,286                               | 3,411                                | -                                    |

\*Based on consolidated financial statements of the entity.

#ReferNote5(d)

# Notes to Consolidated Financial Statements

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

## 10. Investments

### Non-current

|                             | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-----------------------------|-------------------------|-------------------------|
| <b>Investment at FVTPL</b>  |                         |                         |
| Government securities       | 293                     | 292                     |
| Equity instruments          | 3,175                   | 2,672                   |
| Mutual funds                | 16,007                  | 334                     |
| Preference shares           | 342                     | 318                     |
|                             | <b>19,817</b>           | <b>3,616</b>            |
| <b>Investment at FVTOCI</b> |                         |                         |
| Bonds                       | 2,124                   | 2,153                   |
|                             | <b>2,124</b>            | <b>2,153</b>            |
|                             | <b>21,941</b>           | <b>5,769</b>            |

### Current

|                                                            | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|------------------------------------------------------------|-------------------------|-------------------------|
| <b>Investment at FVTPL</b>                                 |                         |                         |
| Mutual funds                                               | 33,506                  | 51,038                  |
| Government securities                                      | 11,925                  | 11,798                  |
| Bonds                                                      | 801                     | 1,001                   |
| Non-convertible debenture                                  | -                       | 997                     |
|                                                            | <b>46,232</b>           | <b>64,834</b>           |
| <b>Investment at FVTOCI</b>                                |                         |                         |
| Government securities                                      | -                       | 3,904                   |
| Commercial paper                                           | -                       | 240                     |
|                                                            | <b>-</b>                | <b>4,144</b>            |
|                                                            | <b>46,232</b>           | <b>68,978</b>           |
| <b>Aggregate book / market value of quoted investments</b> |                         |                         |
| Non-current                                                | 18,424                  | 2,777                   |
| Current                                                    | 46,232                  | 65,074                  |
| <b>Aggregate book value of unquoted investments</b>        |                         |                         |
| Non-current                                                | 3,517                   | 2,992                   |
| Current                                                    | -                       | 3,904                   |



# Notes to Consolidated Financial Statements

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

## 11. Derivative financial instruments

|                                              | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|----------------------------------------------|-------------------------|-------------------------|
| <b>Assets</b>                                |                         |                         |
| Currency swaps, forward and option contracts | 346                     | 8,541                   |
| Interest swaps                               | 3,185                   | 2,101                   |
| Embedded derivatives                         | -                       | 330                     |
|                                              | <b>3,531</b>            | <b>10,972</b>           |
| <b>Liabilities</b>                           |                         |                         |
| Currency swaps, forward and option contracts | 3,691                   | 474                     |
| Interest swaps / others                      | 9,579                   | 5,210                   |
| Embedded derivatives                         | 298                     | 8                       |
|                                              | <b>13,568</b>           | <b>5,692</b>            |
| Non-current derivative financial assets      | 3,105                   | 2,031                   |
| Current derivative financial assets          | 426                     | 8,941                   |
| Non-current derivative financial liabilities | (826)                   | (5,409)                 |
| Current derivative financial liabilities     | (12,742)                | (283)                   |
|                                              | <b>(10,037)</b>         | <b>5,280</b>            |

During the year ended March 31, 2019 the Company issued shares to several global investors. The shares subscription agreements included certain indemnities that are embedded derivatives not clearly and closely related to the shares and therefore have been bifurcated and presented separately as a derivative financial liability. The fair value of those embedded derivatives was ₹ 9,095 as of March 31, 2019. These derivative liabilities will expire on or prior to occurrence of the date that is 12 months after the date of closing of subscription agreement and IPO Publication Date.

## 12. Security deposits

|                                       | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|---------------------------------------|-------------------------|-------------------------|
| Considered good*                      | 16,452                  | 9,703                   |
| Considered doubtful                   | 1,448                   | 1,357                   |
| Less: provision for doubtful deposits | (1,448)                 | (1,357)                 |
|                                       | <b>16,452</b>           | <b>9,703</b>            |

Security deposits primarily include deposits given towards rented premises, cell sites and interconnect ports.

\*It includes amount due from related party refer note 35.

For details towards pledge of the above assets refer note 20.

## 13. Financial assets – others

### Non-current

|                       | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-----------------------|-------------------------|-------------------------|
| Rent equalisation     | 3,067                   | 4,164                   |
| Bank deposits         | 13                      | 950                     |
| Margin money deposits | 147                     | 419                     |
| Claims recoverable    | -                       | 74                      |
| Others                | -                       | 207                     |
|                       | <b>3,227</b>            | <b>5,814</b>            |

# Notes to Consolidated Financial Statements

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

The details of interest accrued on above items (which is included within 'interest accrued on deposits' under current other financial assets) is provided in the table given below:

|               | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|---------------|-------------------------|-------------------------|
| Bank deposits | -                       | 38                      |
|               | <b>-</b>                | <b>38</b>               |

## Current

|                                                | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|------------------------------------------------|-------------------------|-------------------------|
| Unbilled revenue                               | 17,072                  | 16,136                  |
| Claims recoverable                             | 1,327                   | 1,180                   |
| Receivable on sale of business / tower assets* | -                       | 8,736                   |
| Interest accrued on investments / deposits     | 602                     | 870                     |
| Others#                                        | 1,342                   | 540                     |
|                                                | <b>20,343</b>           | <b>27,462</b>           |

\*Interest accrued on tower sale receivable is ₹ Nil and ₹ 150 as of March 31, 2019 and March 31, 2018 respectively is included within 'interest accrued on deposits' above.

#It includes finance lease receivables and amounts due from related party (refer note 35).

For details towards pledge of the above assets refer note 20.

## 14. Income tax

The major components of the income tax expense are:

|                                                     | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-----------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Current income tax</b>                           |                                      |                                      |
| - For the year                                      | 19,527                               | 21,082                               |
| - Adjustments for prior periods                     | (136)                                | (2,852)                              |
|                                                     | <b>19,391</b>                        | <b>18,230</b>                        |
| <b>Deferred tax</b>                                 |                                      |                                      |
| - Origination and reversal of temporary differences | (27,924)                             | (4,536)                              |
| - Effect of change in tax rate                      | -                                    | 411                                  |
| - Adjustments for prior periods                     | (25,660)                             | (3,270)                              |
|                                                     | <b>(53,584)</b>                      | <b>(7,395)</b>                       |
| <b>Income tax (credit) / expense</b>                | <b>(34,193)</b>                      | <b>10,835</b>                        |

## Consolidated statement of other comprehensive income

|                                                                               | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Net Gains / (losses) on net investments hedge                                 | 5,428                                | (122)                                |
| Re-measurement losses on defined benefit plans                                | (62)                                 | (29)                                 |
| <b>Deferred Tax charged/(credited) recorded in Other Comprehensive Income</b> | <b>5,366</b>                         | <b>(151)</b>                         |

# Notes to Consolidated Financial Statements

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

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

|                                                             | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Loss / Profit before tax                                    | (17,318)                             | 32,672                               |
| Tax expense @ company's domestic tax rate 34.944% / 34.608% | (6,052)                              | 11,307                               |
| Effect of:                                                  |                                      |                                      |
| Share of profits in associates and joint ventures           | (1,245)                              | (3,985)                              |
| Tax holiday                                                 | 264                                  | 303                                  |
| Adjustments in respect of previous years                    | (25,795)                             | (6,125)                              |
| Effect of changes in tax rate                               | -                                    | 411                                  |
| Additional taxes / taxes for which no credit is allowed     | 3,139                                | 2,339                                |
| Difference in overseas tax rates                            | (1,589)                              | (77)                                 |
| Items subject to different tax rate                         | (30)                                 | 452                                  |
| (Income) / expense (net) not taxable / deductible           | (3,028)                              | (551)                                |
| Tax on undistributed retained earnings                      | 2,286                                | 2,434                                |
| Item for which no deferred tax asset was recognised         | (24)                                 | 4,662                                |
| Settlement of various disputes                              | (2,229)                              | (395)                                |
| Others                                                      | 110                                  | 60                                   |
| <b>Income tax (credit) / expense</b>                        | <b>(34,193)</b>                      | <b>10,835</b>                        |

The analysis of deferred tax assets and liabilities is as follows:

|                                                                  | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Deferred tax assets (net)</b>                                 |                         |                         |
| <b>a) Deferred tax liability due to</b>                          |                         |                         |
| Depreciation / amortisation on PPE / intangible assets           | (89,029)                | (86,565)                |
| <b>b) Deferred tax asset arising out of</b>                      |                         |                         |
| Provision for impairment of debtors / advances                   | 13,023                  | 16,291                  |
| Carry forward losses                                             | 90,952                  | 23,424                  |
| Unearned income                                                  | 559                     | 576                     |
| Employee benefits                                                | 1,311                   | 1,285                   |
| Minimum alternate tax ('MAT') credit                             | 60,463                  | 57,484                  |
| Lease rent equalisation                                          | 6,893                   | 7,093                   |
| Fair valuation of financial instruments and exchange differences | 3,068                   | 8,210                   |
| Rates and taxes                                                  | 476                     | 1,431                   |
| Others                                                           | 1,663                   | 101                     |
|                                                                  | <b>89,379</b>           | <b>29,330</b>           |

|                                                                  | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Deferred tax liabilities (net)</b>                            |                         |                         |
| <b>a) Deferred tax liability due to</b>                          |                         |                         |
| Lease rent equalisation (net)                                    | 2,804                   | 3,639                   |
| Fair valuation of financial instruments and exchange differences | 136                     | (569)                   |
| Depreciation / amortisation on PPE / intangible assets           | 5,940                   | 6,242                   |
| Undistributed retained earnings                                  | 3,367                   | 3,541                   |
| Others                                                           | 345                     | 115                     |
| <b>b) Deferred tax asset arising out of</b>                      |                         |                         |
| Provision for impairment of debtors / advances                   | (828)                   | (1,652)                 |
| Carry forward losses                                             | (250)                   | (498)                   |
| Unearned income                                                  | 8                       | 7                       |
| Employee benefits                                                | (225)                   | (219)                   |
|                                                                  | <b>11,297</b>           | <b>10,606</b>           |

# Notes to Consolidated Financial Statements

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

|                                                                                  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Deferred tax expense</b>                                                      |                                      |                                      |
| Provision for impairment of debtors / advances                                   | (4,437)                              | 2,604                                |
| Carry forward losses                                                             | 61,811                               | 19,575                               |
| Unearned income                                                                  | (43)                                 | (497)                                |
| Employee benefits                                                                | 47                                   | 162                                  |
| MAT credit                                                                       | 3,150                                | (47)                                 |
| Lease rent equilisation (net)                                                    | 653                                  | 658                                  |
| Fair valuation of financial instruments and exchange differences                 | (14,270)                             | 864                                  |
| Rates and taxes                                                                  | (955)                                | (96)                                 |
| Depreciation / amortisation on property, plant and equipment / intangible assets | 6,039                                | (16,178)                             |
| Undistributed retained earnings                                                  | 201                                  | (549)                                |
| Others                                                                           | 1,388                                | 899                                  |
| <b>Net deferred tax income</b>                                                   | <b>53,584</b>                        | <b>7,395</b>                         |

The movement in deferred tax assets and liabilities during the year is as follows:

|                                                                  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>                                           | <b>18,724</b>                        | <b>16,766</b>                        |
| Tax expense / (credit) recognised in statement of profit or loss | 53,584                               | 7,395                                |
| Tax expense on Business combination                              | 3,717                                | (1,709)                              |
| Tax expense recognised in OCI:                                   |                                      |                                      |
| - on net investments hedge                                       | 5,428                                | (122)                                |
| - on fair value through OCI investments                          | (62)                                 | (29)                                 |
| Exchange differences and others                                  | (3,309)                              | (3,577)                              |
| <b>Closing balance</b>                                           | <b>78,082</b>                        | <b>18,724</b>                        |

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry forward tax losses / credits (including capital losses) can be utilised. Accordingly, the Group has not recognised deferred tax assets in respect of deductible temporary differences and carry forward tax losses (including capital losses) of ₹ 438,813 and ₹ 509,731 as of March 31, 2019 and March 31, 2018 respectively, as it is not probable that relevant taxable profits will be available in future. The applicable tax rates for the same vary from 3% to 45%, depending on the tax jurisdiction in which the respective group entity operates. Of the above balance as of March 31, 2019 and March 31, 2018, ₹ (3,013) and ₹ 70,508 respectively have an indefinite carry forward period and the balance amount expires, if unutilised, as follows:

|                           | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|---------------------------|-------------------------|-------------------------|
| <b>Expiry date</b>        |                         |                         |
| Within one - three years  | 54,870                  | 52,694                  |
| Within three - five years | 31,994                  | 31,265                  |
| Above five years          | 354,963                 | 355,264                 |
|                           | <b>441,827</b>          | <b>439,223</b>          |

Moreover, deferred tax liability has not been recognised in respect of temporary differences pertaining to the investment in its certain subsidiaries, as where Group is in a position to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The temporary differences associated with respect to such investment in subsidiaries are represented by their retained earnings and other reserves (on the basis of their standalone financial statements), aggregating to ₹ 111,421 and ₹ 130,715 as of March 31, 2019 and March 31, 2018 respectively. In case of distribution of the same as dividend, it is expected to attract tax in the range of 10% to 21% depending on the tax rates applicable as of March 31, 2019 in the relevant jurisdiction.

# Notes to Consolidated Financial Statements

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

## 15. Other non-financial assets

### Non-current

|                   | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-------------------|-------------------------|-------------------------|
| Advances (net)*   | 34,202                  | 32,267                  |
| Capital advances  | 939                     | 1,147                   |
| Prepaid expenses  | 1,787                   | 1,600                   |
| Taxes recoverable | 21,738                  | -                       |
| Others*           | 18,860                  | 1,305                   |
|                   | <b>77,526</b>           | <b>36,319</b>           |

\*Advances (net) represent payments made to various government authorities under protest and are disclosed net of provision (refer note 22).

\*It mainly includes advances and indemnity assets pertain to the acquisitions.

### Current

|                             | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-----------------------------|-------------------------|-------------------------|
| Taxes recoverable           | 105,603                 | 74,004                  |
| Advances to suppliers (net) | 20,436                  | 17,642                  |
| Prepaid expenses            | 8,201                   | 9,275                   |
| Others*                     | 2,871                   | 2,459                   |
|                             | <b>137,111</b>          | <b>103,380</b>          |

\*It mainly includes security deposits given towards rented premises, cell sites, interconnect ports and other miscellaneous deposits.

Taxes recoverable primarily include Goods and service tax ('GST') and customs duty.

Advance to suppliers are disclosed net of provision of ₹ 2,866 and ₹ 2,680 as of March 31, 2019 and March 31, 2018 respectively.

## 16. Trade receivables

|                                           | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-------------------------------------------|-------------------------|-------------------------|
| (a) Trade Receivables – Unsecured*        | 80,856                  | 110,409                 |
| Less: Allowances for doubtful receivables | (37,850)                | (51,579)                |
|                                           | <b>43,006</b>           | <b>58,830</b>           |

\*It includes amount due from related party refer note 35.

Refer note 36 (iv) for credit risk

### The movement in allowances for doubtful debts is as follows:

|                             | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-----------------------------|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>      | <b>51,579</b>                        | <b>42,258</b>                        |
| Additions*                  | 10,256                               | 11,237                               |
| Write off (net of recovery) | (24,353)                             | (1,156)                              |
| Exchange differences        | 368                                  | (780)                                |
| <b>Closing balance</b>      | <b>37,850</b>                        | <b>51,579</b>                        |

\*Includes exceptional item of ₹ 1094 (refer note 32(ii)(c) for the year ended March, 2018)

For details towards pledge of the above assets refer note 20.

# Notes to Consolidated Financial Statements

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

## 17. Cash and bank balances

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

|                                                            | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|------------------------------------------------------------|-------------------------|-------------------------|
| <b>Balances with banks</b>                                 |                         |                         |
| - On current accounts                                      | 7,064                   | 9,884                   |
| - Bank deposits with original maturity of 3 months or less | 53,848                  | 37,862                  |
| Cheques on hand                                            | 125                     | 986                     |
| Cash on hand                                               | 1,084                   | 820                     |
|                                                            | <b>62,121</b>           | <b>49,552</b>           |

### Other bank balances

|                                           | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-------------------------------------------|-------------------------|-------------------------|
| Restricted cash*                          | 16,893                  | 13,623                  |
| Earmarked bank balances - unpaid dividend | 110                     | 70                      |
| Term deposits with bank                   | 273                     | 2,119                   |
| Margin money deposits#                    | 1,658                   | 1,342                   |
|                                           | <b>18,934</b>           | <b>17,154</b>           |

\*It represents cash received from subscriber of mobile commerce services.

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

The details of interest accrued on above items (which is included within 'interest accrued on deposits' under current other financial assets) is as below:

|                                                         | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|---------------------------------------------------------|-------------------------|-------------------------|
| <b>Cash and cash equivalents</b>                        |                         |                         |
| - Bank deposits with original maturity 3 months or less | 106                     | 1                       |
|                                                         | <b>106</b>              | <b>1</b>                |
| <b>Other bank balance</b>                               |                         |                         |
| - Term deposits with bank                               | 47                      | 157                     |
|                                                         | <b>47</b>               | <b>157</b>              |
|                                                         | <b>153</b>              | <b>158</b>              |

## 18. Share capital

|                                                                          | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|--------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Issued, subscribed and fully paid-up shares</b>                       |                         |                         |
| 3,997,400,107 (March 31, 2018 - 3,997,400,102) equity shares of ₹ 5 each | 19,987                  | 19,987                  |
|                                                                          | <b>19,987</b>           | <b>19,987</b>           |

### 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.

# Notes to Consolidated Financial Statements

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

## b. Treasury shares

|                           | For the year ended<br>March 31, 2019 |            | For the year ended<br>March 31, 2018 |            |
|---------------------------|--------------------------------------|------------|--------------------------------------|------------|
|                           | No. of shares<br>(‘000’)             | Amount     | No. of shares<br>(‘000’)             | Amount     |
| Opening balance           | 1,719                                | 642        | 1,345                                | 367        |
| Purchased during the year | 700                                  | 248        | 906                                  | 424        |
| Exercised during the year | (927)                                | (336)      | (532)                                | (149)      |
| <b>Closing balance</b>    | <b>1,492</b>                         | <b>554</b> | <b>1,719</b>                         | <b>642</b> |

## c. Dividend

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

|                                                                                                   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>A Declared and paid during the year:</b>                                                       |                                      |                                      |
| Interim dividend for 2018-19 : ₹ 2.50 per share (2017-18 : ₹ 2.84 per share)*                     | 12,044                               | 13,658                               |
| Dividend on treasury shares*                                                                      | 4                                    | 6                                    |
| *((including dividend distribution tax 2018-19 @ 20.56% of ₹ 2,054 (2017-18 @ 20.36% of ₹ 2,311)) |                                      |                                      |
| Final dividend for 2017-18 : ₹ 2.50 per share (2016-17 : ₹ 1.00 per share)#                       | 12,044                               | 4,810                                |
| Dividend on treasury shares#                                                                      | 4                                    | 1                                    |
| #((including dividend distribution tax @ 20.56% of ₹ 2,054 (2016-17 @ 20.36% of ₹ 814))           |                                      |                                      |
|                                                                                                   | <b>24,096</b>                        | <b>18,475</b>                        |
| <b>B Proposed dividend</b>                                                                        |                                      |                                      |
| Final dividend 2017-18 : ₹ 2.50 per share                                                         | -                                    | 9,993                                |
| Dividend distribution tax for 2018-19 @ 20.56% (2017-18 @ 20.56%)                                 | -                                    | 2,055                                |
|                                                                                                   | <b>-</b>                             | <b>12,048</b>                        |

## 19. Other equity

- a. Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Group, re-measurement differences on defined benefit plans, any transfer from general reserve and the reserves arising due to court scheme accounting and adjustments thereto (as explained below for significant Scheme of Arrangements).

The Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities at their respective fair values from Bharti Infratel Ventures Limited (erstwhile subsidiary company), Vodafone Infrastructure Limited, Idea Cellular Tower Infrastructure Limited to its joint venture Indus Towers Limited, was approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 and filed with the Registrar of Companies on June 11, 2013 with appointed date April 1, 2009 and hence was accounted retrospectively with effect from April 01, 2009. Similarly, pursuant to the Scheme of Arrangement of the Company under sections 391 to 394 of the Companies Act, 1956, the telecom infrastructure undertaking of the Company was transferred to one of its subsidiary Bharti Infratel Limited during the year ended March 31, 2008.

Further, pursuant to the said schemes, mainly the excess of the fair values over the original book values of the assets transferred to them and the periodic depreciation thereto is adjusted in retained earnings.

In absence of any specific provision under Ind AS with respect to court schemes, and the fact that the court schemes are part of the law, accounting prescribed therein (as explained above) will continue to prevail even in the Ind AS financial statements of the Group after being adjusted for intra-group eliminations / equity accounting, as required.

# Notes to Consolidated Financial Statements

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

- 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 of the related treasury shares, is transferred to general reserve.

- c. 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.

- d. 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).

## Other components of equity

|                                                             | Foreign currency<br>translation reserve | Cash flow<br>hedge reserve | Fair value through<br>OCI reserve | Treasury<br>shares | Total           |
|-------------------------------------------------------------|-----------------------------------------|----------------------------|-----------------------------------|--------------------|-----------------|
| <b>As of April 1, 2017</b>                                  | <b>(60,685)</b>                         | <b>133</b>                 | <b>90</b>                         | <b>(367)</b>       | <b>(60,829)</b> |
| Net losses due to foreign currency translation differences  | (7,056)                                 | -                          | -                                 | -                  | (7,056)         |
| Net losses on net investment hedge                          | (7,508)                                 | -                          | -                                 | -                  | (7,508)         |
| Net losses on cash flow hedge                               | -                                       | 810                        | -                                 | -                  | 810             |
| Net gains on fair value through OCI investments             | -                                       | -                          | 115                               | -                  | 115             |
| Purchase of treasury shares                                 | -                                       | -                          | -                                 | (424)              | (424)           |
| Exercise of share options                                   | -                                       | -                          | -                                 | 149                | 149             |
| <b>As of March 31, 2018</b>                                 | <b>(75,249)</b>                         | <b>943</b>                 | <b>205</b>                        | <b>(642)</b>       | <b>(74,743)</b> |
| Net losses due to foreign currency translation differences* | (11,544)                                | -                          | -                                 | -                  | (11,544)        |
| Net gains on net investment hedge                           | 2,264                                   | -                          | -                                 | -                  | 2,264           |
| Net losses on cash flow hedge                               | -                                       | (881)                      | -                                 | -                  | (881)           |
| Net losses on fair value through OCI investments            | -                                       | -                          | (26)                              | -                  | (26)            |
| Purchase of treasury shares                                 | -                                       | -                          | -                                 | (248)              | (248)           |
| Exercise of share options                                   | -                                       | -                          | -                                 | 336                | 336             |
| <b>As of March 31, 2019</b>                                 | <b>(84,529)</b>                         | <b>62</b>                  | <b>179</b>                        | <b>(554)</b>       | <b>(84,842)</b> |

\*During the year ended March 31, 2019 and 2018, the Group has reclassified gain of ₹ Nil and gain ₹ 60 respectively, from FCTR to statement of profit and loss on sale of foreign subsidiaries (refer note 5).



# Notes to Consolidated Financial Statements

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

## 20. Borrowings

### Non-current

|                                                           | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-----------------------------------------------------------|-------------------------|-------------------------|
| <b>Secured</b>                                            |                         |                         |
| Term loans                                                | 1,403                   | 16,836                  |
| Vehicle loans*                                            | 10                      | 29                      |
|                                                           | <b>1,413</b>            | <b>16,865</b>           |
| Less: Current portion (A)                                 | (1,386)                 | (14,498)                |
| Less: Interest accrued but not due (refer note 21)        | (24)                    | (111)                   |
|                                                           | <b>3</b>                | <b>2,256</b>            |
| <b>Unsecured</b>                                          |                         |                         |
| Term loans#                                               | 175,551                 | 71,011                  |
| Non-convertible bonds@                                    | 253,741                 | 389,558                 |
| Non-convertible debentures^                               | 32,322                  | 30,068                  |
| Deferred payment liabilities**                            | 466,191                 | 455,602                 |
| Finance lease obligations                                 | 47,721                  | 48,831                  |
|                                                           | <b>975,526</b>          | <b>995,070</b>          |
| Less: Current portion (B)                                 | (70,346)                | (119,848)               |
| Less: Interest accrued but not due (refer note 21)        | (32,729)                | (28,058)                |
|                                                           | <b>872,451</b>          | <b>847,164</b>          |
|                                                           | <b>872,454</b>          | <b>849,420</b>          |
| <b>Current maturities of long-term borrowings (A + B)</b> | <b>71,732</b>           | <b>134,346</b>          |

### Current

|                                                    | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|----------------------------------------------------|-------------------------|-------------------------|
| <b>Secured</b>                                     |                         |                         |
| Bank overdraft                                     | 1,682                   | 5,060                   |
|                                                    | <b>1,682</b>            | <b>5,060</b>            |
| <b>Unsecured</b>                                   |                         |                         |
| Term loans                                         | 193,988                 | 76,816                  |
| Commercial papers                                  | 91,826                  | 33,507                  |
| Bank overdraft                                     | 23,124                  | 14,358                  |
|                                                    | <b>308,938</b>          | <b>124,681</b>          |
| Less: Interest accrued but not due (refer note 21) | (523)                   | (172)                   |
|                                                    | <b>310,097</b>          | <b>129,569</b>          |

\*These loans are secured by hypothecation of the vehicles.

#It includes re-borrowable term loans of ₹ 3,847 and ₹ 3,331 as of March 31, 2019 and March 31, 2018 respectively which have daily prepayment flexibility.

@It includes impact of fair value hedge refers note 36 (ii).

^During the year ended March 31, 2018, the Group 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 to ₹ 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, 2018, the Government of India has 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.

# Notes to Consolidated Financial Statements

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

## 20.1 Analysis of borrowings

The details given below are gross of debt origination cost and fair valuation adjustments with respect to the hedged risk.

### 20.1.2 Repayment terms of borrowings

The table below summarises the maturity profile of the Group's borrowings:

|                              | 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                | 7.95% - 9.50%         | Monthly                   | 3 - 22                                                   | 8               | 3                         | -                          | -               |
| Term loans                   | 15%                   | Monthly                   | 60                                                       | 66              | 77                        | 316                        | -               |
|                              | 6.13% - 8.40%         | Quarterly                 | 1 - 13                                                   | 8,556           | 6,289                     | 9,335                      | -               |
|                              | 0.75% - 4.00%         | Half yearly               | 3 - 9                                                    | 1,426           | 1,426                     | 8,265                      | 2,350           |
|                              | 0.45% - 5.41%         | One time                  | 1                                                        | 40,527          | 77,120                    | 14,765                     | -               |
|                              | 10.62% - 14.51%       | Quarterly                 | 6 - 12                                                   | 1,465           | 44                        | 1,139                      | -               |
|                              | 5.37% - 8.80%         | Half yearly               | 1 - 9                                                    | 4,661           | 16,913                    | 4,975                      | -               |
|                              | 8.55% - 8.65%         | Annual                    | 1                                                        | 880             | -                         | 3,847                      | -               |
|                              | 7.95% - 9.70%         | One time                  | 1                                                        | 162,458         | -                         | -                          | -               |
| Commercial papers            | 7.70% - 8.50%         | One time                  | 1                                                        | 91,858          | -                         | -                          | -               |
| Non-convertible bonds        | 3.00% - 5.35%         | One time                  | 1                                                        | 24,282          | -                         | 162,059                    | 68,832          |
| Non-convertible debentures   | 8.25% - 8.35%         | One time                  | 1                                                        | -               | 15,000                    | 15,000                     | -               |
| Deferred payment liabilities | 9.30% - 10.00%        | Annual                    | 12 - 16                                                  | 15,244          | 16,750                    | 60,851                     | 348,007         |
| Finance lease obligations    | 8.05% - 12.00%        | Monthly / Annual          | 1 - 119 / 2                                              | 5,804           | 6,006                     | 22,017                     | 13,726          |
| Bank overdraft               | 4.22% - 12.30%        | Payable on demand         | NA                                                       | 23,159          | -                         | -                          | -               |
|                              | 15.75% - 21.00%       | Payable on demand         | NA                                                       | 1,643           | -                         | -                          | -               |
|                              |                       |                           |                                                          | <b>382,037</b>  | <b>139,628</b>            | <b>302,569</b>             | <b>432,915</b>  |

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

|                              | As of March 31, 2018  |                           |                                                          |                 |                           |                            |                 |
|------------------------------|-----------------------|---------------------------|----------------------------------------------------------|-----------------|---------------------------|----------------------------|-----------------|
|                              | 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                | 7.95% - 9.50%         | Monthly                   | 6 - 33                                                   | 15              | 11                        | 3                          | -               |
| Term loans                   | 3.38%                 | Monthly                   | 10                                                       | 2,716           | -                         | -                          | -               |
|                              | 4.95% - 5.00%         | Quarterly                 | 10 - 11                                                  | 472             | 472                       | 264                        | -               |
|                              | 2.56% - 5.02%         | Half yearly               | 1 - 14                                                   | 8,181           | 6,465                     | 13,078                     | 4,424           |
|                              | 2.72% - 4.32%         | Annual                    | 1                                                        | 19,625          | -                         | -                          | -               |
|                              | 6.00% - 8.98%         | Quarterly                 | 3 - 15                                                   | 5,263           | 7,363                     | 15,763                     | -               |
|                              | 7.85% - 8.40%         | Half yearly               | 3 - 9                                                    | 863             | 2,725                     | 11,743                     | -               |
|                              | 7.90%                 | Annual                    | 2                                                        | 880             | 880                       | -                          | -               |
|                              | 7.70% - 8.35%         | One time                  | 1                                                        | 63,800          | -                         | -                          | -               |
| Commercial papers            | 7.05% - 8.05%         | One time                  | 1                                                        | 33,507          | -                         | -                          | -               |
| Non-convertible bonds        | 3.00% - 5.35%         | One time                  | 1                                                        | 80,144          | 23,842                    | 157,688                    | 129,978         |
| Non-convertible debentures   | 8.25% - 8.35%         | One time                  | 1                                                        | -               | -                         | 30,000                     | -               |
| Deferred payment liabilities | 9.30% - 10.00%        | Annual                    | 13 - 16                                                  | 24,511          | 12,217                    | 51,543                     | 345,023         |
| Finance lease obligations    | 8.05% - 10.30%        | Monthly / Annual          | 8 - 119 / 2                                              | 4,858           | 5,194                     | 18,573                     | 20,151          |
| Bank overdraft               | 3.88% - 10.65%        | Payable on demand         | N/A                                                      | 16,684          | -                         | -                          | -               |
|                              | 14.00% - 19.00%       | Payable on demand         | N/A                                                      | 2,734           | -                         | -                          | -               |
|                              |                       |                           |                                                          | <b>264,253</b>  | <b>59,169</b>             | <b>298,655</b>             | <b>499,576</b>  |

\*The installments amount due are equal / equated per se.

# Notes to Consolidated Financial Statements

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

## 20.1.3 Interest rate and currency of borrowing

| Currency              | Weighted average rate of Interest | Total borrowings | Floating rate borrowings | Fixed rate borrowings |
|-----------------------|-----------------------------------|------------------|--------------------------|-----------------------|
| INR                   | 9.23%                             | 780,990          | 202,123                  | 578,867               |
| USD                   | 4.66%                             | 347,607          | 122,425                  | 225,182               |
| Euro                  | 3.03%                             | 71,763           | 13,779                   | 57,984                |
| CHF                   | 3.00%                             | 24,282           | -                        | 24,282                |
| JPY                   | 0.60%                             | 14,027           | 14,027                   | -                     |
| XAF                   | 7.40%                             | 4,333            | -                        | 4,333                 |
| XOF                   | 6.69%                             | 6,251            | -                        | 6,251                 |
| Others                | 9.64% to 20.64%                   | 7,896            | 7,830                    | 66                    |
| <b>March 31, 2019</b> |                                   | <b>1,257,149</b> | <b>360,184</b>           | <b>896,965</b>        |
| INR                   | 9.33%                             | 603,521          | 106,298                  | 497,223               |
| USD                   | 5.47%                             | 337,319          | 58,572                   | 278,747               |
| Euro                  | 3.73%                             | 139,954          | -                        | 139,954               |
| CHF                   | 3.00%                             | 23,843           | -                        | 23,843                |
| XAF                   | 6.61%                             | 4,691            | -                        | 4,691                 |
| XOF                   | 6.80%                             | 7,047            | 1,421                    | 5,626                 |
| Others                | 8.48% to 19.00%                   | 5,278            | 2,799                    | 2,479                 |
| <b>March 31, 2018</b> |                                   | <b>1,121,653</b> | <b>169,090</b>           | <b>952,563</b>        |

## 20.2 Security details

The Group has taken borrowings in various countries mainly for working capital, capital expenditure and refinancing of existing borrowings. The details of security provided by the Group in various countries are as follows:

| Entity                                       | Outstanding loan amount |                | Security detail                                                                     |
|----------------------------------------------|-------------------------|----------------|-------------------------------------------------------------------------------------|
|                                              | March 31, 2019          | March 31, 2018 |                                                                                     |
| Bharti Airtel Ltd.                           | 10                      | 29             | Hypothecation of vehicles                                                           |
| Bharti Airtel Africa BV and its subsidiaries | 3,061                   | 21,838         | Pledge of all fixed and floating assets - Kenya, Nigeria, Tanzania, Uganda and DRC. |
|                                              | <b>3,071</b>            | <b>21,867</b>  |                                                                                     |

### Africa operations acquisition related borrowing:

Borrowings include certain loans which have been taken to refinance the Africa acquisition related borrowing. These loan agreements prevents the Group (excluding Bharti Airtel Africa BV, Bharti Infratel Limited, and their respective subsidiaries) to pledge any of its assets without prior written consent of the majority lenders except in certain agreed circumstances.

The USD bonds due in 2023 contains certain covenants relating to limitation on indebtedness. All bonds carry restriction on incurrence of any lien on its assets other than as permitted under the agreement, unless the bonds and guarantee are ranked pari- passu with such indebtedness. The limitation on indebtedness covenant on the USD bonds due in 2023 is suspended as the agreed criteria for such covenants to be in force, has not been met. The debt covenants remained suspended as of the date of the authorisation of the financial statements.

These bonds along with the CHF bonds due in 2020, the Euro bonds due in 2021 and the USD bonds due in 2024 are guaranteed by Bharti Airtel Limited (intermediate parent entity). Such guarantee is considered an integral part of the bonds and therefore accounted for as part of the same unit of account.

# Notes to Consolidated Financial Statements

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

## 20.3 Unused lines of credit\*

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

|           | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-----------|-------------------------|-------------------------|
| Secured   | 8,409                   | 1,542                   |
| Unsecured | 138,219                 | 171,531                 |
|           | <b>146,628</b>          | <b>173,073</b>          |

\*Excludes non-fund based facilities

## 21. Financial liabilities - others

### Non-current

|                                          | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|------------------------------------------|-------------------------|-------------------------|
| Equipment supply payable                 | 16,921                  | -                       |
| Lease rent equalisation                  | 14,859                  | 14,496                  |
| Payable towards acquisition <sup>®</sup> | 153                     | 1,440                   |
| Security deposits                        | 1,052                   | 1,294                   |
| Others*                                  | 29,146                  | 27,317                  |
|                                          | <b>62,131</b>           | <b>44,547</b>           |

<sup>®</sup>It includes advance amounting to ₹ 29,051 and ₹ 26,077 as on March 31, 2019 and March 31, 2018 respectively received against an agreement to sell certain investment, at a future date and is subject to certain customary closing conditions.

<sup>®</sup>Refer note 5 (m)

### Current

|                                                           | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-----------------------------------------------------------|-------------------------|-------------------------|
| Payables against capital expenditure                      | 103,722                 | 80,940                  |
| Interest accrued but not due                              | 33,419                  | 28,341                  |
| Payable against business / asset acquisition <sup>®</sup> | 5,575                   | 13,523                  |
| Employees payables                                        | 5,385                   | 5,879                   |
| Security deposit <sup>^</sup>                             | 3,917                   | 4,372                   |
| Others <sup>#</sup>                                       | 7,788                   | 7,550                   |
|                                                           | <b>159,806</b>          | <b>140,605</b>          |

<sup>®</sup>It includes payable to Qualcomm Asia Pacific Pte. Limited for ₹ 4,104 (towards purchase of balance equity shares upon satisfaction of certain conditions as per the share purchase agreement for acquisition of erstwhile Airtel Broadband Services Private Limited) and other acquisitions.

<sup>^</sup>It pertains to deposits received from subscriber / channel partners which are repayable on demand after adjusting the outstanding amount, if any.

<sup>#</sup>During the year ended March 31, 2019 the Company issued shares to several global investors. The shares subscription agreements included certain indemnities for claim under certain stipulated indemnities or for breach of agreed warranties. The liability estimated against the claims was ₹ 4,979 as of March 31, 2019. It also includes non-interest bearing advance received from customers / international operators and liability towards cash settled employee share based payment plans.

## 22. Provisions

### Non-current

|                              | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|------------------------------|-------------------------|-------------------------|
| Asset retirement obligations | 3,858                   | 4,523                   |
| Gratuity                     | 2,611                   | 2,474                   |
| Other employee benefit plans | 354                     | 215                     |
|                              | <b>6,823</b>            | <b>7,212</b>            |

# Notes to Consolidated Financial Statements

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

## Current

|                              | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|------------------------------|-------------------------|-------------------------|
| Gratuity                     | 696                     | 782                     |
| Other employee benefit plans | 1,501                   | 1,602                   |
|                              | <b>2,197</b>            | <b>2,384</b>            |

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

|                                                            | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Opening balance                                            | 4,523                                | 5,359                                |
| Net reversal                                               | (590)                                | (868)                                |
| Interest cost                                              | (75)                                 | 37                                   |
| Disposal of subsidiaries / tower operations (refer note 5) | -                                    | (5)                                  |
| <b>Closing balance</b>                                     | <b>3,858</b>                         | <b>4,523</b>                         |

Refer note 27 for movement of provision towards various employee benefits.

The movement of provision towards subjudice matters is as below:

|                            | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------|--------------------------------------|--------------------------------------|
| Opening balance            | 151,799                              | 131,061                              |
| Net (reversal) / additions | (17,667)                             | 20,738                               |
| <b>Closing balance</b>     | <b>134,132</b>                       | <b>151,799</b>                       |

The said provision has been disclosed under:

|                                                 | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-------------------------------------------------|-------------------------|-------------------------|
| Other non-financial assets (refer note 15)      | 59,330                  | 53,910                  |
| Other non-financial liabilities (refer note 23) | 4,801                   | 4,685                   |
| Trade payables                                  | 70,001                  | 93,204                  |
|                                                 | <b>134,132</b>          | <b>151,799</b>          |

The said provisions pertain to payable / paid under protest spectrum usage charges / licenses fees (trade payable / other non-financial assets) and payable for certain levies (other non-financial liabilities).

## 23. Other non - financial liabilities

### Non-current

|               | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|---------------|-------------------------|-------------------------|
| Deferred rent | 429                     | 623                     |
|               | <b>429</b>              | <b>623</b>              |

# Notes to Consolidated Financial Statements

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

## Current

|               | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|---------------|-------------------------|-------------------------|
| Taxes payable | 41,683                  | 46,515                  |
| Others        | 40                      | 437                     |
|               | <b>41,723</b>           | <b>46,952</b>           |

Taxes payable mainly pertains to GST and provision towards subjudice matters (refer note 22).

## 24. Contingent liabilities and commitments

### (i) Contingent liabilities

#### Claims against the Company not acknowledged as debt:

|                                                                             | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|
| (i) Taxes, duties and other demands (under adjudication / appeal / dispute) |                         |                         |
| - Sales Tax and Service Tax                                                 | 13,810                  | 31,560                  |
| - Income Tax                                                                | 14,088                  | 15,712                  |
| - Customs Duty                                                              | 6,684                   | 7,646                   |
| - Entry Tax                                                                 | 9,951                   | 9,878                   |
| - Stamp Duty                                                                | 596                     | 596                     |
| - Municipal Taxes                                                           | 1,663                   | 1,488                   |
| - Department of Telecom ('DoT') demands                                     | 97,794                  | 40,778                  |
| - Other miscellaneous demands                                               | 5,545                   | 5,164                   |
| (ii) Claims under legal cases including arbitration matters                 |                         |                         |
| - Access charges / Port charges                                             | 12,640                  | 10,733                  |
| - Others                                                                    | 2,816                   | 2,708                   |
|                                                                             | <b>165,587</b>          | <b>126,263</b>          |

Further, refer note f (v), (vi) and (vii) other DoT matter.

In addition to the above, the Group's share of joint ventures and associates contingent liabilities is ₹ 28,089 and ₹ 21,816 as of March 31, 2019 and March 31, 2018 respectively.

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

#### a) Sales and Service Tax and GST

The claims for sales tax comprised of cases relating to the appropriateness of declarations made by the Group 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 Group 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 Services Tax (GST) demand relates to procedural compliance in regard to awaybills.

#### b) Income Tax demand

Income tax demands mainly include the appeals filed by the Group 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.

# Notes to Consolidated Financial Statements

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

## **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 and one of its subsidiaries filed a petition against the demand with the TDSAT which allowed payments to be 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 Group 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 Group, the Hon'ble Central Excise and Service Tax Appellate Tribunal ('CESTAT') has passed an order in favour of the custom authorities. The Group 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 material from outside the state. This position has been challenged by the Group in the respective states, on the grounds that the specific entry tax is ultra vires the Constitution. Classification issues have also been raised, whereby, in view of the Group, 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. Pending disposition by the regular benches, the Group has decided to maintain status-quo on its position and hence continues to disclose it as contingent liability.

## **f) DoT demands**

- (i) Demand for license fees pertaining to computation of Adjusted Gross Revenue ('AGR') and the interest thereon, due to difference in its interpretation. The definition of AGR is sub-judice and under dispute since 2005 before the TDSAT. TDSAT had pronounced its judgment in 2015, quashed all demands raised by DoT and directed DoT to rework the demands basis the principles enunciated in its judgment. Subsequently, the Union of India ('UOI') and the Company and of its subsidiaries along with various other operators have filed appeals / cross appeals before the Hon'ble Supreme Court of India against the TDSAT judgment. In 2016, all the appeals were tagged together and Hon'ble Supreme Court has permitted DOT to raise demands with a direction not to enforce any demand till the final adjudication of the matter by Hon'ble Supreme Court. Accordingly, DoT has raised the demand basis special audit done by DoT and Comptroller and Auditor General of India. The contingent liability includes such demand and interest thereto (excluding certain contentious matters, penalty and interest thereto) for the financial years for which demand have been received.
- (ii) DoT had enhanced the microwave rates by introducing slab-wise rates based on the number of carriers vide circulars issued in 2006 and 2008 from erstwhile basis being allocated frequency. The Company had challenged the matter in TDSAT wherein TDSAT set aside the circular. In 2010, DOT had challenged the order of TDSAT before the Hon'ble

# Notes to Consolidated **Financial Statements**

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

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.

The Company and one of its subsidiaries had made a provision of ₹ 21,676 until December 2018 for the period from FY 2007-08 to FY 2018-19. Subsequently, basis the recent judgment and external legal opinion the matter has been assessed to be a contingent liability and accordingly, the said provision has been reversed.

- (iii) Demands for the contentious matters in respect of subscriber verification norms and regulations including validity of certain documents allowed as proof of address / identity.
- (iv) 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 one of its subsidiaries and based on legal advice, the Company and one of its subsidiaries believes that it has complied with all license related regulations and does not expect any financial impact due to these matters.

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

- (v) Post the Hon'ble Supreme Court judgment in 2011, on components of AGR for computation of license fee, based on the legal advice, the Company believes that the foreign exchange gain should not be included in AGR for computation of license fee thereon. Further as per TDSAT judgement in 2015, foreign exchange fluctuation does not have any bearing on the license fees. Accordingly, the license fee on foreign exchange gain has not been provided in the financial statements. Also, due to ambiguity of interpretation of 'foreign exchange differences', the license fee impact on such exchange differences is not quantifiable. The matter is currently pending adjudication by Hon'ble Kerala High Court, Hon'ble Tripura High Court and Hon'ble Supreme Court.
- (vi) On January 8, 2013, DoT issued a demand on the Company and one of its subsidiaries for ₹ 52,013 towards levy of one time spectrum charge which was further revised on June 27, 2018 to ₹ 84,140. The demand includes a retrospective charge of ₹ 9,090 for holding GSM spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and also a prospective charge of ₹ 75,050 for GSM spectrum held beyond 4.4 MHz for the period from January 1, 2013, till the expiry of the initial terms of the respective licenses.

In the opinion of the Company and one of its subsidiaries, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. Based on a petition filed by the Company and one of its subsidiaries, the Hon'ble High Court of Bombay, vide its order dated January 28, 2013, has 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 the matter is currently pending with Hon'ble High Court of Bombay. The Company and one of its subsidiaries, based on independent legal opinions, till date has not given any effect to the above demand.

- (vii) DoT had issued notices to the Company (as well as other telecom service providers) to stop provision of services (under 3G Intra Circle Roaming ('ICR') arrangements) in the service areas where such service providers had not been allocated 3G spectrum and levied a financial penalty of ₹ 3,500 on the Company. The Company contested the notices, in response to which TDSAT in 2014 held 3G ICR arrangements to be competent and compliant with 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.

## **Guarantees:**

Guarantees outstanding as of March 31, 2019 and March 31, 2018 amounting to ₹ 107,689 and ₹ 129,565 respectively, have been issued by banks and financial institutions on behalf of the Group. These guarantees include 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.

In addition to the above the Group's share of guarantees of joint ventures and associates is ₹ 901 and ₹ 891 as of March 31, 2019 and March 31, 2018 respectively.



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

## (ii) Commitments

### Capital commitments

The Group has contractual commitments towards capital expenditure (net of related advance) of ₹ 93,336 and ₹ 137,280 as of March 31, 2019 and March 31, 2018 respectively.

In addition to the above, the Group's share of capital commitments of joint ventures and associates is ₹ 2,904 and ₹ 4,126 as of March 31, 2019 and March 31, 2018 respectively.

### Lease commitments

#### a) Operating lease

The future minimum lease payments ('FMLP') are as follows:-

##### As Lessee

|                                                          | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|----------------------------------------------------------|-------------------------|-------------------------|
| Not later than one year                                  | 85,256                  | 70,692                  |
| Later than one year but not later than five years        | 254,156                 | 244,153                 |
| Later than five years                                    | 108,651                 | 70,652                  |
|                                                          | <b>448,063</b>          | <b>385,497</b>          |
| Lease rentals (excluding lease equalisation adjustments) | 80,577                  | 70,875                  |

The above lease arrangements are mainly pertaining to passive infrastructure and premises / land. Certain of these lease agreements have escalation clause upto 25% and include option of renewal from 1 to 15 years.

The FMLP obligation disclosed above include the below FMLP obligations payable to joint ventures, which mainly pertain to amounts payable under the agreement entered by the parent and its subsidiaries, with a joint venture of the Group.

|                                                   | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|---------------------------------------------------|-------------------------|-------------------------|
| Not later than one year                           | 45,676                  | 45,156                  |
| Later than one year but not later than five years | 124,633                 | 149,465                 |
| Later than five years                             | 32,591                  | 15,253                  |
|                                                   | <b>202,900</b>          | <b>209,874</b>          |

##### As lessor

(i) The Group has entered into non-cancellable lease arrangements to provide dark fiber on indefeasible right to use ('IRU') basis. Due to the nature of the transaction, 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, 2018 and accordingly, the related disclosures are not provided.

(ii) The FMLP receivables against assets (other than above IRU assets) are as follows:

|                                                   | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|---------------------------------------------------|-------------------------|-------------------------|
| Not later than one year                           | 15,710                  | 21,933                  |
| Later than one year but not later than five years | 54,466                  | 68,228                  |
| Later than five years                             | 24,803                  | 37,574                  |
|                                                   | <b>94,979</b>           | <b>127,735</b>          |

The above lease arrangements are mainly pertaining to passive infrastructure. Certain of these lease agreements have escalation clause upto 2.5%.

# Notes to Consolidated Financial Statements

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

## b) Finance lease

### As lessee

Finance lease obligation of the Group as of March 31, 2019 is as follows:-

|                                                   | Future minimum lease payments | Interest      | Present value |
|---------------------------------------------------|-------------------------------|---------------|---------------|
| Not later than one year                           | 10,357                        | 4,675         | 5,682         |
| Later than one year but not later than five years | 40,404                        | 12,384        | 28,020        |
| Later than five years                             | 15,391                        | 1,581         | 13,810        |
|                                                   | <b>66,152</b>                 | <b>18,640</b> | <b>47,512</b> |

Finance lease obligation of the Group as of March 31, 2018 is as follows:

|                                                   | Future minimum lease payments | Interest      | Present value |
|---------------------------------------------------|-------------------------------|---------------|---------------|
| Not later than one year                           | 9,930                         | 5,053         | 4,877         |
| Later than one year but not later than five years | 38,989                        | 14,702        | 24,287        |
| Later than five years                             | 23,335                        | 3,723         | 19,612        |
|                                                   | <b>72,254</b>                 | <b>23,478</b> | <b>48,776</b> |

The above lease arrangements are mainly pertaining to passive infrastructure.

### As lessor

The FMLP receivable of the Group as of March 31, 2019 is ₹ Nil

The FMLP receivable of the Group as of March 31, 2018 is as follows:-

|                                                   | Future minimum lease payments | Interest  | Present value |
|---------------------------------------------------|-------------------------------|-----------|---------------|
| Not later than one year                           | 176                           | 16        | 160           |
| Later than one year but not later than five years | 89                            | 6         | 83            |
| Later than five years                             | -                             | -         | -             |
|                                                   | <b>265</b>                    | <b>22</b> | <b>243</b>    |

The above lease arrangements are mainly pertaining to various network equipments.

## 25. Revenue

|                  | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|------------------|-----------------------------------|-----------------------------------|
| Service revenue  | 805,002                           | 822,528                           |
| Sale of products | 2,800                             | 3,860                             |
|                  | <b>807,802</b>                    | <b>826,388</b>                    |

# Notes to Consolidated Financial Statements

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

## Disaggregation of Revenue

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

| Particulars                                          | Mobile Services |                | Airtel Business |               | Tower Infrastructure Services |               | Homes Services |               | Digital TV Services |               |
|------------------------------------------------------|-----------------|----------------|-----------------|---------------|-------------------------------|---------------|----------------|---------------|---------------------|---------------|
|                                                      | 2018-19         | 2017-18        | 2018-19         | 2017-18       | 2018-19                       | 2017-18       | 2018-19        | 2017-18       | 2018-19             | 2017-18       |
| <b>Geographical Markets*</b>                         |                 |                |                 |               |                               |               |                |               |                     |               |
| India                                                | 394,707         | 441,295        | 82,967          | 80,713        | 31,291                        | 33,232        | 22,235         | 25,056        | 40,935              | 37,505        |
| South Asia                                           | 4,199           | 3,783          | -               | -             | -                             | -             | -              | -             | -                   | -             |
| Africa                                               | 210,333         | 186,074        | -               | -             | -                             | -             | -              | -             | -                   | -             |
| Others                                               | -               | -              | 20,268          | 17,531        | -                             | -             | -              | -             | -                   | -             |
|                                                      | <b>609,239</b>  | <b>631,152</b> | <b>103,235</b>  | <b>98,244</b> | <b>31,291</b>                 | <b>33,232</b> | <b>22,235</b>  | <b>25,056</b> | <b>40,935</b>       | <b>37,505</b> |
| <b>Major Product/ Services lines</b>                 |                 |                |                 |               |                               |               |                |               |                     |               |
| Data and Voice Services                              | 485,877         | 507,241        | 81,000          | 85,488        | -                             | -             | 21,196         | 24,006        | -                   | -             |
| Setting up, operating and maintaining towers         | -               | -              | -               | -             | 31,291                        | 33,232        | -              | -             | -                   | -             |
| Others                                               | 123,362         | 123,911        | 22,235          | 12,756        | -                             | -             | 1,039          | 1,050         | 40,935              | 37,505        |
|                                                      | <b>609,239</b>  | <b>631,152</b> | <b>103,235</b>  | <b>98,244</b> | <b>31,291</b>                 | <b>33,232</b> | <b>22,235</b>  | <b>25,056</b> | <b>40,935</b>       | <b>37,505</b> |
| <b>Timing of Revenue Recognition</b>                 |                 |                |                 |               |                               |               |                |               |                     |               |
| Products and services transferred at a point in time | 2,896           | 2,675          | 1,748           | 2,379         | -                             | -             | 39             | 21            | 1,232               | 121           |
| Products and services transferred over time          | 606,343         | 628,477        | 101,487         | 95,865        | 31,291                        | 33,232        | 22,196         | 25,035        | 39,703              | 37,384        |
|                                                      | <b>609,239</b>  | <b>631,152</b> | <b>103,235</b>  | <b>98,244</b> | <b>31,291</b>                 | <b>33,232</b> | <b>22,235</b>  | <b>25,056</b> | <b>40,935</b>       | <b>37,505</b> |

\* Basics location of entity

# Notes to Consolidated Financial Statements

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

## Contract Balances

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

|                  | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|------------------|-------------------------|-------------------------|
| Unbilled Revenue | 17,072                  | 16,136                  |
| Deferred Revenue | 61,979                  | 70,783                  |

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

|                                                                                                       | For the year ended March 31, 2019 |                  |
|-------------------------------------------------------------------------------------------------------|-----------------------------------|------------------|
|                                                                                                       | Unbilled Revenue                  | Deferred Revenue |
| Revenue recognised that was included in the contract liability balance at the beginning of the period |                                   | 48,666           |
| Increases due to cash received, excluding amounts recognised as revenue during the period             |                                   | 39,862           |
| Transfers from contract assets recognised at the beginning of the period to receivables               | 16,136                            |                  |

## 26. Network operating expenses

|                                            | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--------------------------------------------|--------------------------------------|--------------------------------------|
| Passive infrastructure charges             | 98,667                               | 79,636                               |
| Power and fuel                             | 56,261                               | 69,082                               |
| Repair and maintenance                     | 36,419                               | 34,667                               |
| Internet, bandwidth and leasedline charges | 14,602                               | 9,932                                |
| Others*                                    | 17,951                               | 4,203                                |
|                                            | <b>223,900</b>                       | <b>197,520</b>                       |

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

## 27. Employee benefits expense

|                                                 | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-------------------------------------------------|--------------------------------------|--------------------------------------|
| Salaries                                        | 32,092                               | 33,666                               |
| Contribution to provident and other funds       | 2,004                                | 2,104                                |
| Staff welfare expenses                          | 1,723                                | 1,313                                |
| Defined benefit plan / other long term benefits | 835                                  | 1,212                                |
| Employee share-based payment expense            |                                      |                                      |
| - Equity-settled plans                          | 347                                  | 630                                  |
| - Cash-settled plans                            | 187                                  | (36)                                 |
| Others*                                         | 787                                  | 882                                  |
|                                                 | <b>37,975</b>                        | <b>39,771</b>                        |

\*It mainly includes recruitment and training expenses.

# Notes to Consolidated Financial Statements

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

## 27.1 Share based payment plans

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

| Scheme                                     | Plan                                             | Vesting period (years) | Contractual term (years) |
|--------------------------------------------|--------------------------------------------------|------------------------|--------------------------|
| <b>Equity settled Plans</b>                |                                                  |                        |                          |
| Scheme I                                   | 2006 Plan                                        | 1 - 5                  | 7                        |
| Scheme 2005                                | 2008 Plan & Annual Grant Plan (AGP)              | 1 - 3                  | 7                        |
| Scheme 2005                                | Performance Share Plan (PSP) 2009 Plan           | 3 - 4                  | 7                        |
| Scheme 2005                                | Special ESOP & Restricted Share Units (RSU) Plan | 1 - 5                  | 7                        |
| Infratel plan                              | Infratel 2008 Plan                               | 1 - 5                  | 7                        |
| Scheme 2005                                | Long Term Incentive (LTI) Plan                   | 1 - 3                  | 7                        |
| Infratel plan                              | Infratel LTI Plans                               | 1 - 3                  | 7                        |
| Airtel Payments Bank Limited ('APBL') Plan | APBL Plan                                        | 1 - 4                  | 8                        |
| <b>Cash settled Plans</b>                  |                                                  |                        |                          |
| Performance Unit Plan (PUP)                | PUP 2013 - PUP 2017                              | 1 - 5                  | 3 - 5                    |
| Infratel plan                              | PUP                                              | 1 - 3                  | 7                        |

The stock options vesting is 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 given in the table below:

|                                    | For the year ended March 31, 2019 |                                     | For the year ended March 31, 2018 |                                     |
|------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
|                                    | Number of share options ('000)    | Weighted average exercise price (₹) | Number of share options ('000)    | Weighted average exercise price (₹) |
| <b>2006 Plan</b>                   |                                   |                                     |                                   |                                     |
| Outstanding at beginning of year   | 115                               | 5.00                                | 205                               | 5.00                                |
| Granted                            | -                                 | -                                   | -                                 | -                                   |
| Exercised                          | (50)                              | 5.00                                | (90)                              | 5.00                                |
| Forfeited / expired                | -                                 | -                                   | -                                 | -                                   |
| Outstanding at end of year         | 65                                | 5.00                                | 115                               | 5.00                                |
| Exercisable at end of year         | 8                                 | 5.00                                | 2                                 | 5.00                                |
| <b>PSP 2009 Plan</b>               |                                   |                                     |                                   |                                     |
| Outstanding at beginning of year   | -                                 | -                                   | 6                                 | 5.00                                |
| Granted                            | -                                 | -                                   | -                                 | -                                   |
| Exercised                          | -                                 | -                                   | (3)                               | 5.00                                |
| Forfeited / expired                | -                                 | -                                   | (3)                               | 5.00                                |
| Outstanding at end of year         | -                                 | -                                   | -                                 | -                                   |
| Exercisable at end of year         | -                                 | -                                   | -                                 | 5.00                                |
| <b>Special ESOP &amp; RSU Plan</b> |                                   |                                     |                                   |                                     |
| Outstanding at beginning of year   | -                                 | -                                   | 34                                | 5.00                                |
| Granted                            | -                                 | -                                   | -                                 | -                                   |
| Exercised                          | -                                 | -                                   | (33)                              | 5.00                                |
| Forfeited / expired                | -                                 | -                                   | (1)                               | 5.00                                |
| Outstanding at end of year         | -                                 | -                                   | -                                 | -                                   |
| Exercisable at end of year         | -                                 | -                                   | -                                 | -                                   |
| <b>Infratel 2008 Plan</b>          |                                   |                                     |                                   |                                     |
| Outstanding at beginning of year   | 108                               | 109.67                              | 158                               | 109.67                              |
| Granted                            | -                                 | -                                   | -                                 | -                                   |
| Exercised                          | (49)                              | 109.67                              | (49)                              | 109.67                              |
| Forfeited / expired                | (1)                               | 109.67                              | (1)                               | 109.67                              |
| Outstanding at end of year         | 58                                | 109.67                              | 108                               | 109.67                              |
| Exercisable at end of year         | 58                                | 109.67                              | 108                               | 109.67                              |

# Notes to Consolidated Financial Statements

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

## 27.1 Share based payment plans (Contd..)

|                                          | For the year ended March 31, 2019 |                                     | For the year ended March 31, 2018 |                                     |
|------------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
|                                          | Number of share options ('000)    | Weighted average exercise price (₹) | Number of share options ('000)    | Weighted average exercise price (₹) |
| <b>LTI Plans</b>                         |                                   |                                     |                                   |                                     |
| Outstanding at beginning of year         | 2,977                             | 5.00                                | 2,002                             | 5.00                                |
| Granted                                  | 2,274                             | -                                   | 1,571                             | -                                   |
| Exercised                                | (877)                             | 5.00                                | (406)                             | 5.00                                |
| Forfeited / expired                      | (963)                             | 5.00                                | (189)                             | 5.00                                |
| Outstanding at end of year               | 3,412                             | 5.00                                | 2,977                             | 5.00                                |
| Exercisable at end of year               | 478                               | 5.00                                | 567                               | 5.00                                |
| <b>Infratel LTI plans</b>                |                                   |                                     |                                   |                                     |
| Outstanding at beginning of year         | 238                               | 10.00                               | 175                               | 10.00                               |
| Granted                                  | 158                               | 10.00                               | 115                               | 10.00                               |
| Exercised                                | (63)                              | 10.00                               | (36)                              | 10.00                               |
| Forfeited / expired                      | (38)                              | 10.00                               | (15)                              | 10.00                               |
| Outstanding at end of year               | 295                               | 10.00                               | 238                               | 10.00                               |
| Exercisable at end of year               | 48                                | 10.00                               | 31                                | 10.00                               |
| <b>Airtel Payment Bank Limited Plan*</b> |                                   |                                     |                                   |                                     |
| Outstanding at beginning of year         | -                                 | -                                   | -                                 | -                                   |
| Granted                                  | -                                 | -                                   | 14,063                            | -                                   |
| Exercised                                | -                                 | -                                   | -                                 | -                                   |
| Forfeited / expired                      | -                                 | -                                   | (3,359)                           | -                                   |
| Outstanding at end of year               | -                                 | -                                   | 10,704                            | -                                   |
| Exercisable at end of year               | -                                 | -                                   | -                                 | -                                   |
| <b>Performance Unit Plans</b>            |                                   |                                     |                                   |                                     |
| Outstanding at beginning of year         | 1,401                             | -                                   | 2,369                             | -                                   |
| Granted                                  | 670                               | -                                   | 690                               | -                                   |
| Exercised                                | (503)                             | -                                   | (1,336)                           | -                                   |
| Forfeited / expired                      | (280)                             | -                                   | (322)                             | -                                   |
| Outstanding at end of year               | 1,287                             | -                                   | 1,401                             | -                                   |
| Exercisable at end of year               | 23                                | -                                   | 23                                | -                                   |

\*The exercise period is 3 years from vesting date or 1 year from IPO listing (whichever is later). Eligible employees will be able to exercise the option at a price of 50% of fair market value (determined at the end of previous financial year) or ₹ 10 whichever, is higher. Employee can exercise the unexercised options within 3 months / 1 month from the date of retirement / resignation from the Group.

The fair value of options is measured using Black-Scholes / Binomial 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, 2019 | For the year ended March 31, 2018 |
|--------------------------|-----------------------------------|-----------------------------------|
| Risk free interest rates | 6.31% to 8.03%                    | 6.17% to 7.18%                    |
| Expected life            | 4 to 60 months                    | 10 to 96 months                   |
| Volatility               | 29.06% to 34.54%                  | 25.91% to 40%                     |
| Dividend yield           | 0.74% to 4.74%                    | 0.24% to 3.99%                    |

The expected life of the stock options is based on the Group'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.

For details as to exercise price, refer table above.

# Notes to Consolidated Financial Statements

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

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, 2019   | March 31, 2018   |
|----------------------------------------------------------------------|------------------|------------------|
| Remaining contractual life for the options outstanding as of (years) | 0.35 to 8.44     | 0.35 to 8.44     |
| Fair value for the options granted during the year ended (₹)         | 258.29 to 409.73 | 4.36 to 409.76   |
| Share price for the options exercised during the year ended (₹)      | 188.62 to 598.01 | 367.14 to 457.41 |

The carrying value of cash settled plans liability is ₹ 227 and ₹ 235 as of March 31, 2019 and March 31, 2018 respectively.

## 27.2 Employee benefits

The details of significant employee benefits are as follows:

|                                                  | For the year ended March 31, 2019 |                     | For the year ended March 31, 2018 |                     |
|--------------------------------------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
|                                                  | Retirement benefits               | Compensated absence | Retirement benefits               | Compensated absence |
| <b>Obligation:</b>                               |                                   |                     |                                   |                     |
| Balance as at beginning of the year              | 3,272                             | 1,424               | 2,886                             | 1,441               |
| Current service cost                             | 453                               | 266                 | 825                               | 286                 |
| Interest cost                                    | 281                               | 120                 | 239                               | 112                 |
| Benefits paid                                    | (608)                             | (266)               | (424)                             | (169)               |
| Transfers                                        | (45)                              | (5)                 | 5                                 | 2                   |
| Remeasurements                                   | (42)                              | (286)               | (259)                             | (248)               |
| <b>Present value of funded obligation</b>        | <b>3,311</b>                      | <b>1,253</b>        | <b>3,272</b>                      | <b>1,424</b>        |
| <b>Assets:</b>                                   |                                   |                     |                                   |                     |
| Balance as at beginning of year                  | 16                                | -                   | 46                                | -                   |
| Interest income                                  | 1                                 | -                   | 3                                 | -                   |
| Benefits paid                                    | (12)                              | -                   | (32)                              | -                   |
| Remeasurements                                   | (1)                               | -                   | (1)                               | -                   |
| <b>Fair value of plan assets</b>                 | <b>4</b>                          | <b>-</b>            | <b>16</b>                         | <b>-</b>            |
| <b>Liability recognised in the balance sheet</b> | <b>3,307</b>                      | <b>1,253</b>        | <b>3,256</b>                      | <b>1,424</b>        |
| Current portion                                  | 696                               | 1,253               | 782                               | 1,424               |
| Non-current portion                              | 2,611                             | -                   | 2,474                             | -                   |

The expected contribution for the year ended March 31, 2019 and 2018 for Gratuity plan is ₹ 693 and ₹ 588 respectively.

## Amount recognised in other comprehensive income for the above plans

|                                                  | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--------------------------------------------------|-----------------------------------|-----------------------------------|
| Experience losses                                | (43)                              | (6)                               |
| Gains from change in demographic assumptions     | (13)                              | 22                                |
| Losses from change in financial assumptions      | 14                                | (275)                             |
| <b>Remeasurements on Liability</b>               | <b>(42)</b>                       | <b>(259)</b>                      |
| Return on plan assets, excluding interest income | (1)                               | (1)                               |
| Remeasurements on plan assets                    | (1)                               | (1)                               |
| <b>Net remeasurements recognised in OCI</b>      | <b>(41)</b>                       | <b>(258)</b>                      |

The above mentioned plan assets are entirely represented by funds invested with LIC.

# Notes to Consolidated Financial Statements

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

**Due to its defined benefit plans, the Group is exposed to the following significant risks:**

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

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

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

|                               | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-------------------------------|-------------------------|-------------------------|
| Discount rate                 | 9.08%                   | 9.18%                   |
| Rate of return on plan assets | 3.83%                   | 3.93%                   |
| Rate of salary increase       | 5.60%                   | 7.13%                   |
| Rate of attrition             | 7.49%- 27%              | 6.74%-24%               |
| Retirement age                | 58                      | 58                      |

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

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

|                    | Change in<br>assumption | As of March 31, 2019   |                        | As of March 31, 2018   |                        |
|--------------------|-------------------------|------------------------|------------------------|------------------------|------------------------|
|                    |                         | Retirement<br>benefits | Compensated<br>absence | Retirement<br>benefits | Compensated<br>absence |
| Discount Rate      | +1%                     | 1,288                  | 527                    | 1,008                  | 503                    |
|                    | -1%                     | 1,618                  | 663                    | 1,363                  | 694                    |
| Salary Growth Rate | +1%                     | 1,610                  | 658                    | 1,347                  | 670                    |
|                    | -1%                     | 1,276                  | 531                    | 994                    | 509                    |

The above sensitivity analysis is determined based on a method that extrapolates the impact on the net defined benefit obligations, as a result of reasonable possible changes in the significant actuarial assumptions. Further, the above sensitivity analysis is based on a reasonably possible change in a particular 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 table below summarises the maturity profile and duration of the gratuity liability:

|                         | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|-------------------------|-------------------------|-------------------------|
| Within one year         | 700                     | 773                     |
| Within one-three years  | 609                     | 813                     |
| Within three-five years | 575                     | 606                     |
| above five years        | 1,427                   | 1,081                   |
|                         | <b>3,311</b>            | <b>3,273</b>            |

## 28. Sales and marketing expenses

|                                   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-----------------------------------|--------------------------------------|--------------------------------------|
| Sales commission and distribution | 25,811                               | 29,943                               |
| Advertisement and marketing       | 10,856                               | 10,682                               |
| Business promotion                | 2,479                                | 2,587                                |
| Other ancillary expenses          | 2,131                                | 2,063                                |
|                                   | <b>41,277</b>                        | <b>45,275</b>                        |



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

## 29. Depreciation and amortisation

|              | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--------------|--------------------------------------|--------------------------------------|
| Depreciation | 148,632                              | 132,963                              |
| Amortisation | 64,843                               | 59,468                               |
|              | <b>213,475</b>                       | <b>192,431</b>                       |

## 30. Other expenses

|                                                                                  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Content cost                                                                     | 24,646                               | 21,067                               |
| Cost of good sold                                                                | 10,855                               | 9,994                                |
| IT expenses                                                                      | 4,337                                | 7,771                                |
| Customer care expenses                                                           | 5,878                                | 6,797                                |
| Legal and professional fees                                                      | 4,794                                | 5,072                                |
| Provision for doubtful debts                                                     | (14,097)                             | 9,007                                |
| Collection and recovery expenses                                                 | 2,836                                | 3,607                                |
| Travelling and conveyance                                                        | 2,236                                | 2,113                                |
| Bad debts written off                                                            | 24,353                               | 1,156                                |
| Charity and donation                                                             | 1,292                                | 874                                  |
| (Reversal of earlier provision) / provision for diminution in value of inventory | (163)                                | (282)                                |
| Others*                                                                          | 16,547                               | 9,851                                |
|                                                                                  | <b>83,514</b>                        | <b>77,027</b>                        |

\*It includes rent, printing and stationary, security, repair and maintenance expenses etc. Further, it includes political contributions amounting to ₹ 542 and ₹ 330 made under Section 182 of the Companies Act, 2013 during the year ended March 31, 2019 and 2018 respectively

## 31. Finance costs and income

|                                                                  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Finance costs</b>                                             |                                      |                                      |
| Interest expense                                                 | 90,566                               | 64,692                               |
| Net loss on derivative financial instruments                     | -                                    | 8,506                                |
| Net loss on FVTPL investments*                                   | -                                    | 1,416                                |
| Net exchange loss                                                | 5,973                                | 1,882                                |
| Net fair value loss on financial instruments (fair value hedges) | 3,912                                | -                                    |
| Other finance charges#                                           | 9,683                                | 16,759                               |
|                                                                  | <b>110,134</b>                       | <b>93,255</b>                        |
| <b>Finance income</b>                                            |                                      |                                      |
| Dividend from mutual funds                                       | 231                                  | 367                                  |
| Interest income®                                                 | 5,025                                | 6,150                                |
| Net gains on FVTPL investments*                                  | 3,394                                | -                                    |
| Net fair value gain on financial instruments (fair value hedges) | -                                    | 6,023                                |
| Net gain on derivative financial instruments                     | 5,590                                | -                                    |
|                                                                  | <b>14,240</b>                        | <b>12,540</b>                        |

\*Net gains / loss on fair value changes on FVTPL investments includes gains / loss of ₹ 1,804 and ₹ 1,709 pertaining to investments sold during the year ended March 31, 2019 and 2018 respectively.

®It includes bank charges, trade finance charges, charges relating to derivative instruments and interest charges towards subjudice matters. Further, it includes ₹ 152 and ₹ 143 for the years ended March 31, 2019 and 2018 respectively, towards unwinding of discount on other financial liabilities (carried at amortised cost).

®It includes ₹ 41 and ₹ 43 towards unwinding of discount on security deposits (carried at amortised cost) and ₹ 407 and ₹ 415 from investment measured at FVTOCI for the years ended March 31, 2019 and 2018 respectively.

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## 32. Exceptional items

Exceptional items comprise of the following:

### (i) For the year ended March 31, 2019:

- Charge of ₹ 6,399 mainly towards operating costs on network re-farming and up-gradation program
- Credit of ₹ 28,568 due to re-assessment of levies, based on a recent pronouncement related to the manner of determination of such levies and settlement of litigations
- Charge of ₹ 1,368 mainly towards net integration related cost / reversal pertaining to the business combination
- Charge of ₹ 248 related to the early redemption of the USD 1,500 Mn 5.125% Guaranteed Senior Notes due in March 2023 (refer note 5 (e)).
- Credit of ₹ 8,735 Mn due to de-consolidation of APBL (refer note 5 (f)).

### (ii) For the year ended March 31, 2018:

- Charge of ₹ 4,372 mainly towards operating costs on network re-farming and up-gradation program
- Net charge of ₹ 3,457 relating to the translation impact in Nigeria due to transition from the administered to market based exchange rate given the underlying economic changes and other developments
- Provision of ₹ 1,094 taken against one major delinquent receivable
- Charge of ₹ 3,535 due to levies and taxes pertaining to internal restructuring and litigation related assessment
- Gain of ₹ 4,527 mainly pertaining to one of the earlier divestments

Tax expenses include:

- Net benefit of ₹ 9,579 and ₹ 2,305 during the year ended March 31, 2019 and 2018 respectively on above exceptional items
- Net charge of ₹ 407 and benefit of ₹ 1,779 on account of re-assessment of tax provisions for the year ended March 31, 2019 and 2018 respectively on above exceptional items.

The net impact for non-controlling interests is charge of ₹ 579 and benefit of ₹ 878 during the year ended March 31, 2019 and 2018 respectively, relating to the above exceptional items.

## 33. Earnings per share ('EPS')

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

|                                                            | As of<br>March 31, 2019<br>In thousands | As of<br>March 31, 2018<br>In thousands |
|------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Weighted average shares outstanding for basic EPS          | 3,995,772                               | 3,996,067                               |
| Effect of dilution due to employee share options           | 2,044                                   | 1,721                                   |
| <b>Weighted average shares outstanding for diluted EPS</b> | <b>3,997,816</b>                        | <b>3,997,788</b>                        |

Profit attributable to equity holders for basic and diluted EPS is ₹ 4,095 and ₹ 10,990 for the year ended March 31, 2019 and 2018 respectively.

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

## 34. Segment reporting

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

The amounts reported to CODM are based on the accounting principles used in the preparation of financial statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before exceptional items and tax but including share of result of joint ventures and associates. Accordingly, finance costs / income, non-operating (income) / expenses and exceptional items are not allocated to individual segment.

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

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily includes receivables, property, plant and equipment, capital work-in-progress, intangibles assets, intangible assets under development, non-current investments, inventories and cash and cash equivalents. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises of additions to PPE, CWIP, intangible assets, intangible assets under development and capital advances.

The reporting segments of the Group are as below:

**Mobile Services India:** 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.

**Mobile Services Africa:** These services cover provision of voice and data telecom services provided through wireless technology (2G / 3G / 4G) offered to customers in Africa. This also includes corporate headquarter costs of the Group's Africa operations.

**Mobile Services South Asia:** These services cover voice and data telecom services provided through wireless technology (2G / 3G) in Sri Lanka and Bangladesh.

**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.

**Tower Infrastructure Services:** These services include setting up, operating and maintaining wireless communication towers in India.

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

**Digital TV Services:** This includes digital broadcasting services provided under the direct-to-home platform.

**Others:** It includes certain other strategic investment in joint venture/associates, and administrative support services provided to other segments.

**Unallocated:** It includes expenses / results, assets and liabilities primarily of corporate headquarters of the Group, non-current investment, current taxes, deferred taxes, borrowings and certain financial assets and liabilities, not allocated to the operating segments.

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

Summary of the segmental information for the year ended and as of March 31, 2019 is as follows:

|                                                                                 | Mobile<br>Services<br>India | Mobile<br>Services<br>Africa | Mobile<br>Services<br>South Asia | Airtel<br>Business | Tower<br>Infrastructure<br>Services | Homes<br>Services | Digital TV<br>Services | Others#      | U |
|---------------------------------------------------------------------------------|-----------------------------|------------------------------|----------------------------------|--------------------|-------------------------------------|-------------------|------------------------|--------------|---|
| Revenue from external customers                                                 | 394,707                     | 210,333                      | 4,199                            | 103,235            | 32,047                              | 22,235            | 40,935                 | 867          |   |
| Inter-segment revenue                                                           | 20,833                      | 4,695                        | 237                              | 21,302             | 36,138                              | 156               | 66                     | 296          |   |
| <b>Total revenue</b>                                                            | <b>415,540</b>              | <b>215,028</b>               | <b>4,436</b>                     | <b>124,537</b>     | <b>68,185</b>                       | <b>22,391</b>     | <b>41,001</b>          | <b>1,163</b> |   |
| Share of results of joint ventures and associates#                              | 4                           | (7)                          | -                                | -                  | 10,172                              | 3                 | -                      | (5,324)      |   |
| Segment results                                                                 | (57,507)                    | 52,100                       | (1,069)                          | 27,466             | 31,429                              | 3,333             | 7,410                  | (7,228)      |   |
| <b>Less:</b>                                                                    |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Finance costs                                                                   |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Finance income                                                                  |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Non-operating expenses (net)                                                    |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Exceptional items (net)<br>(refer note 32)                                      |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| <b>Loss before tax</b>                                                          |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| <b>Other segment items</b>                                                      |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Capital expenditure                                                             | 235,770                     | 50,846                       | 1,228                            | 18,986             | 9,107                               | 8,931             | 8,791                  | 41           |   |
| Depreciation and amortisation                                                   | 150,991                     | 31,234                       | 1,196                            | 13,014             | 10,658                              | 7,453             | 8,275                  | 50           |   |
| <b>As of March 31, 2019</b>                                                     |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Segment assets                                                                  | 1,700,637                   | 570,021                      | 6,774                            | 149,445            | 169,693                             | 45,889            | 31,234                 | 37,927       |   |
| Segment liabilities                                                             | 408,088                     | 110,986                      | 2,515                            | 87,225             | 22,303                              | 21,729            | 35,423                 | 2,181        |   |
| Investment in joint ventures and associates (included in segment assets above)# | 66                          | 230                          | -                                | -                  | 52,479                              | 3                 | -                      | 36,159       |   |

#Refer Note 5(f)

# Notes to Consolidated Financial Statements

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

Summary of the segmental information for the year ended and as of March 31, 2018 is as follows:

|                                                                                | Mobile<br>Services<br>India | Mobile<br>Services<br>Africa | Mobile<br>Services<br>South Asia | Airtel<br>Business | Tower<br>Infrastructure<br>Services | Homes<br>Services | Digital TV<br>Services | Others       | U |
|--------------------------------------------------------------------------------|-----------------------------|------------------------------|----------------------------------|--------------------|-------------------------------------|-------------------|------------------------|--------------|---|
| Revenue from external customers                                                | 441,295                     | 186,074                      | 3,783                            | 98,244             | 33,221                              | 25,056            | 37,505                 | 1,199        |   |
| Inter-segment revenue                                                          | 21,344                      | 4,999                        | 262                              | 15,322             | 33,063                              | 209               | 65                     | 2,810        |   |
| <b>Total revenue</b>                                                           | <b>462,639</b>              | <b>191,073</b>               | <b>4,045</b>                     | <b>113,566</b>     | <b>66,284</b>                       | <b>25,265</b>     | <b>37,570</b>          | <b>4,009</b> |   |
| Share of results of joint ventures and associates                              | 6                           | 205                          | -                                | -                  | 13,025                              | 3                 | -                      | (1,421)      |   |
| Segment results                                                                | 20,835                      | 35,884                       | (1,268)                          | 31,029             | 33,477                              | 4,720             | 5,306                  | (4,097)      |   |
| <b>Less:</b>                                                                   |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Finance costs                                                                  |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Finance income                                                                 |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Non-operating expenses, (net)                                                  |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Exceptional items (refer note 32)                                              |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| <b>Profit before tax</b>                                                       |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| <b>Other segment items</b>                                                     |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Capital expenditure                                                            | 198,280                     | 28,366                       | 2,066                            | 14,263             | 11,307                              | 11,129            | 10,277                 | 267          |   |
| Depreciation and amortisation                                                  | 129,545                     | 30,480                       | 1,276                            | 11,372             | 11,801                              | 7,057             | 8,915                  | 55           |   |
| <b>As of March 31, 2018</b>                                                    |                             |                              |                                  |                    |                                     |                   |                        |              |   |
| Segment assets                                                                 | 1,515,169                   | 508,049                      | 6,839                            | 154,920            | 199,273                             | 44,251            | 26,120                 | 39,261       |   |
| Segment liabilities                                                            | 317,043                     | 115,039                      | 2,622                            | 76,378             | 22,400                              | 19,866            | 33,964                 | 8,328        |   |
| Investment in joint ventures and associates (included in segment assets above) | 57                          | 226                          | -                                | -                  | 58,110                              | 3                 | -                      | 28,443       |   |

\*Effective April 1, 2017, individual segments exclude inter-segment balances and allocated borrowings. This has no impact on total assets and liabilities.

# Notes to Consolidated Financial Statements

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

## Geographical information\*

### (a) Revenue from external customers:

|        | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--------|--------------------------------------|--------------------------------------|
| India  | 573,002                              | 619,000                              |
| Africa | 210,333                              | 186,074                              |
| Others | 24,467                               | 21,314                               |
|        | <b>807,802</b>                       | <b>826,388</b>                       |

### (b) Non-current assets

|        | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|--------|-------------------------|-------------------------|
| India  | 1,608,049               | 1,503,452               |
| Africa | 470,490                 | 448,314                 |
| Others | 27,057                  | 18,897                  |
|        | <b>2,105,596</b>        | <b>1,970,663</b>        |

\*Basis location of entity

Non-current operating assets for this purpose consist of PPE, CWIP, intangible assets, intangible assets under development, capital advances and goodwill.

## 35. Related party disclosures

### (a) List of related parties

#### i. Ultimate controlling entity (w.e.f. November 3, 2017)

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.

#### ii. Entity having control over the Company (w.e.f. November 3, 2017)\*

Bharti Telecom Limited

\*significant influence until November 2, 2017

#### iii. For list of subsidiaries, joint venture and associates refer note no. 39.

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

##### - Entities having significant influence over the Company

Pastel Limited

Singapore Telecommunications Limited

##### - Fellow companies (subsidiaries / joint ventures / associates other than that of the Company)

#### a) Subsidiaries

Bharti Axa General Insurance Company Limited

Bharti Axa Life Insurance Company Limited

Bharti Enterprises Limited

Bharti Insurance Holdings Private Limited (Merged with Bharti Airtel Enterprises (holdings) Pvt. Ltd. w.e.f. 18th Oct, 2018)

Cedar support Services Limited (Merged with Bharti Airtel Enterprises (holdings) Pvt. Ltd. w.e.f. 18th Oct, 2018)

# Notes to Consolidated **Financial Statements**

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

## **b) Associates**

Bharti General Ventures Private Limited

Bharti Life Ventures Private Limited

## **- Others related parties\***

### **a) Entities where Key Management Personnel and their relatives exercise significant influence**

Bharti Airtel Employees Welfare Trust

Bharti Foundation

Hike Private Limited (formerly known as Hike Limited)

### **b) Others**

Bharti Land Limited

Bharti Realty Holdings Limited

Bharti Realty Limited

Bharti Support Services Private Limited (Merged with Bharti Airtel Enterprises (Holdings) Private Limited w.e.f. 18th Oct, 2018)

Brightstar Telecommunication India Limited

Centum Learning Limited

Centum Work skills India Limited

Deber Technologies Private Limited

Fieldfresh Foods Private Limited

Gourmet Investments Private Limited

Indian Continent Investment Limited

Jersey Airtel Limited

Nile Tech Limited

Oak Infrastructure Developers 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.

## **v. Key Management Personnel ('KMP')**

Sunil Bharti Mittal

Gopal Vittal

Raghunath Mandava

# Notes to Consolidated Financial Statements

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

In the ordinary course of business, there are certain transactions among the group entities. However, the intra-group transactions and balances, and the income and expenses arising from such transactions, are eliminated on consolidation. The significant transactions with balance related parties for the years ended March 31, 2019 and 2018 respectively, are described below:

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

| Relationship                              | For the year ended March 31, 2019 |            |                |           | For the year ended March 31, 2018 |            |                |           |
|-------------------------------------------|-----------------------------------|------------|----------------|-----------|-----------------------------------|------------|----------------|-----------|
|                                           | Significant influence entities    | Associates | Joint ventures | ORP / FC* | Significant influence entities    | Associates | Joint ventures | ORP / FC* |
| Purchase of assets                        | -                                 | -          | (334)          | (856)     | -                                 | -          | -              | (2,761)   |
| Sale / rendering of services              | 983                               | 105        | 121            | 153       | 1,022                             | -          | 44             | 343       |
| Purchase of goods / receiving of services | (596)                             | (287)      | (43,647)       | (2,985)   | (217)                             | (50)       | (39,977)       | (3,504)   |
| Reimbursement of energy expenses          | -                                 | -          | (24,764)       | (1)       | -                                 | -          | (26,869)       | -         |
| Dividend paid                             | (13,013)                          | -          | -              | (414)     | (9,777)                           | -          | -              | (496)     |
| Dividend received                         | -                                 | -          | (11,261)       | -         | -                                 | -          | 10,010         | -         |

\*Other related parties / fellow companies

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

|                             | Significant influence entities | Associates | Joint ventures | ORP / FC* |
|-----------------------------|--------------------------------|------------|----------------|-----------|
| <b>As of March 31, 2019</b> |                                |            |                |           |
| Trade payables              | (219)                          | (71)       | (21,566)       | (227)     |
| Trade receivables           | -                              | 406        | -              | 54        |
| Security deposit            | 2                              | -          | 4,604          | 1,214     |
| <b>As of March 31, 2018</b> |                                |            |                |           |
| Trade payables              | (117)                          | (31)       | (11,193)       | (139)     |
| Trade receivables           | -                              | -          | -              | 102       |
| Security deposit            | -                              | -          | 3,934          | 1,070     |

\*Other related parties / fellow companies

- (1) Outstanding balances at period end are un-secured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.
- (2) In addition to the above, ₹ 544 and ₹ 410 donation has been given to Bharti Foundation during the year ended March 31, 2019 and 2018 respectively.

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

|                                       | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Short-term employee benefits          | 339                               | 317                               |
| Performance linked incentive ('PLI')# | 211                               | 160                               |
| Post-employment benefits              | 28                                | 28                                |
| Share-based payment                   | 55                                | 62                                |
|                                       | <b>633</b>                        | <b>567</b>                        |

#Value of PLI considered above represents incentive at 100% performance level. However, same will be paid on the basis of actual performance parameters in next year. Additional provision of ₹ Nil and ₹ 21 has been recorded in the books towards PLI for the year ended March 31, 2019 and 2018 respectively. During the year ended March 31, 2019, PLI of ₹ 188 (March 31, 2018: ₹ 164) pertaining to previous year has been paid.



# Notes to Consolidated Financial Statements

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

In addition to above, ₹ 1,888 thousand and ₹ 1,122 thousand for the year ended March 31, 2019 and 2018 respectively have been paid as dividend to key management personnel.

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.

## 36. Financial and Capital risk

### 1. Financial risk

The business activities of the Group 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 Group'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 Group uses certain derivative financial instruments to mitigate some of these risk exposures (as discussed below in this note).

The financial risk management for the Group is driven by the Group's senior management ('GSM'), in close co-ordination with the operating entities and internal / external experts subject to necessary supervision. The Group does not undertake any speculative transactions either through derivatives or otherwise. The GSM are accountable to the Board of Directors and Audit Committee. They ensure that the Group'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.

The Group policy requires for material items to be established under effective hedge relationships by ensuring that the critical terms of the hedging instruments match with the terms of the hedged item so as maintain the hedge ratio to be 1:1. The Group uses prospective effectiveness assessment (dollar offset / hypothetical derivative method) to ensure that an economic relationship exists between the hedged item and hedging instrument.

#### (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 transacting group entity. The Group, through its parent entity, several intermediary entities and subsidiaries; operates across multiple geographies in the Africa and Asia continent. Accordingly, the Group is exposed to translation risk on the net investment in foreign subsidiaries. The Group has foreign currency trade payables, receivables and borrowings (internal as well as external). However, foreign exchange exposure mainly arises from borrowings and trade payables denominated in foreign currencies and certain net investment in foreign currency. Consequently, the Group is mainly exposed to foreign exchange risks related to USD / Euro vis-à-vis the functional currencies and the translation risk related to USD to INR and USD to XAF-XOF (pegged to Euro).

The foreign exchange risk management policy of the Group requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency. Moreover, the Group 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 20. Further, for the details as to the fair value of various outstanding derivative financial instruments designated in a hedge relationship or otherwise refer note 11.

As per the Group's hedging policy certain foreign currency liability, highly probable forecast transactions and material net investment of the Group in foreign subsidiaries have been designated under cash flow hedge and net investment hedge respectively. The following table analyses the movement in the cash flow hedge reserve / net investment hedging in FCTR due to said hedges and details thereto.

# Notes to Consolidated Financial Statements

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

## a) Cash flow hedge

|                                                        | March 31, 2019   |                 | March 31, 2018   |                 |
|--------------------------------------------------------|------------------|-----------------|------------------|-----------------|
| Currency exchange risk hedged                          | Euro to USD      | CHF to USD      | Euro to USD      | CHF to USD      |
| Nominal amount of hedging instruments                  | Euro 870 Mn      | CHF 350 Mn      | Euro 870 Mn      | CHF 350 Mn      |
| Maturity date                                          | December 2018    | March 2020      | December 2018    | March 2020      |
| Weighted average forward price                         | 1 Euro: 1.12 USD | 1 CHF: 1.12 USD | 1 Euro: 1.12 USD | 1 CHF: 1.12 USD |
| Carrying value of derivative instruments (assets)      | -                | -               | 7,377            | 399             |
| Carrying value of derivative instruments (liabilities) | -                | 1,806           | -                | 60              |
| Change in fair value during the year                   |                  |                 |                  |                 |
| Hedged item                                            | 7,377            | 2,173           | (6,928)          | (677)           |
| Hedging instrument                                     | (7,377)          | (2,173)         | 6,928            | 677             |
| CFHR for continuing Hedge                              | -                | 138             | 410              | 533             |
| Hedging (loss) / gain recognised during the year       | (7,377)          | (2,173)         | 6,928            | 677             |
| Gain / (loss) reclassification during the year to P&L  | 6,968            | 1,778           | (6,732)          | (62)            |

## b) Net investment hedge

|                                                                      | March 31, 2019 |                           | March 31, 2018 |                           |
|----------------------------------------------------------------------|----------------|---------------------------|----------------|---------------------------|
| Currency exchange risk hedged                                        | Euro to USD    | USD to INR                | Euro to USD    | USD to INR                |
| Nominal amount of hedging instruments                                | Euro 365 Mn    | USD 1405 Mn               | Euro 460 Mn    | USD 1453 Mn               |
| Carrying value of hedging instruments (borrowings)                   | 28,335         | 97,163                    | 36,870         | 94,721                    |
| Maturity date                                                        | May 2021       | June 2025 - February 2028 | May 2021       | June 2025 - February 2028 |
| Change in fair value during the year                                 |                |                           |                |                           |
| Hedged item                                                          | (3,101)        | 4,855                     | 4,231          | 3,793                     |
| Hedging instrument                                                   | 3,101          | (4,855)                   | (4,231)        | (3,793)                   |
| FCTR (loss) / gain for continuing hedge (net of tax and NCI)         | (2,153)        | (16,707)                  | (5,109)        | (15,869)                  |
| Hedging gain/ (loss) recognised during the year                      | 3,101          | (4,855)                   | (4,231)        | (3,793)                   |
| Loss reclassification during the year to P&L under exceptional items | -              | -                         | -              | -                         |

## 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) |
|------------------------------------------|----------------------------------|-----------------------------|------------------------|
| <b>For the year ended March 31, 2019</b> |                                  |                             |                        |
| US Dollar                                | +5%                              | (10,269)                    | (9,109)                |
|                                          | -5%                              | 10,269                      | 9,109                  |
| Euro                                     | +5%                              | (2,368)                     | (1,590)                |
|                                          | -5%                              | 2,368                       | 1,590                  |
| Others                                   | +5%                              | (905)                       | -                      |
|                                          | -5%                              | 905                         | -                      |
| <b>For the year ended March 31, 2018</b> |                                  |                             |                        |
| US Dollar                                | +5%                              | (8,823)                     | (8,796)                |
|                                          | -5%                              | 8,823                       | 8,796                  |
| Euro                                     | +5%                              | (1,712)                     | (1,844)                |
|                                          | -5%                              | 1,712                       | 1,844                  |
| Others                                   | +5%                              | 1                           | -                      |
|                                          | -5%                              | (1)                         | -                      |

# Notes to Consolidated Financial Statements

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

The sensitivity disclosed in the above table is mainly attributable to, in case of to foreign exchange gains / (losses) on translation of USD / Euro / CHF denominated borrowings, derivative financial instruments, trade and other 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 Group's Management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

## (ii) Interest rate risk

As the Group 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 Group's interest rate risk arises mainly from borrowings.

### Borrowings

Borrowings with floating and fixed interest rates expose the Group to cash flow and fair value interest rate risk respectively. However, the short-term borrowings of the Group 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 GSM in a manner which enables the Group to achieve an optimum debt-mix basis its overall objectives and future market expectations.

The Group 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.

The Group has designated the interest rate components (which is separately identifiable from other components) of certain fixed interest rate bonds under the hedge relationship since historically it accounts for substantial portions of the total fair value change of the bonds.

The following table analyses the financial impact of fair value hedge and details thereto.

|                                                                         | March 31, 2019            |      | March 31, 2018            |       |
|-------------------------------------------------------------------------|---------------------------|------|---------------------------|-------|
| Interest rate risk covered for currency                                 | USD                       | Euro | USD                       | Euro  |
| Nominal amount of Hedging instruments                                   | USD 2200 Mn               | -    | USD 2900 Mn               | -     |
| Carrying value of hedging instruments (derivative assets)               | 1,468                     | -    | 19                        | -     |
| Carrying value of hedging instruments (derivative liabilities)          | 476                       | -    | 4,258                     | -     |
| Maturity date                                                           | March 2023<br>- June 2025 | -    | March 2023<br>- June 2025 | -     |
| Carrying value of hedged item (borrowings)                              | 152,141                   | -    | 189,008                   | -     |
| Change in fair value during the year                                    |                           |      |                           |       |
| Hedged item                                                             | (5,055)                   | -    | 5,802                     | -     |
| Hedging instrument                                                      | 5,338                     | -    | (5,025)                   | -     |
| Hedge ineffectiveness recognised in finance income/cost during the year | 283                       | -    | 777                       | -     |
| Cumulative change in fair value of hedged item                          | 943                       | -    | 6,366                     | -     |
| Unamortised portion of fair value hedge adjustment                      | 735                       | -    | -                         | (175) |

# Notes to Consolidated Financial Statements

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

## 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 |
|------------------------------------------|------------------------------------|-----------------------------|
| <b>For the year ended March 31, 2019</b> |                                    |                             |
| INR - borrowings                         | +100                               | (2,021)                     |
|                                          | -100                               | 2,021                       |
| USD - borrowings                         | +25                                | (306)                       |
|                                          | -25                                | 306                         |
| Euro - borrowings                        | +25                                | (34)                        |
|                                          | -25                                | 34                          |
| Other currency - borrowings              | +100                               | (219)                       |
|                                          | -100                               | 219                         |
| <b>For the year ended March 31, 2018</b> |                                    |                             |
| INR - borrowings                         | +100                               | (1,063)                     |
|                                          | -100                               | 1,063                       |
| USD - borrowings                         | +25                                | (654)                       |
|                                          | -25                                | 654                         |
| Other currency - borrowings              | +100                               | (42)                        |
|                                          | -100                               | 42                          |

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 Group's borrowings in INR, USD, Euro and NGN (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 Group's management has concluded that the above mentioned rates used for sensitivity are reasonable benchmarks.

## (iii) Price risk

The Group invests its surplus funds in various fixed income products, including but not limited to debt mutual funds, short term debt funds, corporate debt, government securities and fixed deposits. In order to manage its price risk arising from investments, the Group diversifies its portfolio in accordance with the limits set by the risk management policies. The Group has exposure across debt securities, mutual fund and money market instruments.

Debt investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of money market instruments and the underlying portfolio in liquid schemes, these do not pose any significant price risk. On the duration investment balance, an increase / decrease of 25 basis points in market yields (parallel shift of the yield curves), will result in decrease / increase in the marked to market value of the investments by ₹ 147 and ₹ 176 as on March 31, 2019 and March 31, 2018 respectively.

## (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 Group to potential financial losses.

The Group 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 Consolidated Financial Statements

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

## Trade receivables

The Trade receivables of the Group are typically non-interest bearing unsecured 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 Group, 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 Group'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 Group to its customers generally ranges from 14-30 days except Airtel business segment wherein it ranges from 7-90 days.

The Group uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer note 16 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 270 days past due incase of interconnet debtors in Africa Mobile Segment and 90 days past due in all other cases.

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, 2019 | 12,548                        | 12,109                    | 6,765         | 5,183         | 6,401         | 43,006 |
| March 31, 2018 | 21,182                        | 17,294                    | 7,835         | 6,201         | 6,318         | 58,830 |

The Group 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 Group 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 Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit and loss.

## Financial instruments and cash deposits

The Group's treasury, in accordance with the board approved policy, maintains its cash and cash equivalents, deposits and investment in mutual funds & debt securities, and enters into derivative financial instruments - with banks, financial and other institutions, having good reputation and past track record, and high / sovereign credit rating. Similarly, counter-parties of the Group's other receivables carry either no or very minimal credit risk. Further, the Group 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 Group will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Group 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 GSM 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 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 20.

# Notes to Consolidated Financial Statements

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

Based on past performance and current expectations, the Group 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 Group's financial liabilities based on contractual undiscounted payments:-

|                                                      | As of March 31, 2019 |               |                    |                |                |                  | Total            |
|------------------------------------------------------|----------------------|---------------|--------------------|----------------|----------------|------------------|------------------|
|                                                      | Carrying amount      | On Demand     | Less than 6 months | 6 to 12 months | 1 to 2 years   | > 2 years        |                  |
| Interest bearing borrowings*#                        | 1,287,702            | 24,802        | 309,374            | 158,297        | 207,658        | 1,104,386        | 1,804,517        |
| Other financial liabilities#                         | 188,518              | 2,622         | 114,247            | 10,649         | 9,804          | 51,196           | 188,518          |
| Trade payables                                       | 280,031              | -             | 280,031            | -              | -              | -                | 280,031          |
| <b>Financial liabilities (excluding derivatives)</b> | <b>1,756,251</b>     | <b>27,424</b> | <b>703,652</b>     | <b>168,946</b> | <b>217,462</b> | <b>1,155,582</b> | <b>2,273,066</b> |
| Derivative assets                                    | 3,531                | -             | 50                 | 39             | 4              | 3,438            | 3,531            |
| Derivative liabilities                               | (13,568)             | -             | (10,651)           | (2,112)        | (149)          | (656)            | (13,568)         |
| <b>Net derivatives</b>                               | <b>(10,037)</b>      | <b>-</b>      | <b>(10,601)</b>    | <b>(2,073)</b> | <b>(145)</b>   | <b>2,782</b>     | <b>(10,037)</b>  |

|                                                      | As of March 31, 2018 |               |                    |                |                |                  | Total            |
|------------------------------------------------------|----------------------|---------------|--------------------|----------------|----------------|------------------|------------------|
|                                                      | Carrying amount      | On Demand     | Less than 6 months | 6 to 12 months | 1 to 2 years   | > 2 years        |                  |
| Interest bearing borrowings*#                        | 1,141,676            | 19,419        | 152,197            | 176,076        | 126,576        | 1,231,162        | 1,705,430        |
| Other financial liabilities#                         | 156,811              | 4,874         | 108,656            | -              | 161            | 43,120           | 156,811          |
| Trade payables                                       | 277,675              | -             | 277,675            | -              | -              | -                | 277,675          |
| <b>Financial liabilities (excluding derivatives)</b> | <b>1,576,162</b>     | <b>24,293</b> | <b>538,528</b>     | <b>176,076</b> | <b>126,737</b> | <b>1,274,282</b> | <b>2,139,916</b> |
| Derivative assets                                    | 10,972               | -             | 1,333              | 7,608          | 968            | 1,063            | 10,972           |
| Derivative liabilities                               | (5,692)              | -             | (117)              | (168)          | (203)          | (5,204)          | (5,692)          |
| <b>Net derivatives</b>                               | <b>5,280</b>         | <b>-</b>      | <b>1,216</b>       | <b>7,440</b>   | <b>765</b>     | <b>(4,141)</b>   | <b>5,280</b>     |

\*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.

## 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, 2018 | Cash flows | Non-cash movements |                  |                    |        |        | March 31, 2019 |
|-------------------------------------------------------|------------------------------------------------------------|---------------|------------|--------------------|------------------|--------------------|--------|--------|----------------|
|                                                       |                                                            |               |            | Interest expense   | Foreign exchange | Fair value changes | FCTR   | Others |                |
| Borrowings*                                           | Proceeds / repayments of borrowings (including short-term) | 660,206       | 102,494    | -                  | (7,398)          | -                  | 22,888 | 10,036 | 788,226        |
| Interest accrued but not due / derivative instruments | Interest and other finance charges paid                    | 23,061        | (76,171)   | 85,179             | 11,090           | (5,590)            | 451    | 5,436  | 43,456         |

\*It does not include deferred payment liabilities and bank overdraft but include obligations towards Africa tower sale, finance lease obligations and lease back transaction.

# Notes to Consolidated Financial Statements

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

## 2. Capital risk

The Group'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 Group'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 Group may issue new shares, declare dividends, return capital to shareholders, etc.

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

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

|                                 | As of<br>March 31, 2019 | As of<br>March 31, 2018 |
|---------------------------------|-------------------------|-------------------------|
| Borrowings                      | 1,254,283               | 1,113,335               |
| Less: cash and cash equivalents | 62,121                  | 49,552                  |
| Less: term deposits with bank   | 273                     | 2,119                   |
| <b>Net debt</b>                 | <b>1,191,889</b>        | <b>1,061,664</b>        |
| Equity                          | 714,222                 | 695,344                 |
| <b>Total capital</b>            | <b>714,222</b>          | <b>695,344</b>          |
| <b>Capital and net debt</b>     | <b>1,906,111</b>        | <b>1,757,008</b>        |
| <b>Gearing ratio</b>            | <b>62.5%</b>            | <b>60.4%</b>            |

## 37. Fair value of financial assets and liabilities

The category wise details as to the carrying value, fair value and the level of fair value measurement hierarchy of the Group's financial instruments are as follows:

|                                                | Level   | Carrying value as of |                | Fair value as of |                |
|------------------------------------------------|---------|----------------------|----------------|------------------|----------------|
|                                                |         | March 31, 2019       | March 31, 2018 | March 31, 2019   | March 31, 2018 |
| Financial assets                               |         |                      |                |                  |                |
| Fair value through profit and loss             |         |                      |                |                  |                |
| Derivatives                                    |         |                      |                |                  |                |
| - Currency swaps, forward and option contracts | Level 2 | 346                  | 8,541          | 346              | 8,541          |
| - Interest swaps                               | Level 2 | 3,185                | 2,101          | 3,185            | 2,101          |
| - Embedded derivatives                         | Level 2 | -                    | 330            | -                | 330            |
| Investments-quoted                             | Level 1 | 62,546               | 65,460         | 62,546           | 65,460         |
| Investments-unquoted                           | Level 2 | 3,515                | 2,992          | 3,515            | 2,992          |
| Fair value through other comprehensive income  |         |                      |                |                  |                |
| Investments-quoted                             | Level 1 | 2,112                | 2,391          | 2,112            | 2,391          |
| Investments-unquoted                           | Level 2 | -                    | 3,904          | -                | 3,904          |
| Amortised cost                                 |         |                      |                |                  |                |
| Security deposits                              |         | 16,452               | 9,703          | 16,452           | 9,703          |
| Trade receivables                              |         | 43,006               | 58,830         | 43,006           | 58,830         |
| Cash and cash equivalents                      |         | 62,121               | 49,552         | 62,121           | 49,552         |
| Other bank balances                            |         | 18,934               | 17,154         | 18,934           | 17,154         |
| Other financial assets                         |         | 23,570               | 33,276         | 23,570           | 33,276         |
|                                                |         | 235,787              | 254,234        | 235,787          | 254,234        |

# Notes to Consolidated Financial Statements

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

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

|                                                | Level   | Carrying value as of |                | Fair value as of |                |
|------------------------------------------------|---------|----------------------|----------------|------------------|----------------|
|                                                |         | March 31, 2019       | March 31, 2018 | March 31, 2019   | March 31, 2018 |
| Financial liabilities                          |         |                      |                |                  |                |
| Fair value through profit and loss             |         |                      |                |                  |                |
| Derivatives                                    |         |                      |                |                  |                |
| - Currency swaps, forward and option contracts | Level 2 | 3,691                | 474            | 3,691            | 474            |
| - Interest rate swaps / others                 | Level 2 | 9,579                | 5,210          | 9,579            | 5,210          |
| - Embedded derivatives                         | Level 2 | 298                  | 8              | 298              | 8              |
| Amortised cost                                 |         |                      |                |                  |                |
| Borrowings - fixed rate                        | Level 1 | 254,194              | 421,560        | 256,985          | 431,520        |
| Borrowings - fixed rate                        | Level 2 | 625,002              | 457,636        | 663,523          | 488,988        |
| Borrowings - floating rate                     |         | 375,087              | 234,139        | 375,087          | 234,139        |
| Trade payables                                 |         | 280,031              | 268,536        | 280,031          | 268,536        |
| Other financial liabilities                    |         | 221,937              | 185,152        | 221,937          | 185,152        |
|                                                |         | 1,769,819            | 1,572,715      | 1,811,131        | 1,614,027      |

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

- 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.
- Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- 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.
- 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 Group 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.

During the year ended March 31, 2019 and March 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of level 2 financial assets / liabilities as of March 31, 2019 and March 31, 2018:

| 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       |
| - Embedded derivatives                         | Forward currency exchange rates, interest rates                     |
| Investments                                    | Prevailing interest rates in market, interest rates                 |
| Fixed rate borrowings                          | Prevailing interest rates in market, future payouts, interest rates |

### Level 3 financial instruments

The following table provides the details as to changes in value of financial instruments categorised within level 3 of the fair value hierarchy:

|                                                | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>                         | -                                    | (188)                                |
| Issuance                                       | 9,139                                | -                                    |
| - Recognised in finance costs / finance income | -                                    | 276                                  |
| Exchange difference recognised in OCI          | -                                    | (88)                                 |
| <b>Closing balance</b>                         | <b>9,139</b>                         | <b>-</b>                             |



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

As part of issue of equity shares to global investors, the Group has committed indemnities pertaining to acquisition of non-controlling interest in Group's operations and other protections. The liability for such indemnity derives its value based on the price of the shares and hence is a derivative liability. The significant input to valuation is the probability of payout of these indemnities. The liability has been valued on the basis of probability weighted amount payable for these indemnities. The significant unobservable input to the valuation, thereby resulting in the embedded derivative being classified as Level 3 in the fair value hierarchy.

Also the Group has entered into certain contracts under which payouts are linked to revenue of the period to which payout relates. The portion of the payout are payable at predetermined fixed foreign exchange rate and results in an embedded derivative. The significant inputs to the valuation model of these embedded derivatives are future revenue projections and foreign exchange forward rates over the contract period. The revenue projections, being based on the rolling ten year financial plan approved by management, constitute a significant unobservable input to the valuation, thereby resulting in the embedded derivative being classified as Level 3 in the fair value hierarchy.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's embedded derivative categorized within level 3.

The value of the embedded derivative is the differential of the present value of future payouts on the reporting date, over that determined based on the forward rates prevailing at the inception of the contract. The present value is calculated using a discounted cash flow model.

## **Narrative description of sensitivity of fair value changes to changes in unobservable inputs**

Any increase/ decrease in probability of expected payouts under non-controlling indemnity liability by 5% will result in 5% increase/ decrease in the derivative liability value.

The fair value of the embedded derivative is directly proportional to the expected future payouts to vendor (considered for the purpose of valuation of the embedded derivatives). If future payout to vendor were to increase/decrease by 5% with all the other variables held constant, the fair value of embedded derivative would increase/decrease by 5%.

## **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. The Hon'ble court has directed both the parties to file comprehensive written submission.

- (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.

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

## 39 Additional information as required under Schedule III of the Companies Act, 2013

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income.**

| S. No.                                       | Name of the entity / Principal activities                                                           | % of shareholding as at March 31, 2019 and 2018 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2019                                                 |          |                                 |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|----------|---------------------------------|
|                                              |                                                                                                     |                                                                      |                                                         | Net Assets ('N A'), i.e., total assets minus total liabilities |          | Share in profit or loss ('P&L') |
|                                              |                                                                                                     |                                                                      |                                                         | As % of consolidated N A                                       | Amount   | As % of consolidated P&L        |
| <b>Parent</b>                                |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| <b>- Telecommunication services</b>          |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| 1                                            | Bharti Airtel Limited                                                                               | 100%                                                                 | India                                                   | 115.79%                                                        | 983,593  | -446.67 %                       |
| <b>Subsidiaries</b>                          |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| <b>A. Indian</b>                             |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| <b>- Telecommunication services</b>          |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| 1                                            | Bharti Hexacom Limited                                                                              | 70%                                                                  | India                                                   | 6.79 %                                                         | 57,676   | -176.33 %                       |
| 2                                            | Nxtra Data Limited                                                                                  | 100%                                                                 | India                                                   | 0.06 %                                                         | 469      | 11.56 %                         |
| 3                                            | Smartx Services Limited                                                                             | 53.51% (i)                                                           | India                                                   | 0.00 %                                                         | (2)      | -0.92 %                         |
| 4                                            | Telesonic Networks Limited                                                                          | 100%                                                                 | India                                                   | 0.09 %                                                         | 761      | 3.55 %                          |
| 5                                            | Wynk Limited                                                                                        | 100%                                                                 | India                                                   | 0.06 %                                                         | 491      | -1.49 %                         |
| 6                                            | Bharti Digital Networks Private Limited (Formerly known as Tikona Digital Networks Private Limited) | 100%                                                                 | India                                                   | -1.67 %                                                        | (14,187) | -9.26 %                         |
| <b>- Direct To Home services</b>             |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| 1                                            | Bharti Telemedia Limited                                                                            | 80% (ii)                                                             | India                                                   | -1.35 %                                                        | (11,495) | 329.63 %                        |
| <b>- Infrastructure sharing services</b>     |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| 1                                            | Bharti Infratel Limited                                                                             | 53.51% (i)                                                           | India                                                   | 11.71 %                                                        | 99,461   | 323.46 %                        |
| <b>- Investment Company</b>                  |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| 1                                            | Nettle Infrastructure Investments Limited                                                           | 100%                                                                 | India                                                   | -1.28 %                                                        | (10,864) | 268.13 %                        |
| <b>- Mobile commerce services</b>            |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| 1                                            | Airtel Payments Bank Limited (Has become associate w.e.f. 25th Oct, 2018)                           | 80.10%                                                               | India                                                   | 0.00 %                                                         | -        | -45.15 %                        |
| <b>- Other</b>                               |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| 1                                            | Bharti Airtel Services Limited                                                                      | 100%                                                                 | India                                                   | -0.03 %                                                        | (287)    | 0.54 %                          |
| 2                                            | Airtel International LLP (incorporated w.e.f. March 27, 2019)                                       | 100%                                                                 | India                                                   | 0.00 %                                                         | -        | 0.00 %                          |
| <b>- Uplinking channels for broadcasters</b> |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| 1                                            | Indo Teleports Limited                                                                              | 100%                                                                 | India                                                   | -0.07 %                                                        | (591)    | -0.75 %                         |
| <b>B. Foreign</b>                            |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| <b>- Infrastructure sharing services</b>     |                                                                                                     |                                                                      |                                                         |                                                                |          |                                 |
| 1                                            | Africa Towers Services Limited #                                                                    | 100%                                                                 | Kenya                                                   | 0.00 %                                                         | 0        | -0.01 %                         |
| 2                                            | Congo RDC Towers S.A.                                                                               | 100%                                                                 | Democratic Republic of Congo                            | -0.07 %                                                        | (598)    | 0.03 %                          |
| 3                                            | Gabon Towers S.A. ##                                                                                | 97.95%(v)                                                            | Gabon                                                   | 0.00 %                                                         | (1)      | 0.00 %                          |

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income. (Contd..)**

| S. No. | Name of the entity / Principal activities                                         | % of shareholding as at March 31, 2019 and 2018 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2019                                                 |         |                                 |
|--------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|---------|---------------------------------|
|        |                                                                                   |                                                                      |                                                         | Net Assets ('N A'), i.e., total assets minus total liabilities |         | Share in profit or loss ('P&L') |
|        |                                                                                   |                                                                      |                                                         | As % of consolidated N A                                       | Amount  | As % of consolidated P&L        |
| 4      | Madagascar Towers S.A.                                                            | 100%                                                                 | Madagascar                                              | 0.07 %                                                         | 591     | 7.96 %                          |
| 5      | Malawi Towers Limited                                                             | 100%                                                                 | Malawi                                                  | -0.04 %                                                        | (307)   | 42.52 %                         |
| 6      | Tanzania Towers Limited                                                           | 60%                                                                  | Tanzania                                                | 0.00 %                                                         | (34)    | -0.04 %                         |
|        | <b>- Investment Company</b>                                                       |                                                                      |                                                         |                                                                |         |                                 |
| 1      | Africa Towers N.V.                                                                | 100%                                                                 | Netherlands                                             | -0.06 %                                                        | (550)   | -1.92 %                         |
| 2      | Airtel Mobile Commerce B.V.                                                       | 100%                                                                 | Netherlands                                             | -0.01 %                                                        | (90)    | -0.78 %                         |
| 3      | Airtel Mobile Commerce Holdings B.V.                                              | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | 1       | 0.00 %                          |
| 4      | Airtel Africa Mauritius Limited (incorporated w.e.f. June 28, 2018)               | 100%                                                                 | Mauritius                                               | 17.33 %                                                        | 147,241 | -0.01 %                         |
| 5      | Airtel Africa Limited (incorporated w.e.f. July 12, 2018)                         | 68.31%(iii)                                                          | United Kingdom                                          | 28.56 %                                                        | 242,597 | 4.43 %                          |
| 6      | Airtel Mobile Commerce Nigeria B.V.(incorporated w.e.f. 5th December, 2018)       | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 7      | Airtel Mobile Commerce (Seychelles) B.V. (incorporated w.e.f. 29th January, 2019) | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 8      | Airtel Mobile Commerce Congo B.V. (incorporated w.e.f. 29th January, 2019)        | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 9      | Airtel Mobile Commerce Kenya B.V. (incorporated w.e.f. 29th January, 2019)        | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 10     | Airtel Mobile Commerce Madagascar B.V. (incorporated w.e.f. 29th January, 2019)   | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 11     | Airtel Mobile Commerce Malawi B.V. (incorporated w.e.f. 29th January, 2019)       | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 12     | Airtel Mobile Commerce Rwanda B.V. (incorporated w.e.f. 29th January, 2019)       | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 13     | Airtel Mobile Commerce Tchad B.V. (incorporated w.e.f. 29th January, 2019)        | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 14     | Airtel Mobile Commerce Uganda B.V. (incorporated w.e.f. 29th January, 2019)       | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 15     | Airtel Mobile Commerce Zambia B.V. (incorporated w.e.f. 29th January, 2019)       | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | 0.00 %                          |
| 16     | Bharti Airtel Africa B.V.                                                         | 100%                                                                 | Netherlands                                             | 12.32 %                                                        | 104,648 | 96.37 %                         |
| 17     | Bharti Airtel Burkina Faso Holdings B.V.#                                         | 100%                                                                 | Netherlands                                             | 0.00 %                                                         | (0)     | -1218.86 %                      |
| 18     | Bharti Airtel Chad Holdings B.V.                                                  | 100%                                                                 | Netherlands                                             | -0.03 %                                                        | (287)   | 10.17 %                         |
| 19     | Bharti Airtel Congo Holdings B.V.                                                 | 100%                                                                 | Netherlands                                             | 0.77 %                                                         | 6,561   | 1.83 %                          |
| 20     | Bharti Airtel Developers Forum Limited                                            | 96.36%                                                               | Zambia                                                  | -                                                              | -       | 0.00 %                          |
| 21     | Bharti Airtel Holding (Mauritius) Limited (incorporated w.e.f. June 27, 2018)     | 100%                                                                 | Mauritius                                               | 0.01 %                                                         | 11,192  | -0.01 %                         |

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income. (Contd..)**

| S. No.                            | Name of the entity / Principal activities                                      | % of shareholding as at March 31, 2019 and 2018 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2019                                                 |          |                                 |
|-----------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|----------|---------------------------------|
|                                   |                                                                                |                                                                      |                                                         | Net Assets ('N A'), i.e., total assets minus total liabilities |          | Share in profit or loss ('P&L') |
|                                   |                                                                                |                                                                      |                                                         | As % of consolidated N A                                       | Amount   | As % of consolidated P&L        |
| 22                                | Bharti Airtel Overseas (Mauritius) Limited (incorporated w.e.f. June 28, 2018) | 100%                                                                 | Mauritius                                               | 0.01 %                                                         | 5,790    | -0.01 %                         |
| 23                                | Bharti Airtel Gabon Holdings B.V.                                              | 100%                                                                 | Netherlands                                             | 1.07 %                                                         | 9,078    | 1.89 %                          |
| 24                                | Bharti Airtel International (Mauritius) Limited                                | 100%                                                                 | Mauritius                                               | 1.99 %                                                         | 16,945   | 13.60 %                         |
| 25                                | Bharti Airtel International (Netherlands) B.V.                                 | 100%                                                                 | Netherlands                                             | 50.75 %                                                        | 431,142  | 136.45 %                        |
| 26                                | Bharti Airtel Kenya B.V.                                                       | 100%                                                                 | Netherlands                                             | -2.32 %                                                        | (19,667) | -69.97 %                        |
| 27                                | Bharti Airtel Kenya Holdings B.V.                                              | 100%                                                                 | Netherlands                                             | -0.35 %                                                        | (2,977)  | -3.53 %                         |
| 28                                | Bharti Airtel Madagascar Holdings B.V.                                         | 100%                                                                 | Netherlands                                             | -0.46 %                                                        | (3,926)  | -25.17 %                        |
| 29                                | Bharti Airtel Malawi Holdings B.V.                                             | 100%                                                                 | Netherlands                                             | 0.21 %                                                         | 1,786    | 32.82 %                         |
| 30                                | Bharti Airtel Mali Holdings B.V.                                               | 100%                                                                 | Netherlands                                             | 0.01 %                                                         | 49       | -0.57 %                         |
| 31                                | Bharti Airtel Niger Holdings B.V.                                              | 100%                                                                 | Netherlands                                             | 1.62 %                                                         | 13,734   | 37.32 %                         |
| 32                                | Bharti Airtel Nigeria B.V.                                                     | 100%                                                                 | Netherlands                                             | -8.96 %                                                        | (76,129) | -178.05 %                       |
| 33                                | Bharti Airtel Nigeria Holdings II B.V.                                         | 100%                                                                 | Netherlands                                             | -0.01 %                                                        | (114)    | 0.00 %                          |
| 34                                | Bharti Airtel RDC Holdings B.V.                                                | 100%                                                                 | Netherlands                                             | -0.11 %                                                        | (956)    | -70.07 %                        |
| 35                                | Bharti Airtel Rwanda Holdings Limited                                          | 100%                                                                 | Mauritius                                               | 0.00 %                                                         | (21)     | -5.26 %                         |
| 36                                | Bharti Airtel Services B.V.                                                    | 100%                                                                 | Netherlands                                             | -0.06 %                                                        | (519)    | -1.20 %                         |
| 37                                | Bharti Airtel Tanzania B.V.                                                    | 100%                                                                 | Netherlands                                             | -0.47 %                                                        | (4,000)  | 28.28 %                         |
| 38                                | Bharti Airtel Uganda Holdings B.V.                                             | 100%                                                                 | Netherlands                                             | -0.82 %                                                        | (6,962)  | 92.58 %                         |
| 39                                | Bharti Airtel Zambia Holdings B.V.                                             | 100%                                                                 | Netherlands                                             | 4.02 %                                                         | 34,190   | 77.41 %                         |
| 40                                | Celtel (Mauritius) Holdings Limited                                            | 100%                                                                 | Mauritius                                               | 0.32 %                                                         | 2,712    | 5.75 %                          |
| 41                                | Channel Sea Management Company (Mauritius) Limited                             | 100%                                                                 | Mauritius                                               | 0.00 %                                                         | 34       | -0.03 %                         |
| 42                                | Indian Ocean Telecom Limited                                                   | 100%                                                                 | Jersey                                                  | 0.15 %                                                         | 1,296    | 12.00 %                         |
| 43                                | Montana International                                                          | 100%                                                                 | Mauritius                                               | 0.00 %                                                         | (15)     | -0.01 %                         |
| 44                                | Partnership Investments Sarl                                                   | 100%                                                                 | Democratic Republic of Congo                            | -                                                              | -        | 0.00 %                          |
| 45                                | Société Malgache de Téléphone Cellulaire S.A.                                  | 100%                                                                 | Mauritius                                               | 0.01 %                                                         | 119      | -0.02 %                         |
| 46                                | Bharti Airtel International (Mauritius) Investments Limited                    | 100%                                                                 | Mauritius                                               | 0.00 %                                                         | (0)      | -0.02 %                         |
| <b>- Mobile commerce services</b> |                                                                                |                                                                      |                                                         |                                                                |          |                                 |
| 1                                 | Airtel Mobile Commerce (Kenya) Limited                                         | 100%                                                                 | Kenya                                                   | 0.00 %                                                         | 0        | 0.00 %                          |
| 2                                 | Airtel Mobile Commerce (Seychelles) Limited                                    | 100%                                                                 | Seychelles                                              | 0.00 %                                                         | (34)     | -0.07 %                         |
| 3                                 | Airtel Mobile Commerce (Tanzania) Limited                                      | 100%                                                                 | Tanzania                                                | 0.00 %                                                         | 0        | 0.00 %                          |
| 4                                 | Airtel Mobile Commerce Limited                                                 | 100%                                                                 | Malawi                                                  | 0.00 %                                                         | 0        | 0.00 %                          |
| 5                                 | Airtel Mobile Commerce Madagascar S.A.                                         | 100%                                                                 | Madagascar                                              | 0.01 %                                                         | 68       | 0.80 %                          |
| 6                                 | Airtel Mobile Commerce Rwanda Limited                                          | 100%                                                                 | Rwanda                                                  | 0.00 %                                                         | 1        | 0.00 %                          |
| 7                                 | Airtel Mobile Commerce Tchad S.a.r.l.                                          | 100%                                                                 | Chad                                                    | 0.00 %                                                         | 0        | 0.00 %                          |

# Notes to Consolidated Financial Statements

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income. (Contd..)**

| S. No. | Name of the entity / Principal activities                                          | % of shareholding as at March 31, 2019 and 2018 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2019                                                 |          |                                 |
|--------|------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|----------|---------------------------------|
|        |                                                                                    |                                                                      |                                                         | Net Assets ('N A'), i.e., total assets minus total liabilities |          | Share in profit or loss ('P&L') |
|        |                                                                                    |                                                                      |                                                         | As % of consolidated N A                                       | Amount   | As % of consolidated P&L        |
| 8      | Airtel Mobile Commerce Uganda Limited                                              | 100%                                                                 | Uganda                                                  | 0.00 %                                                         | 0        | 0.00 %                          |
| 9      | Airtel Mobile Commerce Zambia Limited                                              | 100%                                                                 | Zambia                                                  | 0.00 %                                                         | 29       | 12.83 %                         |
| 10     | Airtel Money (RDC) S.A.                                                            | 100%                                                                 | Democratic Republic of Congo                            | 0.10 %                                                         | 833      | 16.47 %                         |
| 11     | Airtel Money Niger S.A.                                                            | 90%                                                                  | Niger                                                   | 0.00 %                                                         | 74       | 3.11 %                          |
| 12     | Airtel Money S.A. (Gabon)                                                          | 100%                                                                 | Gabon                                                   | 0.11 %                                                         | 950      | 20.09 %                         |
| 13     | Airtel Money Transfer Limited                                                      | 100%                                                                 | Kenya                                                   | 0.00 %                                                         | 14       | 0.00 %                          |
| 14     | Mobile Commerce Congo S.A.                                                         | 100%                                                                 | Congo Brazzaville                                       | 0.00 %                                                         | 1        | 0.00 %                          |
| 15     | Airtel Money Tanzania Limited                                                      | 60.04%                                                               | Tanzania                                                | 0.00 %                                                         | (0)      | -0.01 %                         |
| 16     | Airtel Mobile Commerce Nigeria Limited                                             | 91.77%(iv)                                                           | Nigeria                                                 | -                                                              | -        | 0.00 %                          |
|        | <b>- Submarine Cable System</b>                                                    |                                                                      |                                                         |                                                                |          |                                 |
| 1      | Network i2i Limited                                                                | 100%                                                                 | Mauritius                                               | 13.58 %                                                        | 115,398  | 7.75 %                          |
|        | <b>- Telecommunication services</b>                                                |                                                                      |                                                         |                                                                |          |                                 |
| 1      | Airtel (Seychelles) Limited                                                        | 100%                                                                 | Seychelles                                              | 0.06 %                                                         | 527      | 4.49 %                          |
| 2      | Airtel Congo (RDC) S.A.                                                            | 98.50%                                                               | Democratic Republic of Congo                            | -6.77 %                                                        | (57,540) | 43.44 %                         |
| 3      | Airtel Congo S.A.                                                                  | 90%                                                                  | Congo Brazzaville                                       | -1.14 %                                                        | (9,662)  | -27.80 %                        |
| 4      | Airtel Gabon S.A.                                                                  | 97.95%(v)                                                            | Gabon                                                   | -0.55 %                                                        | (4,698)  | 14.75 %                         |
| 5      | Airtel Madagascar S.A.                                                             | 100%                                                                 | Madagascar                                              | -0.86 %                                                        | (7,335)  | -37.94 %                        |
| 6      | Airtel Malawi Limited                                                              | 100%                                                                 | Malawi                                                  | 0.09 %                                                         | 794      | 8.17 %                          |
| 7      | Airtel Networks Kenya Limited @                                                    | 100%                                                                 | Kenya                                                   | -3.49 %                                                        | (29,686) | -48.06 %                        |
| 8      | Airtel Networks Limited                                                            | 91.77%(iv)                                                           | Nigeria                                                 | 1.23 %                                                         | 10,431   | 656.45 %                        |
| 9      | Airtel Rwanda Limited                                                              | 100%                                                                 | Rwanda                                                  | -1.94 %                                                        | (16,493) | -80.94 %                        |
| 10     | Airtel Tanzania Public Limited Company (Formerly known as Airtel Tanzania Limited) | 60%                                                                  | Tanzania                                                | -3.44 %                                                        | (29,256) | -32.91 %                        |
| 11     | Airtel Tchad S.A.                                                                  | 100%                                                                 | Chad                                                    | -0.65 %                                                        | (5,550)  | -14.68 %                        |
| 12     | Airtel Uganda Limited                                                              | 100%                                                                 | Uganda                                                  | 0.39 %                                                         | 3,334    | 162.60 %                        |
| 13     | Bharti Airtel (France) SAS                                                         | 100%                                                                 | France                                                  | 0.07 %                                                         | 582      | 5.42 %                          |
| 14     | Bharti Airtel (Hong Kong) Limited                                                  | 100%                                                                 | Hong Kong                                               | 0.02 %                                                         | 184      | 4.18 %                          |
| 15     | Bharti Airtel (Japan) Private Limited                                              | 100%                                                                 | Japan                                                   | 0.00 %                                                         | 5        | -0.05 %                         |
| 16     | Bharti Airtel (UK) Limited                                                         | 100%                                                                 | United Kingdom                                          | 0.10 %                                                         | 831      | 6.11 %                          |

# Notes to Consolidated Financial Statements

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

**Table 1 - Details pertaining to share in net assets, profit or loss and total comprehensive income. (Contd..)**

| S. No. | Name of the entity / Principal activities                              | % of shareholding as at March 31, 2019 and 2018 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2019                                                 |                |                                 |
|--------|------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------|----------------|---------------------------------|
|        |                                                                        |                                                                      |                                                         | Net Assets ('N A'), i.e., total assets minus total liabilities |                | Share in profit or loss ('P&L') |
|        |                                                                        |                                                                      |                                                         | As % of consolidated N A                                       | Amount         | As % of consolidated P&L        |
| 17     | Bharti Airtel (USA) Limited                                            | 100%                                                                 | United States of America                                | 0.10 %                                                         | 866            | 3.68 %                          |
| 18     | Bharti Airtel Lanka (Private) Limited                                  | 100%                                                                 | Sri Lanka                                               | -0.04 %                                                        | (319)          | -39.61 %                        |
| 19     | Bharti International (Singapore) Pte. Ltd.                             | 100%                                                                 | Singapore                                               | 1.70 %                                                         | 14,467         | -8.60 %                         |
| 20     | Celtel Niger S.A.                                                      | 90%                                                                  | Niger                                                   | 0.03 %                                                         | 267            | -23.56 %                        |
| 21     | Airtel Networks Zambia Plc                                             | 96.36%                                                               | Zambia                                                  | -0.18 %                                                        | (1,544)        | 2.02 %                          |
| 22     | Tigo Rwanda Limited (merged with Airtel Rwanda Ltd w.e.f July 3, 2018) | 100%                                                                 | Rwanda                                                  | 0.00 %                                                         | -              | 1.66 %                          |
|        | <b>Minority Interests in all subsidiaries</b>                          |                                                                      |                                                         | 15.92 %                                                        | 135,258        | -312.09 %                       |
|        | <b>Associates (Investment as per the equity method)</b>                |                                                                      |                                                         |                                                                |                |                                 |
|        | <b>A. Indian</b>                                                       |                                                                      |                                                         |                                                                |                |                                 |
|        | <b>- Financial Services</b>                                            |                                                                      |                                                         |                                                                |                |                                 |
| 1      | Seynse Technologies Private Limited                                    | 22.54%                                                               | India                                                   | 0.02 %                                                         | 205            | -0.40 %                         |
|        | <b>- Mobile commerce services</b>                                      |                                                                      |                                                         |                                                                |                |                                 |
| 1      | Airtel Payments Bank Limited (W.e.f 25th Oct, 2018)                    | 80.10%                                                               | India                                                   | 1.21 %                                                         | 10,283         | -30.15 %                        |
|        | <b>- Others</b>                                                        |                                                                      |                                                         |                                                                |                |                                 |
| 1      | Juggernaut Books Private Limited                                       | 19.35%(vi)                                                           | India                                                   | 0.01 %                                                         | 108            | -0.23 %                         |
|        | <b>B. Foreign</b>                                                      |                                                                      |                                                         |                                                                |                |                                 |
|        | <b>- Submarine cable system</b>                                        |                                                                      |                                                         |                                                                |                |                                 |
| 1      | Seychelles Cable Systems Company Limited                               | 26%                                                                  | Seychelles                                              | 0.03 %                                                         | 230            | -0.17 %                         |
|        | <b>- Telecommunication services</b>                                    |                                                                      |                                                         |                                                                |                |                                 |
| 1      | Robi Axiata Limited                                                    | 25%                                                                  | Bangladesh                                              | 2.81 %                                                         | 23,886         | 29.14 %                         |
|        | <b>Joint Ventures (Investment as per the equity method)</b>            |                                                                      |                                                         |                                                                |                |                                 |
|        | <b>A. Indian</b>                                                       |                                                                      |                                                         |                                                                |                |                                 |
|        | <b>- Passive infrastructure services</b>                               |                                                                      |                                                         |                                                                |                |                                 |
| 1      | Indus Towers Limited                                                   | 22.47%                                                               | India                                                   | 6.18 %                                                         | 52,482         | 216.83 %                        |
|        | <b>- Telecommunication services</b>                                    |                                                                      |                                                         |                                                                |                |                                 |
| 1      | FireFly Networks Limited                                               | 50%                                                                  | India                                                   | 0.00 %                                                         | 3              | 0.01 %                          |
|        | <b>B. Foreign</b>                                                      |                                                                      |                                                         |                                                                |                |                                 |
|        | <b>- Provision of regional mobile services</b>                         |                                                                      |                                                         |                                                                |                |                                 |
| 1      | Bridge Mobile Pte Limited                                              | 10%                                                                  | Singapore                                               | 0.01 %                                                         | 66             | 0.10 %                          |
|        | <b>- Telecommunication services</b>                                    |                                                                      |                                                         |                                                                |                |                                 |
| 1      | Bharti Airtel Ghana Holdings B.V.                                      | 50%                                                                  | Netherlands                                             | 0.20 %                                                         | 1,676          | -128.28 %                       |
|        | Inter-company eliminations / adjustments on consolidation              |                                                                      |                                                         |                                                                | (1,379,832)    |                                 |
|        | <b>Total</b>                                                           |                                                                      |                                                         | <b>100 %</b>                                                   | <b>849,480</b> | <b>100 %</b>                    |

# Notes to Consolidated Financial Statements

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

**Table 2 - Details pertaining to share in other comprehensive income.**

| S. No.                                                  | Name of the entity                                                       | % of shareholding as at March 31, 2019 and 2018 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2019                              |          |
|---------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------|----------|
|                                                         |                                                                          |                                                                      |                                                         | Share in other comprehensive income ('OCI') |          |
|                                                         |                                                                          |                                                                      |                                                         | As % of OCI                                 | Amount   |
| <b>Parent</b>                                           |                                                                          |                                                                      |                                                         |                                             |          |
| <b>Telecommunication services</b>                       |                                                                          |                                                                      |                                                         |                                             |          |
| 1                                                       | Bharti Airtel Limited                                                    | 100%                                                                 | India                                                   | (0.94) %                                    | 96       |
| <b>Subsidiaries</b>                                     |                                                                          |                                                                      |                                                         |                                             |          |
| <b>- Indian</b>                                         |                                                                          |                                                                      |                                                         |                                             |          |
| <b>- Telecommunication services</b>                     |                                                                          |                                                                      |                                                         |                                             |          |
| 1                                                       | Bharti Hexacom Limited                                                   | 70%                                                                  | India                                                   | (0.03) %                                    | 3        |
| 2                                                       | Nxtra Data Limited                                                       | 100%                                                                 | India                                                   | (0.01) %                                    | 1        |
| 3                                                       | Telesonic Networks Limited                                               | 100%                                                                 | India                                                   | (0.01) %                                    | 1        |
| 4                                                       | Wynk Limited                                                             | 100%                                                                 | India                                                   | 0.00 %                                      | (0)      |
| <b>- Direct To Home services</b>                        |                                                                          |                                                                      |                                                         |                                             |          |
| 1                                                       | Bharti Telemedia Limited                                                 | 80% (ii)                                                             | India                                                   | (0.03) %                                    | 3        |
| <b>- Infrastructure sharing services</b>                |                                                                          |                                                                      |                                                         |                                             |          |
| 1                                                       | Bharti Infratel Limited                                                  | 53.51% (i)                                                           | India                                                   | 0.21 %                                      | (21)     |
| <b>- Investment Company</b>                             |                                                                          |                                                                      |                                                         |                                             |          |
| 1                                                       | Nettle Infrastructure Investments Limited                                | 100%                                                                 | India                                                   | 173.92 %                                    | (17,766) |
| <b>- Other</b>                                          |                                                                          |                                                                      |                                                         |                                             |          |
| 1                                                       | Bharti Airtel Services Limited                                           | 100%                                                                 | India                                                   | (0.08) %                                    | 8        |
|                                                         | - Mobile commerce services                                               |                                                                      |                                                         |                                             |          |
|                                                         | Airtel Payments Bank Limited (Has become associate w.e.f 25th Oct, 2018) | 80.10%                                                               | India                                                   | 0.02 %                                      | (3)      |
|                                                         | - Foreign                                                                |                                                                      |                                                         |                                             |          |
| <b>- Telecommunication services</b>                     |                                                                          |                                                                      |                                                         |                                             |          |
| 1                                                       | Bharti Airtel Lanka (Private) Limited                                    | 100%                                                                 | Sri Lanka                                               | 0.05 %                                      | (5)      |
| <b>Minority Interests in all subsidiaries</b>           |                                                                          |                                                                      |                                                         | (26.96) %                                   | 2,754    |
| <b>Associates (Investment as per the equity method)</b> |                                                                          |                                                                      |                                                         |                                             |          |
| <b>A. Foreign</b>                                       |                                                                          |                                                                      |                                                         |                                             |          |
| <b>- Telecommunication services</b>                     |                                                                          |                                                                      |                                                         |                                             |          |
| 1                                                       | Robi Axiata Limited                                                      | 25%                                                                  | Bangladesh                                              | 0.10 %                                      | (10)     |
|                                                         | Joint Ventures (Investment as per the equity method)                     |                                                                      |                                                         |                                             |          |

# Notes to Consolidated Financial Statements

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

**Table 2 - Details pertaining to share in other comprehensive income. (contd..)**

| S. No.                                   | Name of the entity                                        | % of shareholding as at March 31, 2019 and 2018 (Refer note 1 and 2) | Principal place of operation / country of incorporation | March 31, 2019                              |                 |
|------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------|-----------------|
|                                          |                                                           |                                                                      |                                                         | Share in other comprehensive income ('OCI') |                 |
|                                          |                                                           |                                                                      |                                                         | As % of OCI                                 | Amount          |
| <b>A. Indian</b>                         |                                                           |                                                                      |                                                         |                                             |                 |
| <b>- Passive infrastructure services</b> |                                                           |                                                                      |                                                         |                                             |                 |
| 1                                        | Indus Towers Limited                                      | 22.47% (i)                                                           | India                                                   | 0.02 %                                      | (2)             |
|                                          | Inter-company eliminations / adjustments on consolidation |                                                                      |                                                         |                                             | 4,726           |
|                                          | <b>Total</b>                                              |                                                                      |                                                         | <b>100 %</b>                                | <b>(10,215)</b> |

**Notes:****1. Changes in shareholding during the year ended March 31, 2019:**

- i) The Company has reduced its shareholding to 53.51% (53.54% in March 31, 2018) during the year ended March 31, 2019.
- ii) The Company has reduced its shareholding to 80% (95% in March 31, 2018) during the year ended March 31, 2019.
- iii) The Company has reduced its shareholding to 68.31% during the year ended March 31, 2019.
- iv) The Company has increased its shareholding to 91.77% (83.25% in March 31, 2018) during the year ended March 31, 2019.
- v) The Company has increased its shareholding to 97.95% (90% in March 31, 2018) during the year ended March 31, 2019.
- vi) The Company has increased its shareholding to 19.35% (10.71% in March 31, 2018) during the year ended March 31, 2019.

**2. Others**

#Liquidated during the year ended March 31, 2019

##Under liquidation

@The Group also holds 100% preference shareholding in the Company. The preference shares do not carry any voting rights.

During the period effective shareholding of Airtel Africa Limited ('AAL') has been changed to 68.31%, due to which effective shareholding of entities owned by AAL directly/ indirectly will undergo change vis-à-vis the % presented in the above table.

The figures which are appearing as '0' are result of rounding off.



## Salient features of the financial statement of subsidiaries, associates and joint ventures for the year ended March 31, 2019, pursuant to Section 136(1)(b) of the Companies Act, 2013

### Part A - Subsidiaries

| S. No. | Name of the Subsidiary                                                                              | Date on which subsidiary was acquired / incorporated | Country of Registration  | Reporting Currency | Reporting Period | Financial Year End | Exchange Rate as of March 31, 2019 | Share Capital | Reserves  | Total Assets | Total Liabilities | Investments* | Turnover | Profit/ (Loss) Before Taxation | Provision for Taxation |
|--------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------|--------------------|------------------|--------------------|------------------------------------|---------------|-----------|--------------|-------------------|--------------|----------|--------------------------------|------------------------|
| 1      | Bharti Airtel (France) SAS                                                                          | June 9, 2010                                         | France                   | EUR                | Apr'18 to Mar'19 | March 31, 2019     | 77.63                              | 1             | 581       | 2,687        | 2,105             | -            | 2,301    | 333                            | 111                    |
| 2      | Bharti Airtel (Hong Kong) Limited                                                                   | October 12, 2006                                     | Hong Kong                | HKD                | Apr'18 to Mar'19 | March 31, 2019     | 8.81                               | 44            | 141       | 495          | 311               | -            | 576      | 200                            | 31                     |
| 3      | Bharti Airtel (Japan) Private Limited                                                               | April 5, 2010                                        | Japan                    | JPY                | Apr'18 to Mar'19 | March 31, 2019     | 0.62                               | 0             | 5         | 28           | 23                | -            | 25       | (2)                            | 0                      |
| 4      | Bharti Airtel Services Limited                                                                      | March 26, 2001                                       | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 1             | (283)     | 3,555        | 3,837             | -            | 3,646    | 78                             | 56                     |
| 5      | Bharti Airtel (UK) Limited                                                                          | August 29, 2006                                      | United Kingdom           | GBP                | Apr'18 to Mar'19 | March 31, 2019     | 90.09                              | 30            | 801       | 4,862        | 4,031             | -            | 30,663   | 307                            | 60                     |
| 6      | Bharti Airtel (USA) Limited                                                                         | September 12, 2006                                   | United States of America | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | 866       | 1,387        | 522               | -            | 1,546    | 136                            | (15)                   |
| 7      | Bharti International (Singapore) Pte Ltd                                                            | March 18, 2010                                       | Singapore                | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 135,801       | (120,713) | 42,526       | 27,438            | 26,497       | 8,411    | (237)                          | 119                    |
| 8      | Bharti Airtel International (Mauritius) Limited                                                     | April 6, 2010                                        | Mauritius                | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 249,303       | (232,358) | 16,958       | 13                | -            | 571      | 568                            | 17                     |
| 9      | Bharti Airtel Lanka (Private) Limited                                                               | March 29, 2007                                       | Sri Lanka                | LKR                | Apr'18 to Mar'19 | March 31, 2019     | 0.39                               | 23,117        | (23,436)  | 6,774        | 7,093             | -            | 4,436    | (1,599)                        | 23                     |
| 10     | Bharti Hexacom Limited                                                                              | May 18, 2004                                         | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 2,500         | 55,176    | 113,407      | 55,731            | 0            | 36,136   | (11,228)                       | (4,008)                |
| 11     | Indo Teleports Limited                                                                              | March 4, 2009                                        | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 230           | (821)     | 298          | 889               | -            | 275      | (31)                           | -                      |
| 12     | Bharti Infratel Limited                                                                             | November 30, 2006                                    | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 18,496        | 138,147   | 180,839      | 24,196            | 108,392      | 68,217   | 36,651                         | 8,861                  |
| 13     | Smatrx Services Limited                                                                             | September 21, 2015                                   | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 30            | (21)      | 325          | 316               | -            | 53       | (35)                           | (9)                    |
| 14     | Bharti Telemedia Limited                                                                            | June 5, 2007                                         | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 5,102         | (16,596)  | 41,018       | 52,512            | -            | 41,001   | 5,031                          | (8,467)                |
| 15     | Network i2i Limited                                                                                 | September 28, 2007                                   | Mauritius                | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 87,649        | 28,380    | 244,086      | 128,057           | 3,337        | 5,145    | 362                            | 31                     |
| 16     | Telesonic Networks Limited                                                                          | February 5, 2013                                     | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 939           | (175)     | 4,356        | 3,592             | -            | 8,839    | 249                            | 102                    |
| 17     | Nxtra Data Limited                                                                                  | July 2, 2013                                         | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 90            | 378       | 15,655       | 15,187            | 4            | 8,506    | 789                            | 316                    |
| 18     | Wynk Limited                                                                                        | January 13, 2015                                     | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 1             | 490       | 2,449        | 1,958             | -            | 6,130    | (93)                           | (33)                   |
| 19     | Nettle Infrastructure Investments Limited (formerly known as Nettle Developers Limited)             | March 14, 2017                                       | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 1             | (10,864)  | 129,118      | 139,982           | 475          | 1,266    | 10,979                         | -                      |
| 20     | Bharti Airtel International (Mauritius) Investments Limited                                         | March 26, 2018                                       | Mauritius                | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | (1)       | 1            | 1                 | -            | -        | (1)                            | -                      |
| 21     | Bharti Digital Networks Private Limited (Formerly known as Tikona Digital Networks Private Limited) | August 24, 2017                                      | India                    | INR                | Apr'18 to Mar'19 | March 31, 2019     | 1.00                               | 21            | 5,573     | 19,834       | 14,240            | -            | -        | (373)                          | -                      |
| 22     | Bharti Airtel Holding (Mauritius) Limited                                                           | June 27, 2018                                        | Mauritius                | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 11,066        | (1)       | 11,066       | -                 | -            | -        | (1)                            | -                      |
| 23     | Bharti Airtel Overseas (Mauritius) Limited                                                          | June 28, 2018                                        | Mauritius                | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 11,065        | (1)       | 11,065       | -                 | 11,065       | -        | (1)                            | -                      |
| 24     | Airtel Africa Mauritius Limited                                                                     | June 28, 2018                                        | Mauritius                | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 145,59        | (1)       | 145,579      | 1                 | -            | -        | (1)                            | -                      |
| 25     | Bharti Airtel International (Netherlands) BV.                                                       | March 19, 2010                                       | Netherlands              | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 163,167       | 396,492   | 775,913      | 216,253           | -            | -        | 6,121                          | 537                    |
| 26     | Bharti Airtel Africa BV.                                                                            | June 8, 2010                                         | Netherlands              | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 39            | 105,467   | 413,799      | 308,294           | -            | -        | 2,730                          | (3)                    |
| 27     | Bharti Airtel Chad Holdings BV.                                                                     | June 8, 2010                                         | Netherlands              | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | 499       | 14,510       | 14,009            | -            | -        | 389                            | -                      |
| 28     | Airtel Tchad S.A.                                                                                   | June 8, 2010                                         | Chad                     | XAF                | Jan'18 to Dec'18 | December 31, 2018  | 0.12                               | 3,290         | (8,327)   | 11,033       | 16,070            | -            | 7,637    | 170                            | (41)                   |
| 29     | Bharti Airtel Gabon Holdings BV.                                                                    | June 8, 2010                                         | Netherlands              | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | 9,461     | 5,166        | (4,297)           | -            | -        | 74                             | -                      |
| 30     | Airtel Gabon S.A.                                                                                   | June 8, 2010                                         | Gabon                    | XAF                | Jan'18 to Dec'18 | December 31, 2018  | 0.12                               | 710           | (5,344)   | 10,479       | 15,113            | -            | 9,506    | 2,005                          | 1,395                  |
| 31     | Bharti Airtel Congo Holdings BV.                                                                    | June 8, 2010                                         | Netherlands              | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | 6,771     | 12,807       | 6,035             | -            | -        | 63                             | -                      |
| 32     | Airtel Congo S.A.                                                                                   | June 8, 2010                                         | Congo Brazzaville        | XAF                | Jan'18 to Dec'18 | December 31, 2018  | 0.12                               | 615           | (9,789)   | 12,065       | 21,239            | -            | 9,193    | (278)                          | 127                    |
| 33     | Bharti Airtel RDC Holdings BV.                                                                      | June 8, 2010                                         | Netherlands              | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | (929)     | 60,276       | 61,204            | -            | -        | (2,839)                        | -                      |

**Salient features of the financial statement of subsidiaries, associates and joint ventures for the year ended March 31, 2019, pursuant to Section 136(1)(b) of the Companies Act, 2013**

**Part A - Subsidiaries**

| S. No. | Name of the Subsidiary                                                               | Date on which subsidiary was acquired / incorporated | Country of Registration      | Reporting Currency | Reporting Period | Financial Year End | Exchange Rate as of March 31, 2019 | Share Capital | Reserves | Total Assets | Total Liabilities | Investments* | Turnover | Profit/ (Loss) Before Taxation | Provision for Taxation |
|--------|--------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------|--------------------|------------------|--------------------|------------------------------------|---------------|----------|--------------|-------------------|--------------|----------|--------------------------------|------------------------|
| 34     | Airtel Congo (RDC) S.A.                                                              | June 8, 2010                                         | Democratic Republic of Congo | CDF                | Jan'18 to Dec'18 | December 31, 2018  | 0.04                               | 24            | (56,710) | 24,936       | 81,623            | -            | 19,157   | 1,407                          | 141                    |
| 35     | Bharti Airtel Mali Holdings BV.                                                      | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | 190      | 686          | 495               | -            | -        | (23)                           | -                      |
| 36     | Bharti Airtel Kenya Holdings BV.                                                     | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | (2,978)  | 78,695       | 81,672            | -            | -        | (143)                          | -                      |
| 37     | Bharti Airtel Kenya BV.                                                              | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 2             | (11,665) | 67,806       | 79,470            | -            | -        | (2,834)                        | -                      |
| 38     | Airtel Networks Kenya Limited #                                                      | June 8, 2010                                         | Kenya                        | KES                | Jan'18 to Dec'18 | December 31, 2018  | 0.69                               | 17,312        | (43,685) | 21,736       | 48,110            | -            | 14,066   | (2,156)                        | (202)                  |
| 39     | Bharti Airtel Malawi Holdings BV.                                                    | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | 1,911    | 2,458        | 546               | -            | -        | 1,534                          | 153                    |
| 40     | Airtel Malawi Limited                                                                | June 8, 2010                                         | Malawi                       | MWK                | Jan'18 to Dec'18 | December 31, 2018  | 0.09                               | 0             | 1,731    | 7,842        | 6,111             | 11           | 9,834    | 3,267                          | 1,201                  |
| 41     | Bharti Airtel Niger Holdings BV.                                                     | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | 14,077   | 14,078       | 0                 | -            | -        | 1,734                          | 180                    |
| 42     | Celtel Niger S.A.                                                                    | June 8, 2010                                         | Niger                        | XOF                | Jan'18 to Dec'18 | December 31, 2018  | 0.12                               | 178           | 184      | 15,852       | 15,491            | -            | 10,392   | 96                             | (59)                   |
| 43     | Airtel Networks Zambia Plc                                                           | June 8, 2010                                         | Zambia                       | ZMW                | Jan'18 to Dec'18 | December 31, 2018  | 5.68                               | 6             | (73)     | 12,777       | 12,844            | -            | 11,999   | 1,310                          | 941                    |
| 44     | Bharti Airtel Uganda Holdings BV.                                                    | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | (6,624)  | 3,761        | 10,384            | -            | -        | 3,623                          | -                      |
| 45     | Airtel Uganda Limited                                                                | June 8, 2010                                         | Uganda                       | UGS                | Jan'18 to Dec'18 | December 31, 2018  | 0.02                               | 26            | 2,757    | 35,635       | 32,852            | -            | 23,594   | 8,045                          | 1,635                  |
| 46     | Bharti Airtel Tanzania BV.                                                           | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 2             | (3,591)  | 35,061       | 38,651            | -            | -        | 1,081                          | -                      |
| 47     | "Airtel Tanzania Public Limited Company (formerly known as Airtel Tanzania Limited)" | June 8, 2010                                         | Tanzania                     | TZS                | Jan'18 to Dec'18 | December 31, 2018  | 0.03                               | 1,226         | (29,784) | 13,956       | 42,513            | -            | 14,982   | (1,039)                        | 64                     |
| 48     | Bharti Airtel Madagascar Holdings BV.                                                | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 2             | (2,517)  | 12,106       | 14,621            | -            | -        | (1,025)                        | -                      |
| 49     | Channel Sea Management Company (Mauritius) Limited                                   | June 8, 2010                                         | Mauritius                    | USD                | Jan'18 to Dec'18 | December 31, 2018  | 69.16                              | 1             | 34       | 1            | (33)              | -            | -        | (1)                            | -                      |
| 50     | Bharti Airtel Rwanda Holdings Limited                                                | June 8, 2010                                         | Mauritius                    | USD                | Jan'18 to Dec'18 | December 31, 2018  | 69.16                              | 3             | (23)     | 15,730       | 15,750            | -            | -        | (219)                          | -                      |
| 51     | Montana International                                                                | June 8, 2010                                         | Mauritius                    | USD                | Jan'18 to Dec'18 | December 31, 2018  | 69.16                              | 0             | (14)     | 3            | 17                | -            | -        | (1)                            | -                      |
| 52     | Airtel Madagascar S.A.                                                               | June 8, 2010                                         | Madagascar                   | MGA                | Jan'18 to Dec'18 | December 31, 2018  | 0.02                               | 57            | (7,503)  | 7,522        | 14,968            | -            | 3,114    | (1,544)                        | (236)                  |
| 53     | Bharti Airtel Nigeria Holdings II BV.                                                | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | (115)    | 152,693      | 152,806           | -            | -        | (0)                            | -                      |
| 54     | Bharti Airtel Nigeria BV.                                                            | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | (57,796) | 96,826       | 154,621           | -            | -        | (7,217)                        | -                      |
| 55     | Bharti Airtel Services BV.                                                           | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | (520)    | 4            | 523               | -            | -        | (49)                           | -                      |
| 56     | Airtel Networks Limited                                                              | June 8, 2010                                         | Nigeria                      | NGN                | Jan'18 to Dec'18 | December 31, 2018  | 0.19                               | 39            | 4,581    | 73,274       | 68,654            | -            | 76,591   | 12,600                         | (9,223)                |
| 57     | Bharti Airtel Zambia Holdings BV.                                                    | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 1             | 37,235   | 37,237       | 0                 | -            | -        | 3,430                          | 178                    |
| 58     | Airtel Mobile Commerce Limited                                                       | June 8, 2010                                         | Malawi                       | MWK                | Jan'18 to Dec'18 | December 31, 2018  | 0.09                               | 0             | -        | 850          | 850               | -            | -        | -                              | -                      |
| 59     | Airtel Mobile Commerce (Kenya) Limited                                               | June 8, 2010                                         | Kenya                        | KES                | Jan'18 to Dec'18 | December 31, 2018  | 0.69                               | 0             | -        | 751          | 751               | -            | -        | -                              | -                      |
| 60     | Celtel (Mauritius) Holdings Limited                                                  | June 8, 2010                                         | Mauritius                    | USD                | Jan'18 to Dec'18 | December 31, 2018  | 69.16                              | 1             | 2,773    | 8,006        | 5,232             | -            | -        | 151                            | (0)                    |
| 61     | Airtel Mobile Commerce Zambia Limited                                                | June 8, 2010                                         | Zambia                       | ZMW                | Jan'18 to Dec'18 | December 31, 2018  | 5.68                               | 11            | (127)    | 2,045        | 2,161             | -            | 1,100    | 342                            | 11                     |
| 62     | Airtel Mobile Commerce Tchad S.a.r.l.                                                | June 8, 2010                                         | Chad                         | XAF                | Jan'18 to Dec'18 | December 31, 2018  | 0.12                               | 0             | -        | 68           | 68                | -            | -        | -                              | -                      |
| 63     | Airtel Mobile Commerce BV.                                                           | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 6             | (82)     | 2,683        | 2,759             | -            | -        | (31)                           | -                      |

## Salient features of the financial statement of subsidiaries, associates and joint ventures for the year ended March 31, 2019, pursuant to Section 133 of the Companies Act, 2013

### Part A - Subsidiaries

| S. No. | Name of the Subsidiary                        | Date on which subsidiary was acquired / incorporated | Country of Registration      | Reporting Currency | Reporting Period | Financial Year End | Exchange Rate as of March 31, 2019 | Share Capital | Reserves | Total Assets | Total Liabilities | Investments* | Turnover | Profit/ (Loss) Before Taxation | Provision for Taxation |
|--------|-----------------------------------------------|------------------------------------------------------|------------------------------|--------------------|------------------|--------------------|------------------------------------|---------------|----------|--------------|-------------------|--------------|----------|--------------------------------|------------------------|
| 64     | Airtel Money S.A. (Gabon)                     | October 26, 2010                                     | Gabon                        | XAF                | Jan'18 to Dec'18 | December 31, 2018  | 0.12                               | 1             | 658      | 2,521        | 1,862             | -            | 2,251    | 1,018                          | 461                    |
| 65     | Malawi Towers Limited                         | December 15, 2010                                    | Malawi                       | MWK                | Jan'18 to Dec'18 | December 31, 2018  | 0.09                               | 1             | (1,931)  | 1,377        | 3,307             | -            | 128      | (648)                          | -                      |
| 66     | Airtel Money Niger S.A.                       | June 8, 2010                                         | Niger                        | XOF                | Jan'18 to Dec'18 | December 31, 2018  | 0.12                               | 155           | (96)     | 421          | 362               | -            | 231      | 157                            | 38                     |
| 67     | Société Malgache de Téléphone Cellulaire S.A. | June 8, 2010                                         | Mauritius                    | USD                | Jan'18 to Dec'18 | December 31, 2018  | 69.16                              | 3             | 151      | 173          | 18                | -            | -        | (1)                            | -                      |
| 68     | Airtel Mobile Commerce Holdings BV.           | June 8, 2010                                         | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 2             | (0)      | (1)          | (2)               | -            | -        | -                              | -                      |
| 69     | Indian Ocean Telecom Limited                  | October 19, 2010                                     | Jersey                       | USD                | Jan'18 to Dec'18 | December 31, 2018  | 69.16                              | 173           | 1,332    | 1,506        | (487)             | -            | -        | 498                            | -                      |
| 70     | Airtel (Seychelles) Limited                   | August 27, 2010                                      | Seychelles                   | SCR                | Jan'18 to Dec'18 | December 31, 2018  | 5.06                               | 182           | 252      | 2,287        | 1,852             | 166          | 1,691    | 433                            | 241                    |
| 71     | Airtel Mobile Commerce (Tanzania) Limited     | November 11, 2010                                    | Tanzania                     | TZS                | Jan'18 to Dec'18 | December 31, 2018  | 0.03                               | 0             | -        | 3,516        | 3,516             | -            | -        | -                              | -                      |
| 72     | Airtel Mobile Commerce Uganda Limited         | October 7, 2010                                      | Uganda                       | UGS                | Jan'18 to Dec'18 | December 31, 2018  | 0.02                               | 0             | -        | 4,069        | 4,069             | -            | -        | -                              | -                      |
| 73     | Africa Towers NV.                             | October 5, 2010                                      | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 4             | (553)    | 1,513        | 2,062             | -            | -        | (78)                           | -                      |
| 74     | Madagascar Towers S.A.                        | March 15, 2011                                       | Madagascar                   | MGA                | Jan'18 to Dec'18 | December 31, 2018  | 0.02                               | 0             | 925      | 1,598        | 673               | -            | 1,376    | 618                            | (55)                   |
| 75     | Mobile Commerce Congo S.A.                    | June 8, 2010                                         | Congo Brazzaville            | XAF                | Jan'18 to Dec'18 | December 31, 2018  | 0.12                               | 1             | -        | 214          | 212               | -            | -        | -                              | -                      |
| 76     | Tanzania Towers Limited                       | March 15, 2011                                       | Tanzania                     | TZS                | Jan'18 to Dec'18 | December 31, 2018  | 0.03                               | 0             | (34)     | -            | 34                | -            | 0        | (2)                            | -                      |
| 77     | Airtel Money (RDC) S.A.                       | June 8, 2010                                         | Democratic Republic of Congo | CDF                | Jan'18 to Dec'18 | December 31, 2018  | 0.04                               | 173           | 433      | 2,556        | 1,950             | -            | 1,594    | 470                            | 45                     |
| 78     | Congo RDC Towers S.A.                         | April 5, 2011                                        | Democratic Republic of Congo | CDF                | Jan'18 to Dec'18 | December 31, 2018  | 0.04                               | 7             | (601)    | 430          | 1,024             | -            | -        | (30)                           | 27                     |
| 79     | Gabon Towers S.A. ##                          | May 17, 2011                                         | Gabon                        | XAF                | Jan'18 to Dec'18 | December 31, 2018  | 0.12                               | 1             | (2)      | 0            | 2                 | -            | -        | 0                              | 0                      |
| 80     | Airtel Mobile Commerce Madagascar S.A.        | April 5, 2011                                        | Madagascar                   | MGA                | Jan'18 to Dec'18 | December 31, 2018  | 0.02                               | 10            | 42       | 804          | 752               | -            | 483      | 26                             | 4                      |
| 81     | Airtel Rwanda Limited                         | September 2, 2011                                    | Rwanda                       | RWF                | Jan'18 to Dec'18 | December 31, 2018  | 0.08                               | 8             | (15,511) | 9,923        | 25,427            | -            | 3,838    | (3,113)                        | 34                     |
| 82     | Airtel Africa Limited                         | July 12, 2018                                        | United Kingdom               | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 213,118       | 23,489   | 246,036      | 9,429             | -            | -        | 213                            | 40                     |
| 83     | Airtel Mobile Commerce Rwanda Limited         | February 22, 2013                                    | Rwanda                       | RWF                | Jan'18 to Dec'18 | December 31, 2018  | 0.08                               | 1             | -        | 507          | 506               | -            | -        | -                              | -                      |
| 84     | Airtel Mobile Commerce (Seychelles) Limited   | August 9, 2013                                       | Seychelles                   | SCR                | Jan'18 to Dec'18 | December 31, 2018  | 5.06                               | 5             | (38)     | 6            | 38                | -            | 0        | (3)                            | (1)                    |
| 85     | Airtel Money Tanzania Limited                 | June 10, 2016                                        | Tanzania                     | TZS                | Jan'18 to Dec'18 | December 31, 2018  | 0.03                               | 0             | (1)      | -            | 1                 | -            | -        | (0)                            | -                      |
| 86     | Airtel Mobile Commerce Nigeria BV.            | December 5, 2018                                     | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 962          | 961               | -            | -        | -                              | -                      |
| 87     | Airtel Mobile Commerce Nigeria Limited        | August 31, 2017                                      | Nigeria                      | NGN                | Jan'18 to Dec'18 | December 31, 2018  | 0.19                               | -             | -        | -            | -                 | -            | -        | -                              | -                      |
| 88     | Airtel Mobile Commerce (Seychelles) BV.       | January 29, 2019                                     | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 0            | -                 | -            | -        | -                              | -                      |
| 89     | Airtel Mobile Commerce Congo BV.              | January 29, 2019                                     | Netherlands                  | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 0            | -                 | -            | -        | -                              | -                      |

## Salient features of the financial statement of subsidiaries, associates and joint ventures for the year ended March 31, 2019, pursuant to Se

### Part A - Subsidiaries

| S. No. | Name of the Subsidiary                | Date on which subsidiary was acquired / incorporated | Country of Registration | Reporting Currency | Reporting Period | Financial Year End | Exchange Rate as of March 31, 2019 | Share Capital | Reserves | Total Assets | Total Liabilities | Investments* | Turnover | Profit/ (Loss) Before Taxation | Provision for Taxation |
|--------|---------------------------------------|------------------------------------------------------|-------------------------|--------------------|------------------|--------------------|------------------------------------|---------------|----------|--------------|-------------------|--------------|----------|--------------------------------|------------------------|
| 90     | Airtel Mobile Commerce Kenya BV.      | January 29, 2019                                     | Netherlands             | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 0            | -                 | -            | -        | -                              | -                      |
| 91     | Airtel Mobile Commerce Madagascar BV. | January 29, 2019                                     | Netherlands             | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 0            | -                 | -            | -        | -                              | -                      |
| 92     | Airtel Mobile Commerce Malawi BV.     | January 29, 2019                                     | Netherlands             | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 0            | -                 | -            | -        | -                              | -                      |
| 93     | Airtel Mobile Commerce Rwanda BV.     | January 29, 2019                                     | Netherlands             | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 0            | -                 | -            | -        | -                              | -                      |
| 94     | Airtel Mobile Commerce Tchad BV.      | January 29, 2019                                     | Netherlands             | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 0            | -                 | -            | -        | -                              | -                      |
| 95     | Airtel Mobile Commerce Uganda BV.     | January 29, 2019                                     | Netherlands             | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 0            | -                 | -            | -        | -                              | -                      |
| 96     | Airtel Mobile Commerce Zambia BV.     | January 29, 2019                                     | Netherlands             | USD                | Apr'18 to Mar'19 | March 31, 2019     | 69.16                              | 0             | -        | 0            | -                 | -            | -        | -                              | -                      |
| 97     | Airtel Money Transfer Limited         | July 20, 2015                                        | Kenya                   | KES                | Jan'18 to Dec'18 | December 31, 2018  | 0.69                               | 14            | -        | 14           | -                 | -            | -        | -                              | -                      |

#### Notes:

- The above financial information is basis audited / unaudited financial statements / financial information considered for the purpose of consolidated audited Ind AS financial statements.
  - The figures which are appearing as '0' are result of rounding off.
  - All particulars has been converted using closing exchange rate except in case of capital expenditure quarterly average rate has been considered for conversion of foreign subsidiaries amount.
  - During the period effective shareholding of Airtel Africa Limited ('AAL') has been changed to 68.31%, due to which effective shareholding of entities owned be AAL directly/ indirectly will undergo change vis-à-vis the % presented in the above table.
- ^ Financial information has been extracted from the submission considered for the purpose of consolidated audited Ind AS financial statements.
- # Share capital includes preference share capital.
- ## The subsidiary is under liquidation as at March 31, 2019.
- \* Investments exclude investments in subsidiaries.
- \*\* Proposed dividend includes dividend distribution tax.
- @ Voluntary disclosure.

#### Other details:

##### I. Subsidiaries yet to commence operations:

- Partnership Investments Sprl
- Bharti Airtel Developers Forum Limited
- Airtel International LLP

##### II. Subsidiaries have been liquidated during the year:

- Africa Tower services Limited
- Bharti Airtel Burkina Faso Holdings BV.

##### III. Subsidiaries have become associate during the year:

- Airtel Payment Bank Limited

## Salient features of the financial statement of subsidiaries, associates and joint ventures for the year ended March 31, 2019, pursuant to Section 136(1)(b) of the Companies Act, 2013

### Part B - Associates and Joint Ventures

| S. No.         | Name of the Associate / Joint Venture    | Date on which Associate / Joint Venture was associated or acquired | Latest audited Balance Sheet date | Share of Associates / Joint Ventures held by the company as of March 31, 2019 |                                                   |                     | Description of how there is significant influence / joint control | attributable share as a percentage of the total shareholding of the company |
|----------------|------------------------------------------|--------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------|---------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------|
|                |                                          |                                                                    |                                   | Number of shares                                                              | Amount of Investment in Associate / Joint Venture | Extent of holding % |                                                                   |                                                                             |
| Associates     |                                          |                                                                    |                                   |                                                                               |                                                   |                     |                                                                   |                                                                             |
| 1              | Robi Axiata Limited                      | November 16, 2016                                                  | December 31, 2018                 | 1,178,535,001                                                                 | 23,886                                            | 25%                 | By virtue of shareholding                                         |                                                                             |
| 2              | Seynse Technologies Private Limited      | February 21, 2017                                                  | March 31, 2018                    | 6,824                                                                         | 205                                               | 22.54%              |                                                                   |                                                                             |
| 3              | Seychelles Cable Systems Company Limited | June 8, 2010                                                       | June 30, 2018                     | 260                                                                           | 230                                               | 17.76%              |                                                                   |                                                                             |
| 4              | Airtel Payments Bank Limited             | October 25, 2018                                                   | March 31, 2019                    | 805,025,128                                                                   | 10,283                                            | 80.10%              | By virtue of shareholder agreement                                |                                                                             |
| 5              | Juggernaut Books Private Limited         | November 26, 2017                                                  | March 31, 2018                    | 2,089,885                                                                     | 108                                               | 19.35%              |                                                                   |                                                                             |
| Joint Ventures |                                          |                                                                    |                                   |                                                                               |                                                   |                     |                                                                   |                                                                             |
| 1              | Bridge Mobile Pte Limited                | November 3, 2004                                                   | March 31, 2018                    | 800,000                                                                       | 66                                                | 10%                 | By virtue of shareholding                                         |                                                                             |
| 2              | Indus Towers Limited *                   | December 7, 2007                                                   | March 31, 2019                    | 500,504                                                                       | 52,482                                            | 22.47%              |                                                                   |                                                                             |
| 3              | FireFly Networks Limited                 | February 4, 2014                                                   | March 31, 2018                    | 1,000,000                                                                     | 3                                                 | 50%                 |                                                                   |                                                                             |
| 4              | Bharti Airtel Ghana Holdings B.V.*       | October 12, 2017                                                   | March 31, 2017                    | 18,000                                                                        |                                                   | 50%                 |                                                                   |                                                                             |
| 5              | Airtel Mobile Commerce (Ghana) Limited # | October 12, 2017                                                   | December 31, 2016                 | 2,497,500                                                                     |                                                   | 49.95%              |                                                                   |                                                                             |
| 6              | Mobile Financial Services Limited #      | October 12, 2017                                                   | December 31, 2016                 | 2,500,000                                                                     | 1,676^                                            | 50%                 |                                                                   |                                                                             |
| 7              | Airtel Ghana Limited #                   | October 12, 2017                                                   | December 31, 2016                 | 440,709,862                                                                   |                                                   | 49.95%              |                                                                   |                                                                             |
| 8              | Millicom Ghana Company Limited #         | October 12, 2017                                                   | December 31, 2016                 | 249,750                                                                       |                                                   | 49.95%              |                                                                   |                                                                             |

\* Profit / (loss) considered for consolidation is based on direct shareholding of Bharti Infratel Limited as against effective shareholding of the Company.

# The group has acquired stake in joint venture during the year ended March 31, 2018. However, the latest audited balance sheet is pertaining to the period prior to the acquisition.

^Amount considered for Ghana entities are consolidated number.

#### Notes :

Amount of investment in joint venture / associate is based on the carrying value of investments in the consolidated financial statements of Bharti Airtel Limited.

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