Notes to Standalone Financial Statements

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

1. Corporate information

Bharti Airtel Limited ('the Company') is domiciled and incorporated in India as a 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 is principally engaged in provision of telecommunication services in India. The details as to the services provided by the Company are further provided in note 33. For details as to the group entities, refer note 34.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements are approved for issue by the Company's Board of Directors on May 6, 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 Rupee ('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 Company's accounting policies. The areas where estimates are significant to the financial statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 3.

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

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 and liability for cash-settled awards (refer note 2.16) - which are measured at fair value.

Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company'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 Company is required to classify the fair valuation method of the financial / non-financial assets and liabilities, either measured or disclosed at fair value in the financial statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

2.3 Business combinations

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

The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration

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transferred is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is subsequently measured at fair value with changes in fair value recognised in statements of profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

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

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".

2.4 Common control transactions

Business combinations arising from transfers of interest / business in entities that are under the common control, are accounted at historical cost. The difference, between any consideration paid / received and the aggregate historical carrying amounts of underlying assets and liabilities acquired / disposed (other than impairment, if any), is recorded in retained earnings, a component of equity.

2.5 Foreign currency transactions

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

Transactions in foreign currencies are initially recorded in the relevant functional currency at the 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.

2.6 Current versus non-current classification

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

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

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

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

Separated embedded derivatives are classified basis the host contract.

2.7 Property, plant and equipment ('PPE')

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

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is de-recognised

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from the balance sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.

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

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. Freehold land is not depreciated as it has an unlimited useful life. The Company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Years
Leasehold land	Period of lease
Building	20
Building on leased land	20
Leasehold improvements	Period of lease or 10 years, whichever is less
Plant and equipment	
- Network equipment (including passive infrastructure)	3 - 25
- Customer premise equipment	3 - 5
Computers / servers	3 – 5
Furniture & fixtures and office equipments	2 - 5
Vehicles	3 – 5

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

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

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

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

a. Software

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

b. 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 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.

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.

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Further, the cost of intangible assets under development includes the amount of spectrum allotted to the Company and related costs (including borrowing costs that are directly attributable to the acquisition or construction of qualifying assets (refer note 7), 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

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 cash-generating-unit ('CGU') level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the statement of profit and loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

Reversal of impairment losses

Impairment 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 Company becomes a party to the contractual provisions of the financial instrument.

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

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

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

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

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

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

b. Measurement – Non-derivative financial instruments

I. Initial measurement

At initial recognition, the Company measures the non-derivative financial instruments (except off-market financial guarantee) at its fair value plus, in the case of 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. Any off-market financial guarantees, issued in relation to obligations of subsidiaries, are initially recognised at fair value (as part of the cost of the investment in the subsidiary).

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

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costs is significant). Interest income from these financial assets is included in finance income.

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

All financial assets that do not meet the criteria for amortised cost are measured at FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the statement of profit and loss within finance income / 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. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month, expected credit loss (ECL) is used to provide for impairment loss, otherwise lifetime ECL is used.

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

III. Subsequent measurement - financial liabilities

Any off-market financial guarantees are amortised over the life of the guarantee and are measured at each reporting date at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period. Other financial liabilities are subsequently measured at 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 are classified as financial instruments at fair value through profit or loss - Held for trading. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in the statement of profit and loss within finance income / finance costs.

d. Derecognition

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

a. Company 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.

b. Company 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 Company 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 Company. 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.

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2.12 Taxes

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

a. Current tax

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

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.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The 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 Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relate to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.13 Inventories

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing 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 Company's cash management, are also included as a component of cash and cash equivalents.

2.15 Share capital / securities premium account

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

2.16 Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution to plans, defined benefits plans, compensated absences, deferred compensation and share-based payments. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees.

i. Defined Contribution plans

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

ii. Defined benefits plans

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

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

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

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

iii. Other long-term employee benefits

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

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

iv. Share-based payments

The Company operates equity-settled and cash-settled, employee share-based compensation plans, under which the Company receives services from employees as consideration for stock options either towards shares of the Company / 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 Company revises its estimates of the number of options that are expected to vest, if required.

It recognises the impact of any revision to original estimates in the period of change. Accordingly, no expense is recognised for awards that do not ultimately vest, except for which vesting is conditional upon a market performance / non-vesting condition. These are treated as 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 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 Company has a present obligation (legal or constructive) as a result of a

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

2.18 Contingencies

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.19 Revenue recognition

Effective April 1, 2018 the Company 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. The effect on adoption of the said standard is insignificant on these financial and hence the comparative has not been restated.

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

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

a. Service revenue

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

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

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

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

b. Multiple element arrangements

The Company has entered into certain multiple-element revenue arrangements which involve the delivery or

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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 2.9.

e. Dividend income

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

2.20 Borrowing costs

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

2.22 Non-operating expense

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

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.

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.

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

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

3.1 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

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events or changes in circumstances indicate that their carrying values may not be recoverable. Similarly, 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 Company 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 Company is required to make significant judgements, estimates and assumptions inter-alia concerning the earnings before interest, taxes, depreciation and amortization ('EBITDA') margins, capital expenditure, long-term growth rates and discount rates to reflect the risks involved.

The Company operates in developing market and in such market, 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 Company uses ten year plans for the purpose of impairment testing.

The Company conducts impairment reviews of investments in subsidiaries / associates/ joint arrangements whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows, after taking into account past experience management's best estimate about future developments. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

b. Taxes

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

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 Company 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 March 31, 2019	For the Year Ended March 31, 2020	For the Year Ended March 31, 2021	For the Year Ended March 31, 2022	Future period till end of life
Impact on depreciation	(2,538)	(2,477)	(2,122)	(1,689)	8,826

d. Allowance for impairment of trade receivables

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

e. Contingent liabilities and provisions

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Company. Management in consultation with the legal, tax and other advisers assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

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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 Company 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 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 Company is in the process of evaluating its impact on the financial statements.

The following pronouncements, which are potentially relevant to the Company, 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, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies 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 Company 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 entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity accordingly to where the entity originally recognised those past transactions or events whereas hitherto it was being recognised in equity.

5. Significant transactions / new developments

i. 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.

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

iii. During the year ended March 31, 2017, the Company had entered into a scheme of amalgamation for the merger of Telenor (India) Communications Private Limited 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:

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

iv. 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).

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

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

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

viii. During the year ended March 31, 2018, the Company had transferred its 100% equity stake in Bharti Airtel (Hong Kong) Limited and 37.03% equity stake in Bharti Airtel (UK) Limited to Bharti International (Singapore) Pte. Limited ('BISPL'), an indirect subsidiary of the Company against a consideration of ₹ 429 and ₹ 1,806 respectively and 44% stake in Bharti Telemedia Limited, a subsidiary of the Company to Nettle Infrastructure Investments Limited, another subsidiary of the Company, against a consideration of ₹ 47,632. Accordingly the excess of cost of investments over the proceeds amounting to ₹ 28,498 has been recognised in other equity.

ix. During the year ended March 31, 2018, the Company had increased its equity investment in Indo Teleports Limited from 95% to 100% for a consideration of ₹ 23.

x. 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 was entered into. Further, the board 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.

xi. During the year ended March 31, 2018, the Board of Directors approved a scheme of arrangement, under section 230 to section 232 of the Companies Act, 2013, for the transfer of the optical fiber cable business to the Telesonic Networks Limited, a wholly owned subsidiary of the Company. The said transaction is subject to requisite regulatory approvals.

xii. During the year ended March 31, 2018, the Company had completed the acquisition of 100% equity stake and compulsorily convertible debentures of Tikona Digital Networks Private Limited ('TDNPL') as all necessary closing conditions have been fulfilled and filed an application under section 230 to section 232 of the Companies Act, 2013 before the Delhi bench of the National Company Law Tribunal for the merger of TDNPL with the Company.

xiii. During the year ended March 31, 2017, the Company had entered into an agreement to sell the investment in subsidiary BISPL and to its wholly owned subsidiary Network i2i Limited. Further, during the year ended March 31, 2018, as the closing conditions for consummation of the transaction have been fulfilled, the said transaction is consummated.

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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	Office equipment	Computers & servers	Total
Gross carrying value									
As of April 1, 2017	**4,894**	**6,346**	**1,810**	**854,365**	**1,799**	**281**	**4,729**	**26,004**	**900,228**
Additions / capitalisation	242	46	66	172,815	209	40	315	7,252	180,985
Disposals / adjustments	(12)	(29)	(22)	(22,652)	(14)	(22)	(38)	(61)	(22,850)
As of March 31, 2018	**5,124**	**6,363**	**1,854**	**1,004,528**	**1,994**	**299**	**5,006**	**33,195**	**1,058,363**
Additions / capitalisation	733	-	-	183,192	72	5	352	2,430	186,784
Acquisition through business combinations@	-	-	-	4,056	26	-	6	82	4,170
Transfer under common control^	(419)	(714)	-	(7,806)	(86)	-	(819)	(43)	(9,887)
Disposals / adjustments	(55)	(40)	(26)	(6,421)	(2)	(44)	(34)	(2,479)	(9,101)
As of March 31, 2019	**5,383**	**5,609**	**1,828**	**1,177,549**	**2,004**	**260**	**4,511**	**33,185**	**1,230,329**
Accumulated depreciation									
As of April 1, 2017	**4,014**	**2,746**	**45**	**484,586**	**1,542**	**224**	**3,445**	**22,450**	**519,052**
Charge*	286	248	4	77,148	124	21	565	2,843	81,239
Disposals / adjustments	(6)	(9)	(9)	(18,732)	(11)	(13)	(22)	(37)	(18,839)
As of March 31, 2018	**4,294**	**2,985**	**40**	**543,002**	**1,655**	**232**	**3,988**	**25,256**	**581,452**
Charge*	238	276	5	93,624	124	21	409	3,544	98,241
Transfer under common control^	(355)	(247)	-	(4,915)	(85)	-	(686)	(34)	(6,322)
Disposals / adjustments	(4)	(0)	-	(6,007)	(1)	(31)	(13)	(2,441)	(8,497)
As of March 31, 2019	**4,173**	**3,014**	**45**	**625,704**	**1,693**	**222**	**3,698**	**26,325**	**664,874**
Net carrying value									
As of March 31, 2018	830	3,378	1,814	461,526	339	67	1,018	7,939	476,911
As of March 31, 2019	1,210	2,595	1,783	551,845	311	38	813	6,860	565,455

*It includes exceptional items of ₹ 2,924 and ₹ 1,176 for the year ended March 31, 2019 and 2018 with respect to plant and equipment (refer note 31 (i) a and (ii) a, b, c).

^ Refer note 5 (vii)

@ Refer note 5 (iii)

Refer note 23 (ii) (a) for assets given on operating lease

The carrying value of capital work-in-progress as at March 31, 2019 and 2018 is ₹ 52,970 and ₹ 27,387 respectively, which mainly pertains to plant and equipment.

The Company has capitalised borrowing cost of ₹ 836 and Nil during the year ended March 31, 2019 and 2018 respectively.

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7. Intangible assets

The following table presents the reconciliation of changes in the carrying value of intangible assets for the year ended March 31, 2019 and 2018:

	Software	Bandwidth	Licenses (including spectrum)	Others	Total
Gross carrying value					
As of April 1, 2017	**16,333**	**28,413**	**812,101**	**7,538**	**864,385**
Additions / capitalisation	3,472	2,960	59,122	-	65,554
Disposals / adjustments	(21)	-	-	-	(21)
As of March 31, 2018	**19,784**	**31,373**	**871,223**	**7,538**	**929,918**
Additions / capitalisation	2,600	9,685	28,945	-	41,230
Acquisition through business combinations@	-	-	15,821	1,208	17,029
Disposals / adjustments	2	79	-	(22)	59
As of March 31, 2019	**22,386**	**41,137**	**915,989**	**8,724**	**988,236**
Accumulated amortisation					
As of April 1, 2017	**12,496**	**12,558**	**102,655**	**2,624**	**130,333**
Charge	2,567	1,505	44,393	1,958	50,423
Disposals / adjustments	(21)	-	-	-	(21)
As of March 31, 2018	**15,042**	**14,063**	**147,048**	**4,582**	**180,735**
Charge	2,471	2,302	48,860	1,926	55,559
Disposals / adjustments	-	79	-	(22)	57
As of March 31, 2019	**17,513**	**16,444**	**195,908**	**6,486**	**236,351**
Net carrying value					
As of March 31, 2018	4,742	17,310	724,175	2,956	749,183
As of March 31, 2019	4,873	24,693	720,081	2,238	751,885

@ Refer note 5 (iii)

Weighted average remaining amortisation period of licenses as of March 31, 2019 and March 31, 2018 is 15.13 and 16.03 years respectively.

The carrying value of intangible assets under development as at March 31, 2019 and March 31, 2018 is ₹ 2,703 and ₹ 28,040, which pertains to bandwidth and spectrum respectively.

During the year ended March 31, 2019 and 2018 the Company has capitalised borrowing cost of ₹ 179 and ₹ 2,992 respectively.

8. Investments

Non-current

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

	As of March 31, 2019	As of March 31, 2018
Investment in subsidiaries		
Bharti Infratel Limited: (quoted) 620,898,728 equity shares of ₹ 10 each (March 31, 2018 - 930,898,728 equity shares of ₹ 10 each	227,516	341,111
Network i2i Limited : 1,267,427,896 equity shares of USD 1 each	87,909	87,909
Bharti Telemedia Limited : 260,202,000 equity shares of ₹ 10 each	22,183	22,183
Bharti Digital Networks Private Limited 2,103,023 equity shares of ₹ 10 each	8,970	8,970
Airtel Payments Bank Limited : Nil equity shares of ₹ 10 each (March 31, 2018 - 805,025,128 equity shares of ₹ 10 each)	-	8,050
Bharti Hexacom Limited : 175,000,000 equity shares of ₹ 10 each	5,718	5,718
Bharti Airtel Lanka (Private) Limited : 50,200,221,771 equity shares of SLR 10 each - net of provision	4,527	4,527

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8. Investments (contd..)

	As of March 31, 2019	As of March 31, 2018
Bharti Airtel (USA) Limited : Nil equity shares of USD .0001 each (March 31, 2018 - 300 equity shares of USD .0001 each)	-	1,997
Nxtra Data Limited : 5,050,000 equity shares of ₹ 10 each	309	309
Indo Teleports Limited :22,998,995 equity shares of ₹ 10 each	308	308
Telesonic Networks Limited : 89,230,796 equity shares of ₹ 10 each	91	91
Bharti Airtel Services Limited : 100,000 equity shares of ₹ 10 each	1	1
Wynk Limited : 50,000 equity shares of ₹ 10 each	1	1
Bharti Airtel International (Netherlands) B.V. : 1 equity shares of EURO 1 each	0	0
Nettle Infrastructure Investments Limited : 45,000 equity shares of ₹ 10 each	0	0
	357,533	**481,175**
Investment in associates		
Airtel Payments Bank Limited : 805,025,128 equity shares of ₹ 10 each (March 31, 2018 - Nil equity shares of ₹ 10 each)	8,050	-
Airtel Payments Bank Limited : Non-cumulative 0.0001% compulsorily convertible preference shares 238,150,000 (March 31, 2018 - Nil equity shares of ₹ 10 each)	2,382	-
	10,432	**-**
Investment in joint ventures		
Bridge Mobile PTE Limited : 800,000 equity shares of USD 1 each	34	34
Firefly Networks Limited : 1,000,000 equity shares of ₹ 10 each	10	10
	44	**44**
Investment in subsidiaries, associates and joint venture	**368,009**	**481,219**
Other Investments (FVTPL)		
Equity instruments	61	61
National Savings Certificates	2	2
	63	**63**

Current

	As of March 31, 2019	As of March 31, 2018
Investment at FVTPL		
Mutual funds (quoted)	16,696	-
	16,696	**-**
Aggregate book value of unquoted investments	140,556	140,171
Aggregate book value of quoted investments	244,212	341,111
Aggregate market value of quoted investments	211,285	313,015

Detail of significant investments in subsidiaries are as below:

S. No	Name of the Subsidiaries	Place of incorporation	Principal activities	March 31, 2019 % of shareholding	March 31, 2018 % of shareholding
1.	Bharti Infratel Limited	India	Infrastructure sharing services	33.57	50.30
2.	Bharti Telemedia Limited	India	Direct to home services	51.00	51.00
3.	Bharti Hexacom Limited	India	Telecommunication services	70.00	70.00
4.	Network i2i Limited	Mauritius	Submarine cable system	100	100
5.	Airtel Payments Bank Limited	India	Mobile commerce services	-	80.10
6.	Bharti Digital Networks Private Limited	India	Telecommunication services	100	100

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9. Derivative financial instruments

The details of derivative financial instruments are as follows:-

	As of March 31, 2019	As of March 31, 2018
Assets		
Currency swaps, forward and option contracts	72	195
Interest swaps	-	80
	72	**275**
Liabilities		
Currency swaps, forward and option contracts	1,775	352
	1,775	**352**
Non-current derivative financial assets	4	80
Current derivative financial assets	68	195
Non-current derivative financial liabilities	(320)	(124)
Current derivative financial liabilities	(1,455)	(228)
	(1,703)	**(77)**

10. Loans and security deposits

	As of March 31, 2019	As of March 31, 2018
Unsecured, considered good		
Non - current		
Loans to related parties (refer note 34)	140,630	57,349
Security deposits *	10,402	9,598
	151,032	**66,947**
Current		
Loans to related parties (refer note 34)	**21,244**	**15,839**

*Security deposits (net of provisions) primarily includes deposits given towards rented premises, cell sites and interconnect ports.

11. Financial assets – others

Non-current

	As of March 31, 2019	As of March 31, 2018
Finance lease receivable	-	65
Rent equalisation	57	55
Others	13	140
	70	**260**

Current

	As of March 31, 2019	As of March 31, 2018
Unbilled revenue	12,072	11,160
Claims recoverable	500	474
Interest accrued on investments	15	25
Finance lease receivables	84	178
	12,671	**11,837**

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12. Income taxes

The major components of income tax credit are:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Current income tax		
- For the year	-	29
- Adjustments for prior periods	15	(2,233)
	15	**(2,204)**
Deferred tax		
- Origination and reversal of temporary differences	(24,923)	(4,737)
- Effect of change in tax rate	-	425
- Adjustments for prior periods*	(8,839)	(1,088)
	(33,762)	**(5,400)**
Income tax (credit)	**(33,747)**	**(7,604)**

*Mainly pertain to positive outcome with respect to unrecognised tax benefits

	For the year ended March 31, 2019	For the year ended March 31, 2018
Statement of Other Comprehensive Income		
Deferred tax related to items charged or credited to Other Comprehensive Income during the year:		
- Re-measurement losses on defined benefit plans	(52)	(30)
Deferred Tax charged to Other Comprehensive Income	**(52)**	**(30)**

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
Loss before tax	(52,037)	(6,812)
Enacted tax rates in India	34.94%	34.61%
Tax expense @ 34.944% / 34.608%	(18,184)	(2,358)
Effect of:		
Tax holiday	(184)	(251)
Effect of changes in tax rate	-	425
Adjustments in respect to previous years	(8,822)	(3,321)
Tax for which no credit is allowed	-	472
(Income) / expense not (taxable) / deductible (net)	(6,557)	(2,600)
Others	-	29
Income tax (credit)	**(33,747)**	**(7,604)**

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

	As of March 31, 2019	As of March 31, 2018
Deferred tax asset / (liability)		
Provision for impairment of debtors / advances	8,630	13,669
Carry forward losses	65,993	20,301
Employee benefits	1,062	1,073

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12. Income taxes (contd..)

	As of March 31, 2019	As of March 31, 2018
Minimum tax credit	60,092	57,429
Lease rent equalization	6,426	6,608
Fair valuation of financial instruments and exchange differences	614	6,647
Depreciation / amortisation on PPE / intangible assets	(92,039)	(92,961)
Rates and taxes	477	1,431
Others	257	47
Net deferred tax asset	**51,512**	**14,244**

	For the year ended March 31, 2019	For the year ended March 31, 2018
Deferred tax income		
Provision for impairment of debtors / advances	(5,186)	3,149
Carry forward losses	45,692	18,726
Employee benefits	2	58
Minimum tax credit	2,823	(68)
Lease rent equalization	(182)	130
Fair valuation of financial instruments and exchange differences	(6,034)	857
Depreciation / amortisation on PPE / intangible assets	(2,344)	(16,387)
Rates and taxes	(955)	(96)
Others	(54)	(969)
Net deferred tax income	**33,762**	**5,400**

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	**14,244**	**8,808**
Tax credit recognised in profit or loss	33,762	5,400
Tax expense recognised in OCI	(52)	(30)
Deferred taxes acquired in business combination	3,717	-
Others	(159)	66
Closing Balance	**51,512**	**14,244**

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward tax losses / credits (including capital losses) can be utilised. Accordingly, the company has not recognised deferred tax assets in respect of carry forward of capital tax losses / credits of ₹ 324,335 and ₹ 330,358 as of March 31, 2019 and March 31, 2018, respectively as it is not probable that capital taxable profits will be available in future.

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

Expiry date	March 31, 2019	March 31, 2018
Above five years	324,335	330,358

13. Other non-financial assets

Non-Current

	As of March 31, 2019	As of March 31, 2018
Advances (net)#	28,343	24,404
Prepaid expenses	1,323	1,156

Notes to Standalone **Financial Statements**

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

13. Other non-financial assets (contd..)

	As of March 31, 2019	As of March 31, 2018
Taxes recoverable	19,325	-
Capital advances	114	600
Others*	18,782	982
	67,887	**27,142**

#Advances represent payments made to various Government authorities under protest and are disclosed net of provision (refer note 20).
*It mainly includes advances and indemnity assets pertain to the acquisitions.

Current

	As of March 31, 2019	As of March 31, 2018
Taxes recoverable#	93,127	65,218
Advances to suppliers (net)@	15,755	12,200
Prepaid expenses	2,874	2,365
Others*	2,075	1,938
	113,831	**81,721**

* It mainly includes security deposits given towards rented premises, cell sites, interconnect ports and other miscellaneous deposits.
# Taxes recoverable primarily pertains to goods & service tax ('GST') and customs duty.
@ Advances to suppliers are disclosed net of provision of ₹ 1,577 and ₹ 1,683 as of March 31, 2019 and March 31, 2018 respectively.

14. Trade receivables

	As of March 31, 2019	As of March 31, 2018
Trade receivables - unsecured*	57,604	76,786
Less: Allowances for doubtful receivables	(19,114)	(33,590)
	38,490	**43,196**

*It includes amount due from related parties (refer note 34).
Refer note 35 (iv) for credit risk

The movement in allowances for doubtful debts is as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	33,590	25,530
Additions	8,750	8,773
Write off (net of recovery)	(23,226)	(713)
	19,114	**33,590**

15. Cash and bank balances

Cash and cash equivalents ('C&CE')

	As of March 31, 2019	As of March 31, 2018
Balances with banks		
- On current accounts	1,439	2,491
- Bank deposits with original maturity of 3 months or less	360	2,000
Cheques on hand	43	66
Cash on hand	34	69
	1,876	**4,626**

Notes to Standalone Financial Statements

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

15. Cash and bank balances (contd..)

	As of March 31, 2019	As of March 31, 2018
Other bank balances		
Earmarked bank balances - unpaid dividend	110	70
Term deposits with bank	126	105
Margin money deposits*	97	675
	333	**850**
Interest accured but not due (refer note 11)	(13)	(25)
	320	**825**

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

	As of March 31, 2019	As of March 31, 2018
C & CE as per balance sheet	1,876	4,626
Bank overdraft (refer note 18)	(154)	-
	1,722	**4,626**

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

16. Share capital

	As of March 31, 2019	As of March 31, 2018
Authorised shares		
29,506,000,000 (March 31, 2018 - 5,500,000,000) equity shares of ₹ 5 each	147,530	27,500
Issued, Subscribed and fully paid-up shares		
3,997,400,107 (March 31, 2018 - 3,997,400,102) equity shares of ₹ 5 each	19,987	19,987
	19,987	**19,987**

a. Terms / rights attached to equity shares

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

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

	As of March 31, 2019		As of March 31, 2018	
	No. of shares '000	% holding	No. of shares '000	% holding
Equity shares of ₹ 5 each fully paid up				
Bharti Telecom Limited	2,002,818	50.10%	2,002,818	50.10%
Pastel Limited	591,319	14.79%	591,319	14.79%

Notes to Standalone **Financial Statements**

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

16. Share capital (contd..)

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

	As of March 31, 2019		As of March 31, 2018	
	shares '000	Amount	shares '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)
	1,492	**554**	**1,719**	**642**

d. Dividend

	For the year ended March 31, 2019	For the year ended March 31, 2018
Declared and paid during the year		
Interim dividend for 2018-19 : ₹ 2.50 per share (2017-18 : ₹ 2.84 per share) ((including dividend distribution tax 2018-19 @ 20.56% of ₹ 2,054) (2017-18 @ 20.36% of ₹ 2,311))*	12,048	13,664
Final dividend for 2017-18 : ₹ 2.50 per share (2016-17 : ₹ 1.00 per share) ((including dividend distribution tax @ 20.56% of ₹ 2,054) (2016-17 @20.36% of ₹ 814))	12,048	4,811
	24,096	**18,475**
Proposed dividend		
Final dividend 2017-18 : ₹ 2.50 per share	-	9,993
Dividend distribution tax (2017-18 @ 20.56%)	-	2,055
	-	**12,048**

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

*However, against this the Company has availed credit of ₹ 4,108 and ₹ 3,125 during the year ended March 31, 2019 and March 31, 2018 respectively, on account of dividend distribution tax on dividend received from subsidiary companies.

17. Reserves and surplus

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

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

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

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

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

Notes to Standalone **Financial Statements**

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

17. Reserves and surplus (contd..)

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

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

18. Borrowings

Non-current

	As of March 31, 2019	As of March 31, 2018
Secured		
Vehicle loans*	10	29
	10	**29**
Less: Current portion (A)	(7)	(15)
	3	**14**
Unsecured		
Term loans	69,272	45,587
Non-convertible debentures**	32,322	30,069
Non-convertible bonds	69,515	65,413
Deferred payment liabilities ***	466,191	455,602
Finance lease obligations	374	391
	637,674	**597,062**
Less : Interest accured but not due (refer note 19)	(28,968)	(23,613)
Less: Current portion (B)	(22,215)	(28,782)
	586,491	**544,667**
	586,494	**544,681**
Current maturities of long-term borrowings (A+B)	**22,222**	**28,797**

*These loans are secured by hypothecation of the vehicles.

**During the year ended March 31, 2018, the Company had issued 30,000 listed, unsecured, rated, redeemable, Non - Convertible Debentures ('NCDs'), Series I and series II of face value of ₹ 10 Lakhs each, at par aggregating 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 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.

Current

	As of March 31, 2019	As of March 31, 2018
Unsecured		
Term loans	142,903	51,654
Commercial papers	86,379	29,094
Bank overdraft	154	-
	229,436	**80,748**
Less : Interest accured but not due (refer note 19)	(253)	(68)
	229,183	**80,680**

Analysis of borrowings

The details given below are gross of debt origination cost.

Notes to Standalone **Financial Statements**

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

18.1.1 Repayment terms of borrowings

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

	As of March 31, 2019						
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)*	Within one year	Between one and two years	Between two and five years	Over five years
Vehicle loans	7.9% - 9.5%	Monthly	3 - 22	8	3	-	-
Term loans	0.7% - 4.0%	Half yearly	3 - 9	1,426	1,426	8,265	2,350
	0.9% - 4.0%	One time	1	-	7,063	14,765	-
	8.4%	Quarterly	13	5,336	5,336	9,328	-
	8.6%	Half yearly	2	-	14,000	-	-
	7.95% - 9.5%	One time	1	142,650	-	-	-
Commercial papers	7.7% - 8.5%	One time	1	86,411	-	-	-
Non-convertible bonds	4.4%	One time	1	-	-	-	68,832
Non-convertible debentures	8.3% - 8.4%	One time	1	-	15,000	15,000	-
Deferred payment liabilities	9.3% - 10.0%	Annual	12 - 16	15,244	16,750	60,851	348,007
Finance lease obligations	10.2% - 12.0%	Monthly / Annual	1 / 2	370	4	-	-
Bank Overdraft	8.1% - 12.3%	On demand	NA	154	-	-	-
				251,599	**59,582**	**108,209**	**419,189**

	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	7.9% - 9.5%	Monthly	6 - 33	15	11	3	-
Term loans	2.6%-3.2%	Half yearly	11 - 14	4,290	4,359	13,078	4,499
	7.7% - 7.9%	One time	1	51,600	-	-	-
	8.4%	Quaterly	15	-	5,336	14,664	-
Commercial papers	8.1%	One time	1	29,094	-	-	-
Non-convertible bonds	4.4%	One time	1	-	-	-	64,829
Non-convertible debentures	8.2% - 8.3%	One time	1	-	-	30,000	-
Deferred payment liabilities	9.3% - 10.0%	Annual	13 - 16	24,511	12,217	51,543	345,023
Finance lease obligations	10.3%	Monthly / Annual	8 - 21 / 2	253	134	4	-
				109,763	**22,057**	**109,292**	**414,351**

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

Notes to Standalone **Financial Statements**

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

18.1.2 Interest rate and currency of borrowings

	Weighted average rate of Interest	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings
INR	9.3%	734,452	161,054	573,398
USD	4.3%	89,228	20,396	68,832
EURO	0.9%	7,850	7,850	-
JPY	0.8%	7,049	7,049	-
March 31, 2019		**838,579**	**196,349**	**642,230**
INR	9.5%	564,407	71,600	492,807
USD	3.9%	91,055	26,226	64,829
March 31, 2018		**655,462**	**97,826**	**557,636**

18.1.3 Unused lines of credit*

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

	As of March 31, 2019	As of March 31, 2018
Unsecured*	116,030	150,071

*Excludes non-fund based facilities

19. Financial liabilities - others

Non-current

	As of March 31, 2019	As of March 31, 2018
Equipment supply payable	14,486	-
Lease rent equalisation	18,405	19,288
Others	29	66
	32,920	**19,354**

Current

	As of March 31, 2019	As of March 31, 2018
Payables against capital expenditure	69,576	53,197
Interest accrued but not due	29,221	23,681
Security deposits*	2,402	3,284
Employee payables	1,641	2,034
Payable against business / asset acquisitions@	4,104	9,739
Others#	1,006	594
	107,950	**92,529**

*It includes deposits received from subscriber / channel partners which are repayable on disconnection after adjusting the outstanding amount thereby, if any.

@Payable to Qualcomm Asia Pacific Pte. Limited of ₹ 4,104 towards purchase of balance equity shares upon satisfaction of certain conditions as per the share purchase agreement for acquisition and other acquisitions.

#It mainly includes non-interest bearing advance received from customers / international operators and liability towards cash settled employee share based plan.

Notes to Standalone **Financial Statements**

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

20. Provisions

Non-current

	As of March 31, 2019	As of March 31, 2018
Asset retirement obligations	530	410
Gratuity	1,280	1,344
Other employee benefit plans	117	76
	1,927	**1,830**

Current

	As of March 31, 2019	As of March 31, 2018
Gratuity	422	513
Other employee benefit plans	666	749
	1,088	**1,262**

The movement of provision towards asset retirement obligations is as below:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	410	921
Net additions / (reversal)	88	(362)
Net interest costs	32	(149)
	530	**410**

Refer note 26 for movement of provision towards various employee benefits.

The movement of provision towards subjudice matters is as below:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening balance	116,068	94,820
Net (reversal) / additions	(16,405)	21,248
	99,663	**116,068**

The said provision has been disclosed under:

	As of March 31, 2019	As of March 31, 2018
Other non-financial assets - non-current (refer note 13)	48,423	45,539
Other non-financial liabilities - current (refer note 21)	694	683
Trade payables (refer note 22)	50,546	69,846
	99,663	**116,068**

The said provisions pertain to payable / paid under protest for spectrum usage charges / licence fees (trade payable / other non-financial assets) and payable for certain levies (other non-financial liabilities).

Notes to Standalone **Financial Statements**

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

21. Other non-financial liabilities

	As of March 31, 2019	As of March 31, 2018
Current		
Taxes payable	21,962	23,200
Others	33	29
	21,995	**23,229**

Taxes payable mainly pertains to GST and provision towards sub judice matters (refer note 20).

22. Trade payables

	As of March 31, 2019	As of March 31, 2018
Due to micro and small enterprises	31	16
Others*	191,657	176,974
	191,688	**176,990**

*It includes amount due to related parties (refer note 34) and provision towards sub judice matters (refer note 20).

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

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

Sr No	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	31	16
2	Amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	117	140
3	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
4	Amount of interest accrued and remaining unpaid at the end of each accounting year	-	0
5	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

23. Contingent liabilities and commitments

I. Contingent liabilities

Claims against the Company not acknowledged as debt:

Particulars	As of March 31, 2019	As of March 31, 2018
(i) Taxes, duties and other demands (under adjudication / appeal / dispute)		
-Sales Tax and Service Tax	8,032	8,738
-Income Tax	9,950	9,951
-Customs Duty	4,883	4,883
-Entry Tax	6,169	6,010
-Stamp Duty	404	404
-Municipal Taxes	121	121

Notes to Standalone Financial Statements

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

23. Contingent liabilities and commitments (contd..)

Particulars	As of March 31, 2019	As of March 31, 2018
-Department of Telecom ('DoT') demands	93,522	40,344
-Other miscellaneous demands	1,047	1,385
(ii) Claims under legal cases including arbitration matters		
-Access charges / Port charges	11,839	10,021
-Others	719	599
	136,686	**82,456**

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

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

a. Sales tax, Service tax and GST

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

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

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

b. Income Tax demand

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

c. Access charges / Port charges

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

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

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

d. Customs Duty

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

e. Entry Tax

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

Notes to Standalone Financial Statements

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

23. Contingent liabilities and commitments (contd..)

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 Company 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 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 year for which demands have been received by the Company.

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 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 had made a provision of ₹ 20,522 until December 2018 for the period from FY 2007-08 to FY 2018-19 (refer note 31). Subsequently, basis the recent judgment and external legal opinion the matter has now been assessed to be a contingent liability.

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

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 and Hon'ble Supreme Court.

vi. On January 8, 2013, DoT issued a demand on the Company for ₹ 51,353 towards levy of one time spectrum charge, which was further revised on June 27, 2018 to ₹ 79,403. The revised demand includes a retrospective charge of ₹ 8,940 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 ₹ 70,463 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, 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, 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, based on independent legal opinions, till date has not given any effect to the above demand.

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

23. Contingent liabilities and commitments (contd..)

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 ₹ 103,610 and ₹ 123,796 respectively have been issued by banks and financial institutions on behalf of the Company. These guarantees includes certain financial bank guarantees which have been given for subjudice matters / compliance with licensing requirements, the amount with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

II. Commitments

Capital commitments

The Company has contractual commitments towards capital expenditure (net of related advances) of ₹ 56,840 and ₹ 105,618 as of March 31, 2019 and March 31, 2018 respectively.

Lease commitments

a. Operating lease

The future minimum lease payments ('FMLP') obligations are as follows:-

As Lessee

	As of March 31, 2019	As of March 31, 2018
Not later than one year	87,347	77,510
Later than one year but not later than five years	265,477	273,717
Later than five years	96,812	58,971
	449,636	**410,198**
Lease rentals (excluding lease equalisation adjustments)	78,255	66,386

The above lease arrangements are mainly pertaining to passive infrastructure. Certain of these lease agreements have escalation clause upto 18% and includes option of renewal from 1 to 15 years.

As lessor

i. Company has entered into non–cancellable lease arrangements to provide dark fiber on indefeasible right of 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, 2019 and accordingly, the related disclosures are not provided.

ii. The FMLP receivables against assets (other than above IRU assets) are as follows:

As Lessor

	As of March 31, 2019	As of March 31, 2018
Not later than one year	237	208
Later than one year but not later than five years	932	984
Later than five years	8	114
	1,177	**1,306**

The above lease arrangements are mainly pertaining to premises given to group companies.

Notes to Standalone **Financial Statements**

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

23. Contingent liabilities and commitments (contd..)

b. Finance lease

As lessee

Finance lease obligation of the Company as of March 31, 2019 is as follows:-

	Future minimum lease payments	Interest	Present value
Not later than one year	247	6	241
Later than one year but not later than five years	-	-	-
	247	**6**	**241**

Finance lease obligation of the Company as of March 31, 2018 is as follows:

	Future minimum lease payments	Interest	Present value
Not later than one year	282	29	253
Later than one year but not later than five years	148	10	138
	430	**39**	**391**

The above lease arrangements are mainly pertaining to various items of plant and equipment.

As lessor

The future minimum lease payments receivable of the Company as of March 31, 2019 is ₹ Nil.

The future minimum lease payments receivable of the Company 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
	265	**22**	**243**

The above lease arrangements are mainly pertaining to various network equipment.

24. Revenue from operations

	For the year ended March 31, 2019	For the year ended March 31, 2018
Service revenue	495,895	536,287
Sale of products	185	343
	496,080	**536,630**

Disaggregation of Revenue

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

Particulars	Mobile Services		Airtel Business		Homes Services		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Geographical Markets								
India	376,633	417,985	51,909	49,979	21,758	24,523	450,300	492,487
Others	2,193	2,223	43,587	41,920	-	-	45,780	44,143
	378,826	**420,208**	**95,496**	**91,899**	**21,758**	**24,523**	**496,080**	**536,630**
Major Product/ Services lines								
Data and Voice Services	348,175	373,737	78,322	81,623	20,736	23,490	447,233	478,850

Notes to Standalone **Financial Statements**

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

24. Revenue from operations (contd..)

Particulars	Mobile Services		Airtel Business		Homes Services		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Others	30,651	46,471	17,174	10,276	1,022	1,033	48,847	57,780
	378,826	**420,208**	**95,496**	**91,899**	**21,758**	**24,523**	**496,080**	**536,630**
Timing of Revenue Recognition								
Products and services transferred at a point in time	401	82	187	344	39	21	627	447
Products and services transferred over time	378,425	420,126	95,309	91,555	21,719	24,502	495,453	536,183
	378,826	**420,208**	**95,496**	**91,899**	**21,758**	**24,523**	**496,080**	**536,630**

Contract Balances

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

	As of March 31, 2019	As of March 31, 2018
Unbilled Revenue	12,072	11,160
Deferred Revenue	43,772	48,612

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 deferred revenue at the beginning of the year	-	30,242
Increases due to cash received, excluding amounts recognised as revenue during the year	-	25,401
Transfers from unbilled revenue recognised at the beginning of the year to receivables	11,160	-

25. Network Operating expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Passive infrastructure charges	72,565	64,410
Power and fuel	46,847	45,647
Repair and maintenance	18,691	16,227
Internet bandwidth and leasedline charges	10,326	7,061
Others*	12,818	6,167
	161,247	**139,512**

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

26. Employee benefits expense

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and bonus	12,182	14,844
Contribution to provident and other funds	733	668

Notes to Standalone **Financial Statements**

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

26. Employee benefits expense (contd..)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Staff welfare expenses	635	542
Defined benefit plan / other long-term benefits	448	448
Share based payment expense		
- Equity-settled plans	314	337
- Cash-settled plans	24	12
Others*	374	358
	14,710	**17,209**

*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 Company:

Scheme	Plan	Vesting period (years)	Contractual term (years)
Equity settled Plans			
Scheme I	2006 Plan	1 - 5	7
Scheme 2005	Performance Share Plan (PSP) 2009 Plan	3 - 4	7
Scheme 2005	Special ESOP & Restricted Share Units (RSU) Plan	1 - 5	7
Scheme 2005	Long Term Incentive (LTI) Plan	1 - 3	7
Cash settled Plans			
Performance Unit Plan (PUP)	PUP 2013 - PUP 2015	1 - 4	3-5

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

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

	For the year ended March 31, 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 (₹)
2006 Plan				
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
PSP 2009 Plan				
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	-	-	-	-

Notes to Standalone Financial Statements

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

26.1 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 (₹)
Special ESOP & RSU Plan				
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	-	-	-	-
LTI Plans				
Outstanding at beginning of year	2,978	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	3,413	5.00	2,978	5.00
Exercisable at end of year	478	5.00	567	5.00
Performance Unit Plans				
Outstanding at beginning of year	398	-	1,401	-
Granted	-	-	(0)	-
Exercised	(200)	-	(966)	-
Forfeited / expired	(63)	-	(37)	-
Outstanding at end of year	135	-	398	-
Exercisable at end of year	-	-	-	-

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

Weighted average	March 31, 2019	March 31, 2018
Remaining contractual life for the options outstanding as of (years)	0.35 to 6.40	0.35 to 6.37
Fair value for the options granted during the year ended (₹)	338.18 to 409.73	338.54 to 409.76
Share price for the options exercised during the year ended (₹)	303.64 to 370.37	367.14 to 457.41

The carrying value of cash settled plans liability is ₹ 22 and ₹ 66 as of March 31, 2019 and March 31, 2018 respectively.

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
Risk free interest rates	6.31% to 7.87%	6.3% to 6.78%
Expected life	4 to 60 months	10 to 60 months
Volatility	31.90% to 34.54%	25.91% to 30.16%
Dividend yield	0.74% to 0.75%	0.24% to 0.25%
Wtd average exercise price (₹)	0-5	0-5

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

Notes to Standalone **Financial Statements**

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

26.2 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	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Obligation:				
Balance as at beginning of the year	1857	749	1,827	789
Current service cost	232	136	244	138
Interest cost	146	59	135	58
Benefits paid	(392)	(162)	(241)	(106)
Transfers	7	26	(21)	(3)
Remeasurements	(148)	(142)	(87)	(127)
Present value of obligation	**1,702**	**666**	**1,857**	**749**
Current portion	422	666	513	749
Non-current portion	1,280	-	1,344	-

The expected contribution for the year ended March 31, 2019 and 2018 for gratuity plan is ₹ 379 and ₹ 391 respectively.

Amount recognised in other comprehensive income

	For the year ended March 31, 2019	For the year ended March 31, 2018
Experience gains	(80)	(15)
Losses from change in demographic assumptions	35	15
Gains from change in financial assumptions	(103)	(87)
Remeasurements on liability	**(148)**	**(87)**

Due to its defined benefits plans, the Company is exposed to the following significant risks:

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

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

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

	As of March 31, 2019	As of March 31, 2018
Discount rate	7.65%	7.85%
Rate of return on plan assets	N.A.	N.A.
Rate of salary increase	7.00%	9.00%
Rate of attrition	14% to 27%	20% to 24%
Retirement age	58	58

Sensitivity analysis

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

Notes to Standalone **Financial Statements**

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

26.2 Employee benefits (contd..)

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

	Change in assumption	As of March 31, 2019		As of March 31, 2018	
		Gratuity	Compensated absences	Gratuity	Compensated absences
Discount Rate	+1%	(72)	(35)	(61)	(32)
	-1%	79	38	67	34
Salary Growth Rate	+1%	79	38	65	34
	-1%	(73)	(35)	(61)	(32)

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

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

	As of March 31, 2019	As of March 31, 2018
Within one year	422	513
Within one - three years	376	535
Within three - five years	263	318
Above five years	641	489
Weighted average duration (in years)	5.27	3.82

27. Sales and marketing expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sales commission and distribution	17,615	22,211
Advertisement and marketing	5,609	5,787
Business promotion	1,407	1,516
Other ancillary expenses	988	1,005
	25,619	**30,519**

28. Other expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Content costs	7,492	5,698
Customer care expenses	3,566	4,668
IT expenses	1,992	3,764
Collection and recovery expenses	2,778	3,690
Legal and professional fees^	3,433	2,653
Provision for doubtful debts	(14,758)	8,060

Notes to Standalone **Financial Statements**

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

28. Other expenses (contd..)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Travelling and conveyance	927	888
Bad debts written off	23,226	713
Cost of good sold	141	277
Charity and donation*	496	278
Others#	9,101	5,432
	38,394	**36,171**

* As per the requirements of section 135 of the Companies Act, 2013, the Company was required to spend an amount of ₹ 1,118 and ₹ 2,146 for the year ended March 31, 2019 and 2018 on corporate social responsibility expenditure. During the year ended March 31, 2019 and 2018, the Company has spent in cash an amount of ₹ 458 and ₹ 245 towards education and sanitation respectively.

It includes rent, printing and stationary, security, repairs and maintenance expenses etc. Further, it includes political contributions amounting to ₹ 412 and ₹ 250 made under Section 182 of the Companies Act, 2013 during the year ended March 31, 2019 and 2018 respectively.

^Details of Auditor's remuneration included in legal and professional fees:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit fee*	66	66
Reimbursement of expenses	5	5
Other services*	23	13
	94	**84**

*Excluding goods and service tax

29. Depreciation and amortisation

	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation	95,317	80,063
Amortisation	55,559	50,423
	150,876	**130,486**

30. Finance costs and income

	For the year ended March 31, 2019	For the year ended March 31, 2018
Finance costs		
Interest expense	64,361	47,553
Net loss on derivative financial instruments	-	1,959
Net exchange loss	5,790	-
Other finance charges*	8,286	9,595
	78,437	**59,107**
Finance income		
Dividend income	20,014	4,200
Interest income	3,141	3,360
Net gain on FVTPL investments	476	35
Net gain on derivative financial instruments	73	-
Net exchange gain	-	822
	23,704	**8,417**

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

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

31. Exceptional items

Exceptional items comprise of the following:

i. For the year ended March 31, 2019:

   a. Charge of ₹ 3,422 towards operating costs on network re-farming and up-gradation program

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

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

ii. For the year ended March 31, 2018:

   a. Charge of ₹ 1,572 towards operating costs on network re-farming and up-gradation program

   b. Provision of ₹ 720 towards one major delinquent receivable balance

   c. Charge of ₹ 3,749 mainly due to levies and taxes pertaining to internal restructuring

Tax expense include:

Net charge of ₹ 9,842 and benefit of ₹ 2,129 for the year ended March 31, 2019 and 2018 respectively, on the said exceptional items.

32. Earnings per share ('EPS')

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

	As of March 31, 2019	As of March 31, 2018
Weighted average shares outstanding ('000) for basic / diluted EPS	3,997,400	3,997,400
(Loss) / profit for the year	(18,290)	792

33. Segment reporting

The Company's operating segments are organised and managed separately through the respective business managers, according to the nature of products and services provided with each segment representing a strategic business unit. These business units are reviewed by the Chairman of the Company (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. 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 and reflected in the 'Eliminations' 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 includes 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 Company are as below:

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

Notes to Standalone **Financial Statements**

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

33. Segment reporting (contd..)

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

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

Unallocated: It includes expenses / results, assets and liabilities of corporate headquarters of the Company, non-current investments, current taxes, deferred taxes, borrowings and certain financial assets and liabilities, not allocated to the operating segments.

Summary of the segmental information for the year ended and as of March 31, 2019 is as follows:

	Mobile Services	Airtel Business	Homes Services	Unallocated	Eliminations	Total
Revenue from external customers	378,826	95,496	21,758	-	-	496,080
Inter-segment revenue	20,422	8,572	161	-	(29,155)	-
Total revenues	**399,248**	**104,068**	**21,919**	**-**	**(29,155)**	**496,080**
Segment results	(47,525)	22,553	3,207	(1,698)	-	(23,463)
Less:						
Finance costs						78,437
Finance income						(23,704)
Non-operating expenses						1,890
Exceptional items (net)						(28,049)
Loss before tax						**(52,037)**
Other segment items						
Capital expenditure	217,217	7,841	8,493	-	(5,464)	228,087
Depreciation and amortisation	141,384	10,481	7,366	12	(8,367)	150,876
As of March 31, 2019						
Segment assets	1,535,629	100,851	44,692	612,581	(66,898)	2,226,855
Segment liabilities	383,481	39,236	21,458	865,985	(66,898)	1,243,262

Summary of the segmental information for the year ended and as of March 31, 2018 is as follow:

	Mobile Services	Airtel Business	Homes Services	Unallocated	Eliminations	Total
Revenue from external customers	420,208	91,899	24,523	-	-	536,630
Inter-segment revenue	20,947	8,655	177	-	(29,779)	-
Total revenues	**441,155**	**100,554**	**24,700**	**-**	**(29,779)**	**536,630**
Segment results	21,563	26,193	4,398	(1,639)	-	50,515
Less:						
Finance costs						59,107
Finance income						(8,417)
Non-operating expenses						596
Exceptional items (net)						6,041
Loss before tax						**(6,812)**
Other segment items						
Capital expenditure	188,011	7,474	10,210	6,481	(7,457)	204,719
Depreciation and amortisation	121,385	10,041	6,939	12	(7,891)	130,486
As of March 31, 2018						
Segment assets	1,356,580	101,826	43,059	617,272	(69,364)	2,049,373
Segment liabilities	303,670	38,625	20,276	727,557	(69,364)	1,020,764

Notes to Standalone Financial Statements

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

Geographical information*:

a. Revenue from external customers:

	For the year ended March 31, 2019	For the year ended March 31, 2018
India	450,300	492,486
Others	45,780	44,144
	496,080	**536,630**

b. Non-current assets#:

	As of March 31, 2019	As of March 31, 2018
India	1,361,810	1,269,732
Others	11,317	12,389
	1,373,127	**1,282,121**

*Basis location of the customers / assets

#Non-current assets for this purpose consist of PPE, CWIP, intangible assets, intangible assets under development and capital advances.

34. Related party disclosures

Subsidiaries

- Indian

Bharti Airtel Services Limited
Bharti Hexacom Limited
Bharti Infratel Limited
Bharti Telemedia Limited
Bharti Digital Networks Private Limited
Indo Teleports Limited
Nxtra Data Limited
Nettle Infrastructure Investments Limited
Smartx Services Limited
Telesonic Networks Limited
Wynk Limited
Airtel Payments Bank Limited (ceased to be subsidiary w.e.f October 25, 2018)

- Foreign

Africa Towers N.V.
Airtel Africa Limited (incorporated on July 12, 2018)
Airtel Africa Mauritius Limited (incorporated on June 28, 2018)
Airtel (Seychelles) Limited
Airtel Congo (RDC) S.A.
Airtel Congo S.A.
Airtel Gabon S.A.#
Airtel Madagascar S.A.
Airtel Malawi Limited
Airtel Mobile Commerce (Kenya) Limited
Airtel Mobile Commerce (Seychelles) Limited
Airtel Mobile Commerce (Tanzania) Limited
Airtel Mobile Commerce B.V.
Airtel Mobile Commerce Holdings B.V.
Airtel Mobile Commerce Limited, Malawi
Airtel Mobile Commerce Madagascar S.A.
Airtel Mobile Commerce Rwanda Limited
Airtel Mobile Commerce Tchad S.a.r.l.

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

34. Related party disclosures (contd..)

Airtel Mobile Commerce Uganda Limited
Airtel Mobile Commerce Zambia Limited
Airtel Money (RDC) S.A.
Airtel Money Niger S.A.
Airtel Money S.A.
Airtel Money Transfer Limited
Airtel Money Tanzania Limited
Airtel Mobile Commerce Congo B.V. (incorporated on January 29, 2019)
Airtel Mobile Commerce (Seychelles) B.V. (incorporated on January 29, 2019)
Airtel Mobile Commerce Madagascar B.V. (incorporated on January 29, 2019)
Airtel Mobile Commerce Kenya B.V. (incorporated on January 29, 2019)
Airtel Mobile Commerce Rwanda B.V. (incorporated on January 29, 2019)
Airtel Mobile Commerce Malawi B.V. (incorporated on January 29, 2019)
Airtel Mobile Commerce Uganda B.V. (incorporated on January 29, 2019)
Airtel Mobile Commerce Tchad B.V. (incorporated on January 29, 2019))
Airtel Mobile Commerce Zambia B.V. (incorporated on January 29, 2019)
Airtel Mobile Commerce Nigeria Limited
Airtel Mobile Commerce Nigeria B.V. (incorporated on December 5, 2018)
Airtel Networks Kenya Limited
Airtel Networks Limited
Airtel Networks Zambia Plc
Airtel Rwanda Limited
Airtel Tanzania Public Limited Company (formerly known as Airtel Tanzania Limited)
Airtel Tchad S.A.
Airtel Uganda Limited
Bharti Airtel (France) SAS
Bharti Airtel (Hong Kong) Limited
Bharti Airtel (Japan) Private Limited
Bharti Airtel (UK) Limited
Bharti Airtel (USA) Limited
Bharti Airtel Africa B.V.
Bharti Airtel Chad Holdings B.V.
Bharti Airtel Congo Holdings B.V.
Bharti Airtel Developers Forum Limited
Bharti Airtel Gabon Holdings B.V.
Bharti Airtel International (Mauritius) Limited
Bharti Airtel International (Mauritius) Investments Limited
Bharti Airtel International (Netherlands) B.V.
Airtel International LLP
Bharti Airtel Kenya B.V.
Bharti Airtel Kenya Holdings B.V.
Bharti Airtel Lanka (Private) Limited
Bharti Airtel Madagascar Holdings B.V.
Bharti Airtel Malawi Holdings B.V.
Bharti Airtel Mali Holdings B.V.
Bharti Airtel Niger Holdings B.V.
Bharti Airtel Nigeria B.V.
Bharti Airtel Nigeria Holdings II B.V.
Bharti Airtel RDC Holdings B.V.
Bharti Airtel Rwanda Holdings Limited
Bharti Airtel Services B.V.
Bharti Airtel Tanzania B.V.
Bharti Airtel Uganda Holdings B.V.

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

34. Related party disclosures (contd..)

Bharti Airtel Zambia Holdings B.V.
Bharti International (Singapore) Pte. Limited
Bharti Airtel Overseas (Mauritius) Limited (incorporated on June 28, 2018)
Bharti Airtel Holding (Mauritius) Limited (incorporated on June 27, 2018)
Celtel (Mauritius) Holdings Limited
Celtel Niger S.A.
Channel Sea Management Company (Mauritius) Limited
Congo RDC Towers S.A.
Indian Ocean Telecom Limited
Madagascar Towers S.A.
Malawi Towers Limited
Mobile Commerce Congo S.A.
Montana International
Network i2i Limited
Partnership Investments S.a.r.l.
Société Malgache de Téléphone Cellulaire S.A.
Tanzania Towers Limited

Ultimate controlling entity (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.

Entity having control over the Company (w.e.f. November 3, 2017)*

-Indian

Bharti Telecom Limited

*Significant influence until November 2, 2017

Entities having significant influence over the Company

- Foreign

Singapore Telecommunications Limited
Pastel Limited

Associates

- Indian

Airtel Payments Bank Limited (w.e.f October 25, 2018)
Seynse Technologies Private Limited
Juggernaut Books Private Limited

- Foreign

Seychelles Cable Systems Company Limited
Robi Axiata Limited

Joint Ventures

- Indian

Indus Towers Limited
FireFly Networks Limited

- Foreign

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

Notes to Standalone **Financial Statements**

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

34. Related party disclosures (contd..)

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

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

Subsidiaries

- Indian

Bharti Enterprises Limited
Bharti Axa General Insurance Company Limited
Bharti Axa Life Insurance Company Limited

Associates

- Indian

Bharti Life Ventures Private Limited
Bharti General Private Limited

Others related parties *

Entities where Key Management Personnel and their relatives exercise significant influence

- Indian

Bharti Foundation
Bharti Airtel Employees Welfare Trust
Hike Private Limited

Others

- Indian

Brightstar Telecommunication India Limited
Bharti Realty Holdings Limited
Bharti Realty Limited
Deber Technologies Private Limited
Hike Messenger Limited
Centum Learning Limited
Fieldfresh Foods Private Limited
Jersey Airtel Limited
Nile Tech Limited
Centum Work skills India Limited
Oak Infrastructure Developers Limited
Gourmet Investments Private Limited
Indian School of Business
Century Metal Recycling Private Limited
Bharti Enterprises Limited (formerly known as Bharti Ventures Limited)
Guernsey Airtel Limited

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

i. Key Management Personnel ('KMP')

Sunil Bharti Mittal
Gopal Vittal

Under liquidation

Notes to Standalone Financial Statements

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

34. Related party disclosures (contd..)

The summary of significant transactions with the above mentioned parties is as follows:

	For the Year ended March 31, 2019					For the Year ended March 31, 2018				
	Subsidiaries	Joint ventures	Associates	Entitys having significant influence	ORP / FC#	Subsidiaries	Joint ventures	Associates	Entitys having significant influence	ORP / FC#
Purchase of fixed assets / bandwidth	7,192	294	-	-	817	4,951	-	-	-	2,476
Sale of fixed assets / IRU given	7,081	-	-	-	-	1,237	-	-	-	-
Investments	2,382	-	-	-	-	42,912	-	-	-	-
Sale of investments	115,591	-	-	-	-	47,632	-	-	-	-
Rendering of services	36,185	79	102	940	132	30,643	37	2	993	296
Receiving of services	70,711	41,247	263	212	2,844	56,019	38,142	50	-	3,263
Fund transferred / expenses incurred on behalf of others	2,106	4	148	0	3	2,451	8	-	-	-
Donation	-	-	-	-	92	-	-	-	-	202
Security deposit given/Advances paid	26	154	-	-	139	14	74	-	-	14
Refund of security deposit taken	520	-	-	-	-	-	-	-	-	-
Advance received/Refund of Security deposit given	731	-	-	-	-	10	44	-	-	-
Loans given	124,791	-	-	-	248	71,993	3	-	-	273
Repayment of loans given	36,105	-	-	-	335	71,512	-	-	-	-
Reimbursement of energy expenses	16,601	23,075	-	-	1	13,680	25,317	-	-	-
Guarantees and collaterals given	135,293	-	-	-	-	24,767	-	-	-	-
Dividend paid	-	-	-	13,013	414	-	-	-	9,809	501
Dividend income	20,014	-	-	-	-	4,200	-	-	-	-

Other related parties / fellow companies

Given the imminent merger of the Company and its wholly owned subsidiary Bharti Digital Networks Private Limited ('Tikona'); no cross-charge has been applied for the use of spectrum and assets.

Notes to Standalone **Financial Statements**

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

34. Related party disclosures (contd..)

The significant related party transactions are summarised below:

	For the year ended March 31, 2019	For the year ended March 31, 2018
(i) Rendering of services		
Subsidiaries		
Bharti Hexacom Limited	18,042	17,414
Bharti Airtel (UK) Ltd.	13,714	9,559
(ii) Receiving of services		
Subsidiaries		
Bharti Hexacom Limited	6,628	8,709
Bharti Infratel Limited	23,151	20,404
Bharti Airtel (UK) Limited	16,134	11,481
Telesonic Networks Limited	4,685	3,781
Nxtra Data Limited	7,833	1,959
Wynk Limited	6,348	2,897
Joint venture		
Indus Towers Limited	41,133	38,046
(iii) Reimbursement of energy expenses		
Subsidiary		
Bharti Infratel Limited	16,601	13,680
Joint Venture		
Indus Towers Limited	23,075	25,317
(iv) Fund transferred / expenses incurred on behalf of others		
Subsidiary		
Bharti Hexacom Limited	841	1,292
(v) Loans given		
Subsidiaries		
Nettle Infrastructure Investments Limited	100,828	50,604
Bharti Digital Networks Private Limited	4,201	10,538
Bharti Airtel (Services) Limited	6,398	5,658
Nxtra Data Limited	6,731	2,966
Wynk Limited	6,089	1,948
(vi) Repayment of loans given		
Subsidiaries		
Bharti Airtel (Services) Limited	6,054	4,883
Nettle Infrastructure Investments Limited	17,504	62,087
Nxtra Data Limited	2,403	2,185
Wynk Limited	5,447	2,146
Bharti Digital Networks Private Limited	4,310	-
(vii) Purchase of investments		
Subsidiaries		
Network i2i Limited	-	29,159
(viii) Sale of investment		
Subsidiaries		
Bharti Infratel Limited	113,594	-
Bharti Telemedia Ltd.	-	47,632
Bharti Airtel (USA) Limited	1,997	-
(ix) Dividend income		
Subsidiaries		
Bharti Hexacom Limited	-	476
Bharti Infratel Limited	20,014	3,724

Notes to Standalone **Financial Statements**

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

34. Related party disclosures (contd..)

	For the year ended March 31, 2019	For the year ended March 31, 2018
(x) Dividend paid		
Entities having control over the Company / entities having significant influence over the Company		
Bharti Telecom Limited	10,014	7,506
Pastel Limited	2,957	2,271
(xi) Guarantees and collaterals given		
Subsidiary		
Network i2i Limited	135,163	24,767

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

	Subsidiaries	Joint ventures	Associates	Entitys having significant influence	ORP / FC#
As of March 31, 2019					
Trade payables	(12,430)	(19,466)	(52)	(33)	(190)
Trade receivables	8,026	0	358	0	43
Loans (including accrued interest)	161,866	8	0	0	538
Security deposit	1,932	4,388	0	0	1,083
Guarantees and collaterals given (including perormance guarantees)	712,286	0	0	0	0
Unutilised facilities	109,914	-	-	-	-
As of March 31, 2018					
Trade payables	(10,108)	(10,353)	(22)	0	(194)
Trade receivables	1,592	0	0	31	77
Loans (including accrued interest)	73,180	8	0	0	625
Security deposit	2,606	3,746	0	0	944
Guarantees and collaterals given (including perormance guarantees)	729,881	0	0	0	0
Unutilised facilities	123,600	-	-	-	-

Other related parties / fellow companies

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

The Company has agreed to ensure appropriate financial support only if and to the extent required by its subsidiaries (namely, Bharti Hexacom Limited, Bharti Airtel Services Limited, Bharti Teleports Limited, Nxtra Data Limited, Wynk Limited, Nettle Infrastructure Investments Limited, Bharti Airtel Lanka (Private) Limited, Network i2i Limited, Bharti International (Singapore) Pte Limited, Airtel Africa Limited and associate Airtel Payment Bank Limited.

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-Term employee benefits	273	263
Performance linked Incentive ('PLI')#	144	150
Post-employment benefit	28	28
Share-based payment	56	62
	501	**503**

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 March 31, 2018 respectively. During the year ended March 31, 2019 and 2018, PLI of ₹ 150 and ₹ 143 respectively, pertaining to previous year has been paid.

Notes to Standalone Financial Statements

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

34. Related party disclosures (contd..)

The remuneration accrued / paid 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 Mn. 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 is in the process of complying with the prescribed statutory requirements to regularize such excess payments, including seeking approval of shareholders, as necessary. Until then, the said excess amount is held in trust by the Chairman and Managing Director & CEO (India and South Asia).

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

In addition to above, ₹ 1,888 thousand and ₹ 1,122 thousand have been paid as dividend to key management personnel during the year ended March 31, 2019 and March 31, 2018 respectively.

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

Name of the Company	March 31, 2019		March 31, 2018	
	Outstanding balance	Maximum amount outstanding during the year	Outstanding balance	Maximum amount outstanding during the year
Subsidiaries				
Bharti Telemedia Limited	200	200	-	-
Indo Teleports Limited	649	736	692	730
Bharti International (Singapore) Pte Limited	-	-	-	-
Nxtra Data Limited	8,268	8,451	3,941	4,323
Bharti Airtel Services limited	1,664	2,052	1,320	1,717
Airtel Broadband Services Private Limited	-	-	-	-
Wynk Limited	675	898	33	525
Augere Wireless Broadband India Private Limited	-	-	-	-
Nettle Infrastructure Investment Limited	139,981	139,981	56,657	68,140
Bharti Digital Networks Private Limited	10,429	10,538	10,538	10,538
Joint Venture				
FireFly Networks Limited	8	8	8	8
	161,874	**162,864**	**73,189**	**85,981**

35. Financial and capital risk

1. Financial risk

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

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

i. Foreign currency risk

Foreign exchange risk arises on all recognised monetary assets and liabilities, and any highly probable forecasted transactions, which are denominated in a currency other than the functional currency of the Company. The Company has foreign currency

Notes to Standalone **Financial Statements**

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

35. Financial and capital risk (contd..)

trade payables, receivables and borrowings. However, foreign exchange exposure mainly arises from borrowings and trade payables denominated in foreign currencies.

The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency. Moreover, the Company monitors the movements in currencies in which the borrowings / capex vendors are payable and manage any related foreign exchange risk, which inter-alia include entering into foreign exchange derivative contracts - as considered appropriate and whenever necessary. For further details as to foreign currency borrowings, refer note 18. Further, for the details as to the fair value of various outstanding derivative financial instruments, refer note 36.

Foreign currency sensitivity

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

	Change in currency exchange rate	Effect on profit before tax	Effect on equity (OCI)
For the year ended March 31, 2019			
US Dollars	+5%	(4,555)	-
	-5%	4,555	-
Others	+5%	(703)	-
	-5%	703	-
For the year ended March 31, 2018			
US Dollars	+5%	(5,013)	-
	-5%	5,013	-
Others	+5%	15	-
	-5%	(15)	-

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

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

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

ii. Interest rate risk

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

Borrowings

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

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

Notes to Standalone Financial Statements

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

35. Financial and capital risk (contd..)

Interest rate sensitivity of borrowings

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

Interest rate sensitivity	Increase / decrease (basis points)	Effect on profit before tax
For the year ended March 31, 2019		
INR - borrowings	+100	(1,611)
	-100	1,611
US Dollar -borrowings	+25	(51)
	-25	51
Other Currency - borrowings	+25	(37)
	-25	37
For the year ended March 31, 2018		
INR - borrowings	+100	(716)
	-100	716
US Dollar -borrowings	+25	(66)
	-25	66

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

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

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

iii. Price risk

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

iv. Credit risk

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

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

Trade receivables

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

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

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer note 14 for details on the impairment of trade receivables. Based on the industry practices and the business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due.

Notes to Standalone Financial Statements

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

35. Financial and capital risk (contd..)

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	14,692	10,154	3,727	3,504	6,413	38,490
March 31, 2018	18,320	14,119	5,207	4,052	1,498	43,196

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

Financial instruments and cash deposits

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

v. Liquidity risk

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

Moreover, the Company's senior management regularly monitors the rolling forecasts of the entities' liquidity reserve (comprising of the amount of available un-drawn credit facilities and cash and cash equivalents) and the related 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 18.

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

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

	As of March 31 , 2019						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	867,120	154	245,989	92,495	108,502	863,206	1,310,346
Other financial liabilities*	111,649	2,402	66,463	9,461	13,378	19,945	111,649
Trade payables#	191,688	-	191,688	-	-	-	191,688
Financial liabilities (excluding derivatives)	**1,170,457**	**2,556**	**504,140**	**101,956**	**121,880**	**883,151**	**1,613,683**
Derivative assets	72	-	50	18	4	1	72
Derivative liabilities	(1,775)	-	(1,189)	(265)	(149)	(172)	(1,775)
Net derivatives	**(1,703)**	**-**	**(1,139)**	**(247)**	**(145)**	**(171)**	**(1,703)**

Notes to Standalone **Financial Statements**

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

35. Financial and capital risk (contd..)

	As of March 31 , 2018						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	677,839	0	111,946	55,395	72,856	910,420	1,150,617
Other financial liabilities*	88,202	3,284	65,564	-	-	19,354	88,202
Trade payables#	176,990	-	176,990	-	-	-	176,990
Financial liabilities (excluding derivatives)	**943,031**	**3,284**	**354,500**	**55,395**	**72,856**	**929,774**	**1,415,809**
Derivative assets	275	-	152	43	80	-	275
Derivative liabilities	(352)	-	(83)	(145)	(107)	(17)	(352)
Net derivatives	**(77)**	**-**	**69**	**(102)**	**(27)**	**(17)**	**(77)**

*It includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest swaps, over the tenor of the borrowings.
#Interest accrued but not due has been included in interest bearing borrowings and excluded from other financial liabilities.

The Company from time to time in its usual course of business guarantees certain indebtedness of its subsidiaries. Accordingly, as of March 31, 2019 and March 31, 2018 Company has issued corporate guarantee against debt / advance aggregating to ₹ 285,503 and ₹ 353,114 respectively. The outflow in respect of these guarantees arises only on any default / non-performance of the subsidiary with respect to the guaranteed debt / advance and substantial amount of such loans are due for payment after two years from the reporting date.

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 changes				March 31, 2019
				Interest capitalised	Interest expense	Foreign exchange movement	Others	
Borrowings*	Proceeds / repayments of borrowings (including short-term)	220,473	166,307	-	-	5,437	4,300	396,517
Interest accrued but not due / derivative instruments	Interest and other finance charges paid	23,758	(52,307)	838	72,542	25	(13,932)	30,924

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

2. Capital risk

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

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

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

	As of March 31, 2019	As of March 31, 2018
Borrowings	837,899	654,158
Less: Cash and cash equivalents	1,876	4,626
Less: Term deposits with bank	126	105
Net debt	**835,897**	**649,427**

Notes to Standalone **Financial Statements**

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

35. Financial and capital risk (contd..)

	As of March 31, 2019	As of March 31, 2018
Equity	983,593	1,028,609
Total capital	**983,593**	**1,028,609**
Capital and Net Debt	**1,819,490**	**1,678,036**
Gearing Ratio	**45.94%**	**38.70%**

36. Fair value of financial assets and liabilities

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

	Level	Carrying Value as of		Fair Value as of	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial Assets					
Fair value through profit or loss					
Derivatives					
- Currency swaps, forward and option contracts	Level 2	72	195	72	195
- Interest rate swaps	Level 2	-	80	-	80
Investments	Level 1	16,696	-	16,696	-
Investments	Level 2	63	63	63	63
Amortised cost					
Loans and security deposits		172,276	82,786	172,276	82,786
Trade receivables		38,490	43,196	38,490	43,196
Cash and cash equivalents		1,876	4,626	1,876	4,626
Other bank balances		320	825	320	825
Other financial assets		12,741	12,097	12,741	12,097
		242,534	**143,868**	**242,534**	**143,868**
Financial Liabilities					
Fair value through profit or loss					
Derivatives					
- Currency swaps, forward and option contracts	Level 2	1,775	352	1,775	352
Amortised cost					
Borrowings- fixed rate	Level 1	68,528	64,484	67,019	63,045
Borrowings- fixed rate	Level 2	573,328	463,653	611,713	503,800
Borrowings- floating rate		196,043	126,021	196,043	126,021
Trade payables		191,688	176,990	191,688	176,990
Other financial liabilities		140,870	111,883	140,870	111,883
		1,172,232	**943,383**	**1,209,108**	**982,091**

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

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

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

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

Notes to Standalone **Financial Statements**

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

36. Fair value of financial assets and liabilities (contd..)

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets / liabilities as of March 31, 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
Fixed rate borrowings	Prevailing interest rates in market, future payouts, interest rates

During the year ended March 31, 2019 and March 31, 2018, 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.

37. 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.