



indus
TOWERS

January 28, 2021

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001

The National Stock Exchange of India Limited
Exchange Plaza, C-1, Block – G, Bandra Kurla Complex,
Bandra (E), Mumbai-400051

Ref: Indus Towers Limited (534816 / INDUSTOWER)

Sub: Quarterly report for the third quarter (Q3) and nine months ended December 31, 2020

Dear Sir/ Madam,

Pursuant to Regulation 30 and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the quarterly report being released by the Company w.r.t. the audited financial results for the third quarter (Q3) and nine months ended December 31, 2020.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Indus Towers Limited
(formerly Bharti Infratel Limited)

Samridhi Rodhe
Company Secretary



Encl: As above

Indus Towers Limited

(formerly Bharti Infratel Limited)

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Indus Towers Limited

(Formerly Bharti Infratel Limited)

901, Park Centra, Sector-30 NH-8, Gurugram Haryana-122001, India



Putting India First

Indus Towers Ltd. (formerly Bharti Infratel Limited)

January 28, 2021

www.industowers.com

The financial statements included in this quarterly report fairly present in all material respects the financial position, results of operations, cash flow of the Company as of and for the periods presented in this report.

Supplemental Disclosures

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

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

General Risk: - Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Company without necessary diligence and relying on their own examination of Indus Towers Limited; along with the equity investment risk which doesn't guarantee capital protection.

Use of Certain Non GAAP measures: - This result announcement contains certain information on the Company's results of operations and cash flows that have been derived from amounts calculated in accordance with Indian Accounting Standards (IND AS) i.e. Non-GAAP measures. They should not be viewed in isolation as alternatives to the equivalent IND AS measures and should be read in conjunction with the equivalent IND AS measures.

Further disclosures are also provided under “Use of Non – GAAP financial information” on page 23

Others: In this report, the term “Indus Towers” or “Indus” or “the Company” refers to Indus Towers Limited (formerly Bharti Infratel Limited).

With effect from January 2015, Indus Tower Employee Welfare Trust” (formerly Bharti Infratel Employee Welfare Trust) (incorporated for allotment of shares to employees as part of Employee Stock Option Plan) has been included as part of the Company. With effect from September 2015, Smartx Services Ltd (incorporated on September 21, 2015 as a wholly owned subsidiary) has been included as a part of the Company.

Disclaimer: - This communication does not constitute an offer of securities for sale in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus and will contain detailed information about the Company and its management, as well as financial statements.

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Section A

Consolidated Results

The Company has adopted Indian Accounting Standards (IND AS) w.e.f. April 1, 2016 with transition date being April 1, 2015 in accordance with the requirements under Section 133 of the Companies Act, 2013. Accordingly, the consolidated financial statements under IND AS includes the subsidiary 'Smartx Services Limited' and the controlled trust "Indus Tower Employee Welfare Trust" (formerly Bharti Infratel Employee Welfare Trust) and share of Joint Venture "Erstwhile Indus Towers Limited" on the basis of Equity method of consolidation.

In the past, we have been presenting our Proforma audited consolidated financial results as per proportionate consolidation method based on segment information in the audited consolidated financial statement of IND AS and underlying information.

Section A includes Proforma unaudited consolidated financial results ('Proforma results') prepared assuming merger was effective from April 1, 2018 and hence, considered the effect of merger since then as per pooling of interest method in accordance to Appendix C of Ind AS 103. The consideration given to the shareholders, cancellation of Investment of Infratel in erstwhile Indus and recording of assets, liabilities and reserves at carrying value of erstwhile Indus has been considered in these results for all the periods presented. Hence, the results include the combined operation of Infratel and erstwhile Indus on line by line basis and line by line consolidation for its subsidiary and the controlled trust.

Section-1

INDUS TOWERS – PERFORMANCE AT A GLANCE³

Particulars	UNITS	Full Year Ended ²			Quarter Ended ²				
		2018 ⁴	2019 ⁴	2020	Dec 2019	Mar 2020	Jun 2020	Sep 2020	Dec 2020 ⁵
Consolidated Operating Highlights									
Total Towers	Nos	1,63,162	1,63,934	1,69,002	1,67,120	1,69,002	1,69,630	1,72,094	1,75,510
Total Co-locations	Nos	3,67,073	3,05,824	3,11,111	3,09,246	3,11,111	3,10,627	3,14,106	3,18,310
Average Sharing factor	Times	2.29	2.06	1.85	1.85	1.85	1.84	1.83	1.82
Closing Sharing factor	Times	2.25	1.87	1.84	1.85	1.84	1.83	1.83	1.81
Sharing Revenue per Tower per month	Rs	81,538	75,740	78,855	80,412	77,706	76,715	78,379	82,732
Sharing Revenue per Sharing Operator per month	Rs	35,329	36,150	41,647	42,555	41,373	41,016	42,186	44,845
Financials									
Revenue ¹	Rs Mn	2,53,556	2,52,929	2,55,624	64,432	63,063	60,859	63,591	67,361
EBITDA ¹	Rs Mn	1,09,067	1,00,902	1,27,239	32,863	29,055	31,187	31,179	36,080
EBIT ¹	Rs Mn	68,783	61,704	73,158	20,254	15,083	17,899	17,649	21,222
Finance Cost (Net)	Rs Mn	2,352	1,619	11,953	3,012	2,760	3,205	3,297	3,900
Profit before Tax	Rs Mn	69,875	62,652	63,982	17,804	13,163	15,033	15,168	18,378
Profit after Tax	Rs Mn	45,149	40,720	50,270	13,308	9,864	11,206	11,307	13,600
Capex	Rs Mn	35,953	30,107	31,764	7,179	8,559	3,292	8,743	10,935
-of Which Maintenance & General Corporate Capex	Rs Mn	8,146	6,814	7,848	1,626	1,683	1,130	1,930	1,920
Operating Free Cash Flow ¹	Rs Mn	72,422	70,119	70,653	19,630	14,669	21,200	16,341	18,756
Adjusted Fund From Operations(AFFO) ¹	Rs Mn	1,00,921	94,088	94,570	25,182	21,545	23,362	23,153	27,771
Total Capital Employed	Rs Mn	2,19,659	2,22,389	3,48,855	3,40,631	3,48,855	3,46,647	3,53,303	3,35,470
Net Debt / (Net Cash) with Lease Liabilities	Rs Mn	8,615	42,242	1,71,774	1,72,846	1,71,774	1,72,144	1,72,263	1,41,971
Net Debt / (Net Cash) without Lease Liabilities	Rs Mn	8,615	42,242	42,499	45,440	42,499	43,705	42,914	10,798
Shareholder's Equity	Rs Mn	2,11,044	1,80,147	1,77,081	1,67,785	1,77,081	1,74,503	1,81,040	1,93,499
Key Ratios									
EBITDA Margin ¹	%	43.0%	39.9%	49.8%	51.0%	46.1%	51.2%	49.0%	53.6%
EBIT Margin ¹	%	27.1%	24.4%	28.6%	31.4%	23.9%	29.4%	27.8%	31.5%
Net Profit Margin ¹	%	17.8%	16.1%	19.7%	20.7%	15.6%	18.4%	17.8%	20.2%
Net Debt / (Net Cash) with Lease Liabilities to EBITDA (LTM) ³	Times	0.08	0.42	1.35	1.32	1.35	1.37	1.39	1.11
Interest Coverage ratio (LTM) ³	Times	19.77	15.38	10.64	10.68	10.64	10.44	10.13	9.69
Return on Capital Employed Pre Tax (LTM) ³	%	31.3%	27.7%	21.0%	23.5%	21.9%	21.1%	20.6%	21.3%
Return on Shareholder's Equity Pre Tax (LTM) ³	%	33.1%	34.8%	36.1%	41.0%	37.6%	37.7%	35.7%	34.2%
Return on Shareholder's Equity Post tax (LTM) ³	%	21.4%	22.6%	28.4%	32.6%	29.6%	30.7%	26.7%	25.5%
Valuation Indicators									
Market Capitalization ⁴	Rs Bn	906	845	431	680	431	597	472	620
Enterprise Value ⁴	Rs Bn	915	887	603	853	603	769	645	762
EV / EBITDA ^{3&4}	Times	8.38	8.79	4.74	6.52	4.74	6.14	5.19	5.97
EPS (Diluted) ⁴	Rs	16.75	15.11	18.65	4.94	3.66	4.16	4.20	5.05
PE Ratio ⁴	Times	20.06	20.74	8.58	12.63	8.58	11.77	10.34	13.48

1. Revenue, EBITDA, EBIT, Operating free cash flow and Adjusted Fund from Operations (AFFO) are excluding other income. Further, EBITDA, EBIT and Net margins have been computed on revenue excluding other income.

2. Previous periods' figures have been regrouped/ rearranged wherever necessary to conform to current period classifications.

3. Effective April 1, 2019, the Company adopted Ind AS116 "Leases". The result for the quarter ended June 30, 2019 onwards includes the impact of Ind AS116 hence are not comparable with the past period results for FY 2018 and FY 2019. With the adoption of Ind AS 116 definition for Financial KPIs – 'Operating Free Cash Flow' and 'Adjusted Fund From Operations'; Key Ratios – 'Net Debt / (Net Cash) with Lease Liabilities to EBITDA', 'Interest Coverage Ratio', 'Return on Capital Employed Pre Tax', 'Return on Shareholder's Equity Pre Tax / Post Tax' and Valuation Indicators – 'EV/EBITDA' have been revised. Refer Section 11- Glossary for previous and revised definitions.

4. Valuation Indicators for periods prior to quarter ending December 31, 2020 are revised based on current outstanding share capital to make the data comparable

5. The impact on account of alignment of accounting practices and estimates for the Company of Rs 123 million (net of tax) which has been charged to Consolidated Statement of Profit and Loss and General Reserve for the period ended December 31, 2020.

Section 2

AN OVERVIEW

2.1 Industry Overview

The Indian telecommunications industry is one of the most competitive globally. The focus of Indian operators in the last ten years or so has been to develop an affordable mass market telecommunications service model which allows for service availability across India's urban and rural areas at affordable prices. A strong focus on optimization of operational expenses through the outsourcing of non-core areas, process innovation, cost-to-serve alignment and strategic partnerships has also resulted in steady growth of the tower industry. It is more economical for operators to lease towers from tower companies rather than build them for captive use.

Infrastructure sharing is effective in optimizing the utilization of available resources and helps to bring down the cost of providing telecommunications services. With the reduction in overall tariffs and restrictions placed by various local regulatory bodies on the installation of telecom towers, infrastructure sharing amongst service providers has become the norm in the Indian telecommunications industry in the last decade.

Tower companies provide the entire range of tower infrastructure that is required by wireless telecommunications service providers to offer mobile telephony services to their subscribers. Tower infrastructure refers to equipments such as towers, shelters, power regulation equipment, battery banks, diesel generator sets (DG sets), air conditioners, fire extinguishers and a security cabin, required at a site where such towers are installed.

Traditionally, tower companies provided two types of towers – Ground Based Towers (GBTs) and Roof Top Towers (RTTs). Space limitations on each site and overall limited availability of land for tower installation have expanded the traditional tower products to Ground Based Mast (GBMs) that occupy less space relative to GBTs and RTTs.

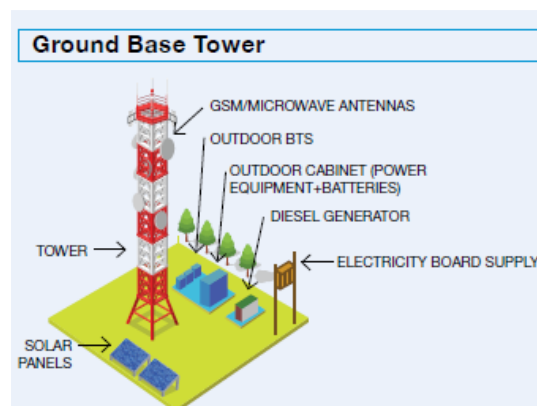
Apart from the above traditional products, tower companies are now also providing innovative solutions like smart poles, microsites, fiberized connectivity, etc. This is keeping in mind the demands of technologies such as 4G currently and technologies such as 5G, etc. in the future. These newer products are expected to not only provide high coverage and capacity within a limited area, but also enhance aesthetic look of the city.

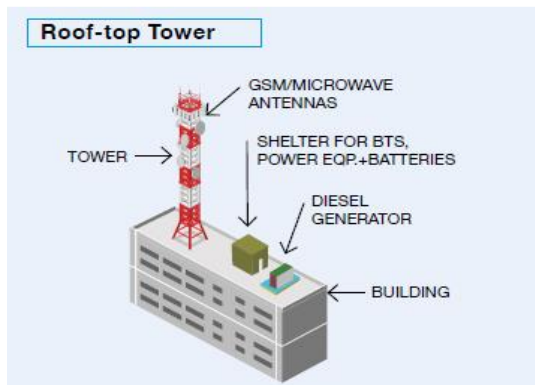
There are two kinds of infrastructure that constitute a telecom tower:

- Active Infrastructure: Radio antenna, BTS/cell site, cables etc. that are owned and supplied by telecom operators
- Tower Infrastructure: Steel tower, shelter room, DG set, power regulation equipment, battery bank,

security cabin etc. that supports active infrastructure. These are owned by tower companies.

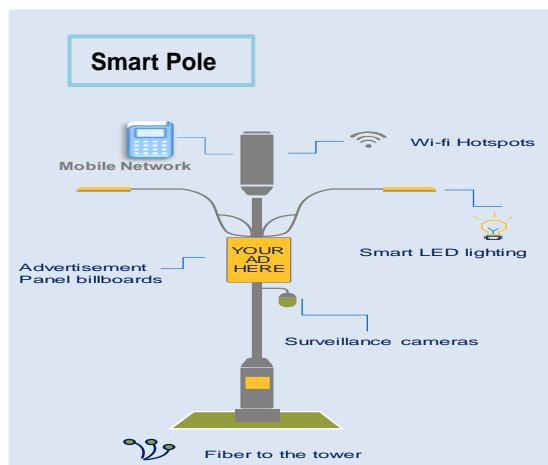
Telecommunication sector is playing a pioneer role in fulfilling Government mission of Digital India and will also have an enabling role in India's journey to Digital Economy and Industry 4.0. Infrastructure Providers (IP1) has empowered the Telecommunication Service Providers (TSPs) by providing affordable shareable passive infrastructure. The TSPs leverage the shareable passive infrastructure not only to quickly rollout out their network but also enjoyed the benefit of cost efficiency which enables to provide affordable services to consumers. In the India Digital Economy and Industry 4.0 enablement, it is visualized that Infrastructure Provider has a more contributing role to play. This can happen when the Infrastructure providers start providing active network sharing along with passive infrastructure. 5G network will require large transmission capacities and more number of sites as 5G network is planned in 3.6 GHz, higher band and millimeter wave. This will call for huge investment by TSPs and may become a barrier for Pan India deployment and affordable services. IP1 can play an effective role by providing shared Transport Network and shared RAN (Radio Access Network). This will facilitate TSPs to focus on the core networks and its core businesses and leverage operational efficiency of IP1 in active network sharing. BERC (Body of European Regulators for Electronics Communications) report conveys that active sharing has the potential to reduce the Capex by 33-35% and Opex by 25-33%. IP1 can provide active network sharing and extend the sharing efficiency to active infrastructure as well. Government of India has acknowledged the critical role played by IP1 for the success of Telecom sector and intends IP1 to play an enhanced role in the times to come as captured in National Digital Communication Policy 2018 (NDCP 2018) with proper regulatory frame work by Department of Telecommunication (DoT).





Average specifications for these are summarized in the following table:

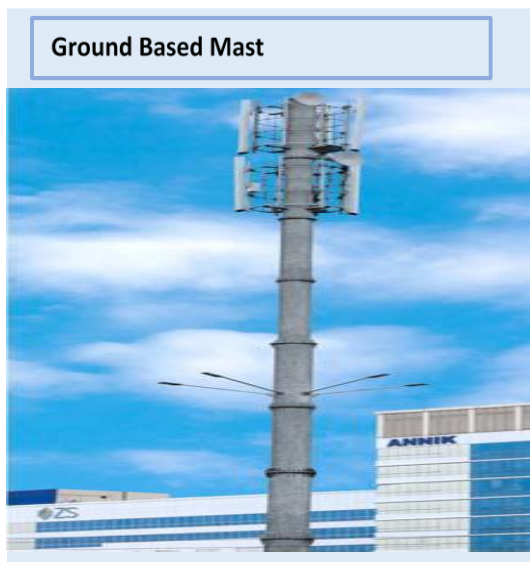
Particulars	GBT	RTT	GBM	Smart Pole
Space Requirement (Sq.ft)	2,500 - 4,000	300-1000	100 - 500	50-100
Height (m)	30-50	6-21	24-40	12
Occupancy Capacity (Colocations)	2-4	2-4	1-3	1-2



2.2 Company Overview

Indus Towers Limited (formerly Bharti Infratel Limited) is a provider of tower and related infrastructure sharing services.

Indus Towers has been formed following the amalgamation with pre-merger Bharti Infratel which was operating in 11 telecom circles and erstwhile Indus Towers which was operating in 15 telecom circles. Erstwhile Indus Towers was established as a joint venture in 2007, originally between Bharti Airtel, Vodafone India and Idea Cellular. The holdings underwent few changes over the years and as on 30th September 2020, Bharti Infratel, Vodafone Group Plc and Vodafone Idea held shareholding interest of 42%, 42% and 11.15% respectively in Indus. The balance 4.85% was held by P5 Asia Holding Investments (Mauritius) Limited (Providence).

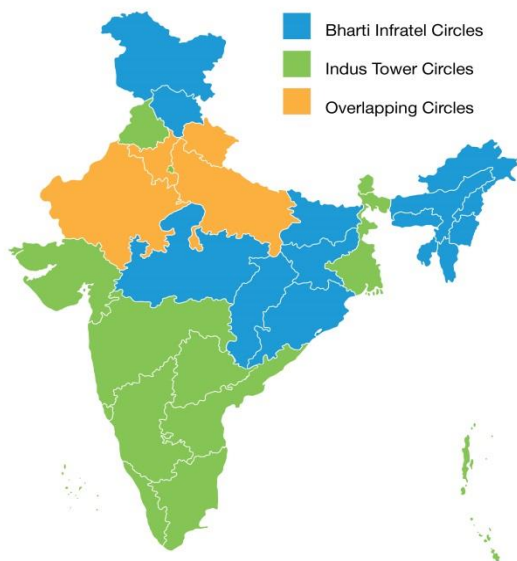


Following the merger, Indus Towers is one of the largest tower infrastructure providers in the country and globally. The business of Indus Towers is to acquire, build, own, operate and maintain tower and related infrastructure. Indus provides access to their towers primarily to wireless telecommunications service providers on a shared basis, under long-term contracts. Indus' three largest customers are Bharti Airtel Limited (together with Bharti Hexacom), Vodafone Idea Limited and Reliance Jio Infocomm Limited, which are the leading wireless telecommunications service providers in India by wireless revenue.

Indus has a nationwide presence with operations in all 22 telecommunications Circles in India. As of December 31 2020, Indus owned and operated 175,510 towers with 318,310 co-locations with an average sharing factor of 1.82.

Indus Towers has ongoing Master Services Agreements (MSAs) with its customers. The MSAs are long-term contracts which set out the terms on which access is provided to the Company's towers, with all service providers being offered substantially the same terms and receiving equal treatment at towers where they have installed their active infrastructure. Under the MSAs, Indus enters into service contracts in respect of individual towers. The

MSAs and service contracts govern Indus' relationship with its customers, the services provided, and the applicable charges and incorporate annual escalation clauses in respect of the applicable charges. This provides stability to the Company's business and provides visibility with regard to future revenues.



History of Erstwhile Indus Towers

In order to capitalize on the opportunities for tower sharing in the Indian telecommunications market, Bharti Airtel, Vodafone India and Idea Cellular agreed to establish Indus Towers as an independently managed joint venture that provides non-discriminatory shared tower services to all wireless telecommunications service providers. In furtherance of this joint venture, the parties also agreed to contribute certain identified towers to Indus Towers and to use the services of Indus Towers in the first instance for any new rollout of telecommunications towers or co-locations in 15 telecommunications circles. In this context, erstwhile Indus Towers was incorporated in November 2007 and Bharti Airtel, Bharti Infratel, Vodafone India (certain of its subsidiaries), Idea Cellular and Idea Cellular Infrastructure entered into the Indus Share Holders Agreement (SHA) to govern their relationship with respect to Indus Towers and its day-to-day operations and the Framework Agreement, which set out among other things, the basis on which towers were to be contributed to Indus Towers by the respective parties. In accordance with the Framework Agreement, Bharti Infratel, Vodafone Group Plc and Vodafone Idea held a 42%, 42% and 16% shareholding interest in Indus Towers, respectively. During the quarter ended March 2017, Aditya Birla Telecom transferred 4.85% of its stake in Indus Towers to P5 Asia Holding Investment (Mauritius) Limited. As on 30th September 2020, Bharti Infratel, Vodafone India and Vodafone Idea held shareholding interest of 42%, 42% and 11.15% respectively in Indus Towers.

The Indus SHA provided that Indus could not carry on business in the 7 telecommunications circles in which pre-merger Bharti Infratel operated in, exclusive of Indus Towers. Similarly, subject to certain exceptions, the joint venture partners were not permitted to, among other things (a) compete with the business of Indus Towers in the 15 specified telecommunications Circles that Indus operated in, (b) develop, construct or acquire any tower in the 15 specified telecommunications Circles that Indus Towers operated in and (c) directly or indirectly procure orders from or do business with any entity that has been a customer of Indus Towers during the previous two-year period in competition with the business of Indus in the 15 specified telecommunications Circles that Indus Towers operated in. On the basis of the relationship as described above, pre-merger Bharti Infratel and erstwhile Indus Towers did not compete with each other in any telecommunications Circle, they did not have any conflicts of interest in this regard and were able to work closely with each other and benefit from the synergies generated by the nationwide coverage and large scale of their operations.

Merger of pre-merger Bharti Infratel and erstwhile Indus Towers

On April 25, 2018, Indus Towers Limited (formerly Bharti Infratel Limited) ('the Company or Transferee Company') and its Joint Venture Company erstwhile Indus Towers Limited ('erstwhile Indus or Transferor Company') and their respective shareholders and creditors entered into a scheme of amalgamation and arrangement (under section 230 to 232 and other applicable provisions of the Companies Act, 2013) ('Scheme') to create a pan-India tower company operating across all 22 telecom service areas. Since then, the Scheme has received requisite regulatory approvals including approval from National Company Law Tribunal (NCLT), Chandigarh vide its order dated May 31, 2019 read with its order dated October 22, 2020.

The Company had filed certified copy of the NCLT order with the Registrar of Companies on November 19, 2020 to make the Scheme effective (Effective Date). Upon the Scheme becoming effective, the Transferor Company stood dissolved without being wound-up and amalgamated into the Company on a going concern basis.

Vodafone Idea had elected to receive cash pursuant to the right available to certain shareholders as per the Scheme. Pursuant to the same, Vodafone Idea received cash consideration of Rs. 37,601 million for its 11.15% shareholding in erstwhile Indus Towers. The said transaction was executed and completed on November 19, 2020.

For their 42% and 4.85% shareholding in erstwhile Indus Towers, Vodafone Group Plc. (through its indirect wholly owned subsidiaries) and P5 Asia Holding Investments (Mauritius) Limited (Providence) were allotted 757,821,804 and 87,506,900 equity shares aggregating to 28.12% and 3.25% respectively in the post-issue share capital of the Company. Accordingly, the paid-up equity share capital of the Company stands increased to Rs.26,949,369,500 divided into 2,694,936,950 Equity Shares of Rs.10/- each fully paid-up. Bharti Airtel along with its wholly owned subsidiary Nettle Infrastructure Investments Limited held 36.73% in the post-issue share capital of the Company following the above allotment. On December 2, 2020 and December 28, 2020, Bharti Airtel through Nettle Infrastructure Investments Limited acquired additional ~4.94% and ~0.06% through the open market, taking its holding to 41.73% in the Company.

Upon implementation of the Scheme and allotment of shares to indirect wholly owned subsidiaries of Vodafone Group Plc., in addition to existing promoters (representing Bharti Airtel Limited along with its wholly owned subsidiary Nettle Infrastructure Investments Limited), the aforesaid indirect wholly owned subsidiaries of Vodafone Group Plc. have also been classified as promoters of the Company. Together, the promoters owned 69.85% of the Company as on December 31, 2020.

Please visit our website for more disclosures pertaining to the Scheme of Amalgamation.

Future visibility on revenues & cash flows

Indus Towers has assured future revenues and cash flows because of the following key competitive strengths:

- A leading telecommunications infrastructure operator in India, with large scale, nationwide operations in an industry which creates some entry barriers.
- Extensive presence in all telecommunications Circles with strong growth potential as data consumption and data users/devices continue to increase
- Long term contracts with leading wireless telecommunications service providers in India, providing visibility on future revenues.
- The estimated weighted average remaining life of service contracts entered into with telecommunications service providers, as on December 31, 2020 is 4.05 Years.
- Comprehensive deployment and operational experience supported by well-developed processes, systems and IT infrastructure.

Alternate Energy and Energy Conservation Measures

We believe that a healthy environment is a prerequisite for progress, contributing to the well-being of society, our people and our business, and serving as the foundation for a sustainable and strong economy. In line with the vision of being known for Environmental Friendliness, the Company continues to deploy people, ideas and capital to help find effective solutions to environmental issues.

The Company has initiated various programs like getting out of air-conditioners, Shut DG, Green sites/ZEN, energy efficacy enhancement programs which are primarily based on ideas aimed at minimizing energy dependency and thereby, carbon footprint reduction. These programs promote (a) improving energy efficiency of tower infrastructure equipment, (b) use of renewable/alternate energy resources, and (c) reduction of equipment load on tower infrastructure equipment.

Some of the key initiatives taken so far are:

- **Solar Sites:** As of December 31, 2020, we operate ~ 3,100 solar-powered sites across the network on a consolidated basis, which helps in reducing noise and emissions from DG sets and also in reducing dependency on diesel, thereby contributing towards better energy security.

Further, we are partnering with Renewable Energy Service Companies in our efforts towards powering our towers using renewable energy along with community power development, in rural areas.

- Adoption of high efficiency power system as a part of standard configuration for new tower deployment to ensure effective utilization of grid power supply on the towers.
- Comprehensive program to ensure zero diesel consumption at our tower sites. As of December 31, 2020 we operate ~69,712 green towers across our network.
- Other green alternatives like fuel cell, gas genset keep on getting evaluated and added.
- Conversion of Indoor sites to Outdoor or getting out of air conditioner helps in overall reduction in energy demand as well as supports energy initiative execution.

We believe that these renewable energy initiatives, energy efficiency measures and load optimization methods will continue to have long-term benefits to our business, securing us against rising power and fuel costs as well as reducing the environmental impact of our operations.

For Operating highlights and details refer Page no. 11.

Section 3

PROFORMA FINANCIAL HIGHLIGHTS

Proforma unaudited consolidated financial results ('Proforma results') prepared assuming merger was effective from April 1, 2018 and hence, considered the effect of merger since then as per pooling of interest method in accordance to Appendix C of Ind AS 103. The consideration given to the shareholders, cancellation of Investment of Infratel in erstwhile Indus and recording of assets, liabilities and reserves at carrying value of erstwhile Indus has been considered in these results for all the periods presented. Hence, the results include the combined operation of Infratel and erstwhile Indus on line by line basis and line by line consolidation for its subsidiary and the controlled trust.

Detailed financial statements, analysis & other related information is attached to this report (Page 18). Also, kindly refer to section 7.3 – use of Non GAAP financial information (Page 23) and Glossary (Page 57) for detailed definitions.

3.1. Summarized Statement of Operations

Particulars	Quarter Ended			Nine Months Ended		
	Dec-20	Dec-19	Y-on-Y Growth	Dec-20	Dec-19	Y-on-Y Growth
Revenue ¹	67,361	64,432	4.5%	1,91,811	1,92,561	-0.4%
EBITDA ¹	36,080	32,863	9.8%	98,446	98,184	0.3%
<i>EBITDA Margin</i>	53.6%	51.0%		51.3%	51.0%	
EBIT ¹	21,222	20,254	4.8%	56,770	58,075	-2.2%
Other Income	1,056	562	87.9%	2,211	1,937	14.1%
Finance cost (Net)	3,900	3,012	29.5%	10,402	9,193	13.2%
Profit before tax	18,378	17,804	3.2%	48,579	50,819	-4.4%
Income Tax Expense	4,778	4,496	6.3%	12,466	10,413	19.7%
Profit after Tax	13,600	13,308	2.2%	36,113	40,406	-10.6%
Capex	10,935	7,179	52.3%	22,970	23,205	-1.0%
Operating Free Cash Flow ¹	18,756	19,630	-4.5%	56,296	55,984	0.6%
Adjusted Fund From Operations(AFFO) ¹	27,771	25,182	10.3%	74,286	73,025	1.7%
Cumulative Investments	5,60,304	5,44,539	2.9%	5,60,304	5,44,539	2.9%

1. Revenue, EBITDA, EBIT, Operating free cash flow and Adjusted Fund from Operations (AFFO) are excluding other income.

3.2. Summarized Statement of Consolidated Financial Position

Particulars	Amount in Rs. mn	
	As at Dec 31, 2020	As at Mar 31, 2020
Shareholder's Fund		
Share capital	26,949	26,949
Other Equity	1,66,550	1,50,132
Total Equity	1,93,499	1,77,081
Liabilities		
Non-current liabilities	1,43,180	1,56,895
Current liabilities	1,22,845	1,29,115
Total liabilities	2,66,025	2,86,010
Total Equity and liabilities	4,59,524	4,63,091
Assets		
Non-current assets	3,47,310	3,67,515
Current assets	1,12,214	95,576
Total assets	4,59,524	4,63,091

Section 4
OPERATING HIGHLIGHTS

The consolidated financial figures are based on proforma unaudited financial results prepared as per line by line consolidation method based on unaudited consolidated financial statements of IND AS and underlying information.

4.1 Tower and Related Infrastructure Services

Parameters	Unit	Dec 31, 2020	Sep 30, 2020	Q-on-Q Growth	Dec 31, 2019	Y-on-Y Growth
Total Towers	Nos	1,75,510	1,72,094	3,416	1,67,120	8,390
Total Co-locations ¹	Nos	3,18,310	3,14,106	4,204	3,09,246	9,064
Key Indicators						
Average Sharing Factor	Times	1.82	1.83		1.85	
Closing Sharing Factor	Times	1.81	1.83		1.85	
Sharing Revenue per Tower p.m	Rs	82,732	78,379	5.6%	80,412	2.9%
Sharing Revenue per Sharing Operator p.m	Rs	44,845	42,186	6.3%	42,555	5.4%

1. The Company during the quarter has reported co-locations reduction of 354 basis exit notices received. However as at December 31, 2020, there are cumulative 4,474 co-locations for which though the exit notices have been received but actual exits have not happened.

4.2 Human Resource Analysis

Parameters	Unit	Dec 31, 2020	Sep 30, 2020	Q-on-Q Growth	Dec 31, 2019	Y-on-Y Growth
Total On Roll Employees	Nos	3,525	3,591	(66)	3,613	(88)
Number of Towers per Employee	Nos	50	48	4.2%	46	8.7%
Personnel Cost per Employee per month	Rs	2,10,043	1,69,891	23.6%	1,66,806	25.9%
Revenue per Employee per month	Rs	63,10,755	58,58,762	7.7%	59,74,223	5.6%

4.3 Residual Lease Period and Future Minimum Lease Receivable

Parameters	Unit	Dec 31, 2020
Average Residual Service Contract Period	Yrs.	4.05
Minimum Lease Payment Receivable	Rs. Mn	6,25,978

Section 5

MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Key Industry Developments

1. Covid-19 and Impact

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

2. Bharti Airtel Update

Airtel Announces 5G Ready Network

Bharti Airtel announced that it has become the country's first telco to successfully demonstrate & orchestrate LIVE 5G service over a commercial network in Hyderabad city. Airtel did this over its existing liberalised spectrum in the 1800 MHz band through the NSA (Non Stand Alone) network technology. The Company said, "Using a first of its kind, dynamic spectrum sharing, Airtel seamlessly operated 5G and 4G concurrently within the same spectrum block. This demonstration has emphatically validated the 5G readiness of Airtel's network across all domains - Radio, Core and Transport. Airtel 5G is capable of delivering 10x speeds, 10x latency and 100x concurrency when compared to existing technologies."

Investment by Nettle Infrastructure Investment Limited in Indus Towers

Nettle Infrastructure Investments Limited, a wholly owned subsidiary of Bharti Airtel, has acquired an additional equity stake of ~5% in Indus Towers Limited through the open market taking its holding to 41.73% in the Company.

3. Vodafone Idea Update

Sale of Stake in erstwhile Indus Towers

Vodafone Idea has informed the stock exchanges that in relation to the merger of erstwhile Indus Towers with Bharti Infratel, Vodafone Idea has sold its 11.15% stake in erstwhile Indus Towers for a cash consideration of Rs. 37.6 billion in accordance with the terms of the agreement and out of the consideration received from Bharti Infratel, Vodafone Idea has made a prepayment of Rs. 24 billion which will be adjusted in line with terms of the agreement.

4. RJIO Update

Qualcomm and Jio Align Efforts on 5G

Qualcomm Technologies, Inc. and Jio Platforms Limited (Jio) announced their expanded efforts to develop open and interoperable interface compliant architecture based 5G solutions with a virtualized RAN. This work is intended to fast track the development and roll out of indigenous 5G network infrastructure and services in India. Qualcomm Technologies and Jio also announced that they achieved over a 1 Gbps milestone on the Jio 5G NR solution, leveraging the Qualcomm 5G RAN Platforms.

5.2 Key Company updates

1. Infratel – Indus Merger update

Indus Towers Limited (formerly Bharti Infratel Limited) ('the Company') and its Joint Venture Company erstwhile Indus Towers Limited ('erstwhile Indus') and their respective shareholders and creditors entered into a proposed scheme of amalgamation and arrangement to create a pan-India tower company operating across all 22 telecom service areas. The Scheme has received requisite approvals and the Company has filed the certified copy of the NCLT order with the Registrar of Companies on November 19, 2020 i.e. effective date of merger.

2. Reconstitution of the Board and Change in KMP

- Mr. Bimal Dayal was appointed as Managing Director of the Company w.e.f. October 22, 2020 till the effectiveness of the Scheme of Amalgamation and Arrangement between the Company and erstwhile Indus Towers Limited (Scheme).
- Upon effectiveness of the Scheme, the Board of the Company was re-constituted w.e.f. conclusion of the Board meeting held on November 19, 2020 as under:

Ms. Anita Kapur and Mr. N Kumar (Independent Directors) and Mr. Rajan Bharti Mittal (Non-Executive Director) continued as the Directors on the Board of the Company.

Mr. Akhil Gupta (Executive Chairman), Mr. Bimal Dayal (Managing Director), Mr. Bharat Sumant Raut, Mr. Jitender Balakrishnan, Dr. Leena Srivastava and Mr. Rajinder Pal Singh (Independent Directors), and Mr. Tao Yih Arthur Lang (Non-Executive Director) resigned from the Board.

Mr. Sharad Bhansali and Ms. Sonu Bhasin (Independent Directors) and Mr. Balesh Sharma, Mr. Gopal Vittal, Mr. Harjeet Kohli, Mr. Randeep Singh Sekhon, Mr. Ravinder Takkar and Mr. Thomas Reisten (Non-Executive Directors) were appointed as additional directors on the Board of the Company.

Mr. N Kumar, Independent Director is appointed as the initial Chairman of the Board.

- Mr. Bimal Dayal was appointed as Chief Executive officer of the Company w.e.f. November 19, 2020. Further the Board had recommended his appointment as Managing Director & CEO for a period of 5 years commencing from the date of approval of shareholders. The shareholders have approved his appointment as MD & CEO w.e.f. January 8, 2021.
- Ms. Pooja Jain, resigned from the position of Chief Financial Officer w.e.f. November 30, 2020 and Mr. Vikas Poddar has been appointed as the Chief Financial Officer of the Company w.e.f. January 12, 2021

3. Awards and Recognitions

Frost & Sullivan Awards 2020

Indus Towers wins awards under two categories at the 7th Edition of Project Evaluation & Recognition Program (PERP) 2020 hosted by Frost & Sullivan in October 2020. Indus was recognized as a Winner in Process Innovation Leadership Category (Service Sector) for Zero Intervention Site for Network Operations and received Certificate of Merit in Supply Chain Leadership Category (Service Sector) for DG Repair TAT Improvement.

4. Interim Dividend

The Board of Directors has declared a second interim dividend of Rs 17.82 per equity share for the financial year 2020-21, in its meeting held on January 28, 2021.

5.3 Results of Operations

Proforma unaudited consolidated financial results ('Proforma results') prepared assuming merger was effective from April 1, 2018 and hence, considered the effect of merger since then as per pooling of interest method in accordance to Appendix C of Ind AS 103. The consideration given to the shareholders, cancellation of Investment of Infratel in erstwhile Indus and recording of assets, liabilities and reserves at carrying value of erstwhile Indus has been considered in these results for all the periods presented. Hence, the results include the combined operation of Infratel and erstwhile Indus on line by line basis and line by line consolidation for its subsidiary and the controlled trust.

Key Highlights – For the quarter ended December 31, 2020

- Revenues at Rs 67,361 Mn
- EBITDA at Rs 36,080 Mn
- Profit before tax at Rs 18,378 Mn
- Operating Free Cash Flow (OFCF) at Rs 18,756 Mn
- Adjusted Fund from Operations (AFFO) at Rs 27,771 Mn

5.3.1 Financial & Operational Performance

Indus Towers Limited

Quarter Ended December 31, 2020

Tower and Co-Location base & additions

As of December 31 2020, Indus owned and operated 175,510 towers with 318,310 co-locations in 22 telecommunications Circles in India.

During the quarter, net co-locations increased by 4,204. Gross exits during the quarter were 354. there are cumulative 4,474 co-locations for which though the exit notices have been received but actual exits have not happened.

For the quarter ended December 31, 2020, Indus had average sharing factor of 1.82 per tower.

Revenues¹ from Operations

Our revenue comprises of primarily revenues from co-locations and their energy billings.

Our revenue from operations for the quarter ended December 31, 2020 was Rs 67,361 million up by 4.5% on Y-o-Y basis.

Revenue from Operations includes exit charges amounting to Rs 4,002 million recognized in financials for the quarter ended December 31, 2020 and Rs 1,752 million for the quarter ended December 31, 2019 as per accounting policy.

Operating Expenses

Our total expenses for the quarter ended December 31, 2020 were Rs 31,281 million, or 46.4% of our revenues from operations. The largest component of our expense during this period was power and fuel,

amounting to Rs 24,786 million. The other key expenses incurred by us during the quarter ended December 31, 2020 were repair & maintenance (operations and maintenance costs of the network) of Rs 3,793 million and employee benefits expenses of Rs 2,242 million.

EBITDA¹, EBIT¹ & Finance Cost

For the quarter ended December 31, 2020, company had an EBITDA of Rs 36,080 million up by 9.8% on Y-o-Y basis EBITDA margin of 53.6%.

During the quarter ended December 31, 2020, the company had depreciation and amortization expenses of Rs 14,302 million or 21.2% of our revenues.

The resultant EBIT for the quarter ended December 31, 2020 was Rs 21,222 million up by 20.2% on Y-o-Y basis.

The net finance cost for the quarter ended December 31, 2020 was Rs 3,900 million, or 5.8% of our revenues up by 29.5% on Y-o-Y basis.

Profit before Tax (PBT)

Our profit before tax for the quarter ended December 31, 2020 was Rs 18,378 million, or 27.3% of our revenues up by 3.2% on Y-o-Y basis.

Profit after Tax (PAT)

The net income for the quarter ended December 31, 2020 was Rs 13,600 million or 20.2% of our revenues up by 2.2% on Y-o-Y basis.

Our total tax expense (net of tax effect on long term capital gains / loss) for the quarter ended December 31, 2020 was Rs 4,778 million, or 7.1% of our consolidated revenues.

Capital Expenditure, Operating Free Cash Flow¹ & Adjusted Fund from Operations (AFFO)¹

For the quarter ended December 31, 2020, the company incurred capital expenditure of Rs 10,935 million. The Operating free cash flow during the quarter was Rs 18,756 million down by 4.4% on Y-o-Y basis.

The Adjusted Fund from Operations (AFFO) during the quarter was Rs 27,771 million up by 10.3% on Y-o-Y basis.

1. Revenue, EBITDA, EBIT, operating free cash flow & AFFO are excluding other income.

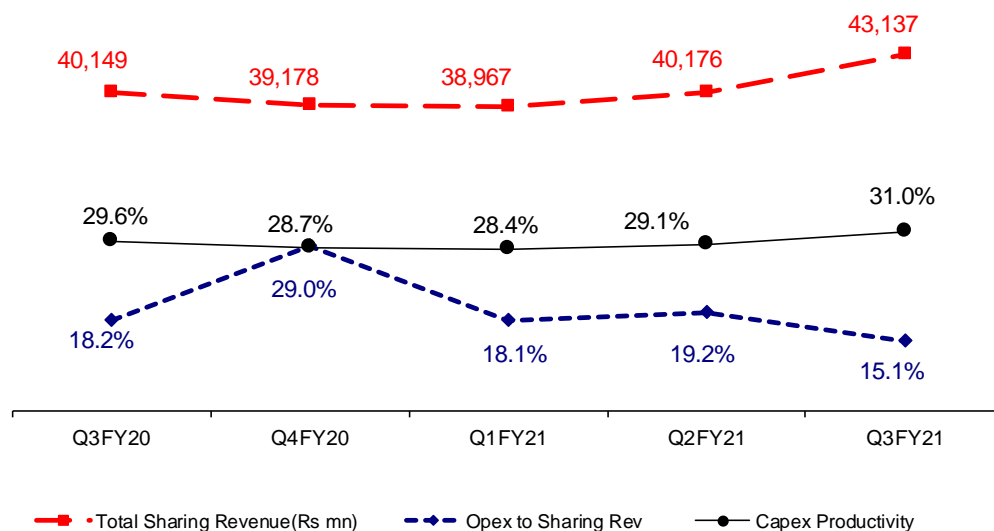
Return on Capital Employed (ROCE)

ROCE as at the period ended December 31, 2020 stands at 21.3%.

5.4 Indus Towers Three Line Graph

The Company tracks its performance on a three-line graph.

Given below are the graphs for the last five quarters of the Company:



The parameters considered for the three-line graph are:

- Total Sharing revenue** - i.e. total revenue excluding energy reimbursements accrued during the respective period
- Opex Productivity** - is calculated as operating expenses other than power and fuel expense divided by total sharing revenues for the respective period.

This ratio depicts the operational efficiencies in the Company.
- Capex Productivity** - this is computed by dividing sharing revenue accrued for the quarter (annualized) by average gross cumulative investments (gross fixed assets and capital work in progress) as at the end of respective period. This ratio depicts the asset productivity of the Company.

Section 6

STOCK MARKET HIGHLIGHTS

6.1 General Information

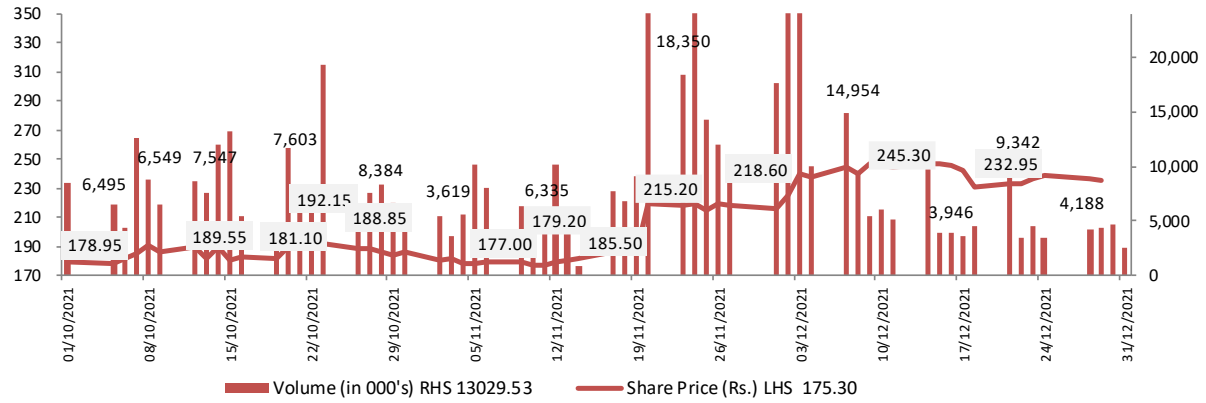
Shareholding and Financial Data	Unit	Quarter Ended Dec 31, 2020
Codes/Exchanges		534816/BSE INDUSTOWER/NSE
Bloomberg/Reuters		INDUSTOW IN/INUS.NS
No. of Shares Outstanding (31/12/20)	Mn Nos	2,694.94
Closing Market Price - NSE (31/12/20)	Rs /Share	229.90
Combined Volume (NSE & BSE) (01/10/20 - 31/12/20)	Nos in Mn/day	13.32
Combined Value (NSE & BSE) (01/10/20 - 31/12/20)	Rs bn /day	2.81
Market Capitalization	Rs bn	620
Book Value Per Equity Share	Rs /share	71.80
Market Price/Book Value	Times	3.20
Enterprise Value	Rs bn	762
PE Ratio	Times	13.48
Enterprise Value/ EBITDA	Times	5.97

6.2 Summarized Shareholding pattern as of December 31, 2020

Category	Number of Shares	%
Promoter & Promoter Group		
Indian	1,12,45,27,726	41.73%
Foreign	75,78,21,804	28.12%
Sub-Total	1,88,23,49,530	69.85%
Public Shareholding		
Institutions	79,27,03,011	29.41%
Non-Institutions	1,97,17,119	0.73%
Sub-Total	81,24,20,130	30.15%
Non-promoter Non-public shareholding		
Indian (Held by Indus Towers Employees Welfare Trust (formerly Bharti Infratel Employee's Welfare Trust)	1,67,290	0.01%
Foreign	-	-
Sub-Total	1,67,290	0.01%
Total	2,69,49,36,950	100%

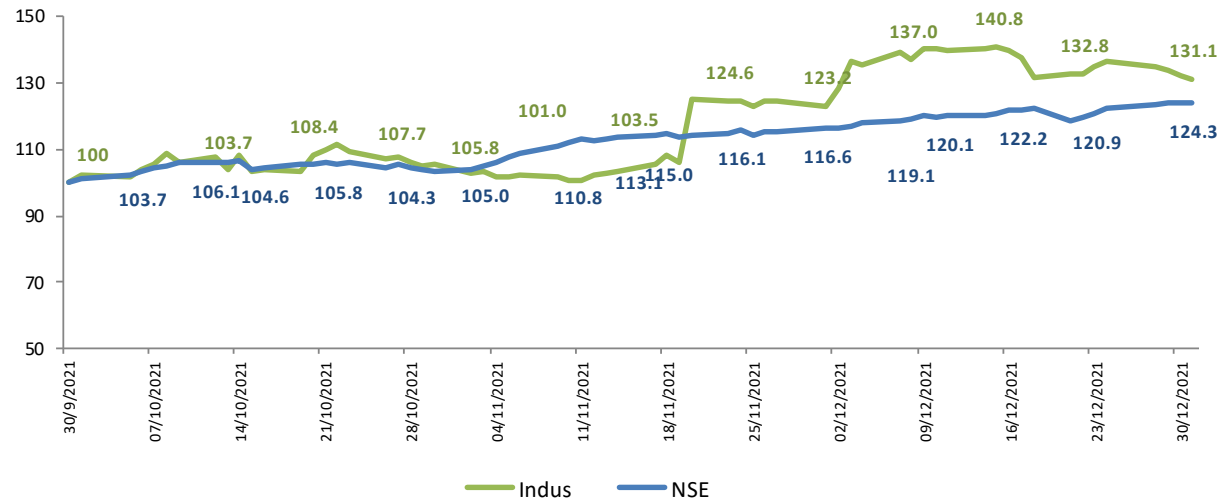
6.3 Indus Towers daily stock price (NSE) and volume (BSE & NSE Combined) movement

Volume and Share Price Data (October 01, 2020 - December 31, 2020)



6.4 Comparison of Indus Towers with Nifty

Sensex & NSE Comparison with Indus Tower (October 01, 2020 - December 31, 2020)



Nifty and Indus Towers Stock price rebased to 100.

Section 7

DETAILED PROFORMA FINANCIAL AND RELATED INFORMATION

Proforma unaudited consolidated financial results ('Proforma results') prepared assuming merger was effective from April 1, 2018 and hence, considered the effect of merger since then as per pooling of interest method in accordance to Appendix C of Ind AS 103. The consideration given to the shareholders, cancellation of Investment of Infratel in erstwhile Indus and recording of assets, liabilities and reserves at carrying value of erstwhile Indus has been considered in these results for all the periods presented. Hence, the results include the combined operation of Infratel and erstwhile Indus on line by line basis and line by line consolidation for its subsidiary and the controlled trust.

7.1 Proforma Financial Statements

7.1.1 Statement of Profit and Loss

Particulars	Quarter Ended			Nine Months Ended		
	Dec-20	Dec-19	Y-on-Y growth	Dec-20	Dec-19	Y-on-Y growth
Income						
Revenue from Operations	67,361	64,432	5%	1,91,811	1,92,561	-0.4%
Other income	1,056	562	88%	2,211	1,937	14%
	68,417	64,994	5%	1,94,022	1,94,498	0%
Expenses						
Power and fuel	24,786	24,246	2%	72,086	74,088	-3%
Employee expenses	2,242	1,799	25%	5,907	5,232	13%
Repairs and maintenance	3,793	3,291	15%	10,719	9,897	8%
Other expenses	460	2,233	-79%	4,653	5,160	-10%
	31,281	31,569	-1%	93,365	94,377	-1%
Profit before depreciation and amortization, finance cost, finance income, charity and donation, exceptional items and tax	37,136	33,425	11%	1,00,657	1,00,121	1%
Finance Costs	4,504	3,906	15%	12,286	12,155	1%
Finance Income	(604)	(894)	32%	(1,884)	(2,962)	36%
Charity and Donation	556	139	300%	1,605	852	88%
Depreciation and Amortization Expense	15,397	13,084	18%	42,190	41,528	2%
Less: adjusted with general reserve in accordance with the Scheme	(1,095)	(614)	-78%	(2,119)	(2,271)	7%
Profit before exceptional items and tax	18,378	17,804	3%	48,579	50,819	-4%
Profit before tax	18,378	17,804	3%	48,579	50,819	-4.4%
Income Tax expense						
Current tax	4,076	4,158	-2%	12,720	12,214	4%
Deferred tax	702	338	108%	(254)	(1,801)	86%
Total income tax expense	4,778	4,496	6%	12,466	10,413	20%
Profit for the period	13,600	13,308	2%	36,113	40,406	-11%
Other comprehensive income/(loss)	(6)	(7)	14%	(20)	(139)	86%
Total comprehensive income for the year, net of tax	13,594	13,301	2%	36,093	40,267	-10%
Earnings per equity share (nominal value of share Rs 10 each)						
Basic (Rs.)	5.05	4.94	2%	13.40	14.99	-11%
Diluted (Rs.)	5.05	4.94	2%	13.40	14.99	-11%

7.1.2 Statement of Balance Sheet

Amount in Rs mn

Particulars	As at	
	Dec 31, 2020	Mar 31, 2020 ¹
Assets		
Non-current assets		
Property, plant and equipment	2,12,906	2,19,211
Right of Use Assets	1,00,037	99,603
Capital work-in-progress	2,373	2,928
Intangible assets	87	363
Financial Assets		
Investments	-	17,002
Other Financial Assets	10,481	10,816
Income Tax Assets (net)	7,784	6,669
Deferred tax assets (net)		
Other non - Current assets	13,642	10,923
	3,47,310	3,67,515
Current assets		
Financial assets		
Investments	30,692	22,380
Trade receivables	42,985	34,529
Cash and cash equivalents	257	2,807
Other Bank Balance	30	18
Other Financial assets	30,150	32,205
Other Current Assets	8,100	3,637
	1,12,214	95,576
Total assets	4,59,524	4,63,091
Equity and Liabilities		
Equity		
Equity Share capital	26,949	26,949
Other Equity	1,66,550	1,50,132
Equity attributable to equity holders of the parent	1,93,499	1,77,081
Non-current liabilities		
Financial Liabilities		
Lease Liabilities	1,10,128	1,09,407
Other Financial Liabilities	5,148	5,165
Borrowings	9,679	24,267
Provisions	15,213	14,175
Deferred tax liability	534	795
Other non - Current liabilities	2,478	3,086
	1,43,180	1,56,895
Current liabilities		
Financial Liabilities		
Borrowings	22,748	52,105
Trade and Other payables	34,101	33,454
Lease Liabilities	21,045	19,868
Other financial liabilities	19,750	17,935
Other Current Liabilities	23,528	5,005
Provisions	795	639
Current Tax Liabilities (Net)	878	109
	1,22,845	1,29,115
Total liabilities	2,66,025	2,86,010
Total equity and liabilities	4,59,524	4,63,091

1. In March 31, 2020 VIL pay-out of Rs 37,601 million is assumed to be funded partially through investments and partially through loan proceeds.

7.1.3 Cash Flow Statement

Particulars	Amount in Rs mn	
	As at	
	Dec-20	Dec-19 ¹
Cash flows from operating activities		
Profit before taxation	48,579	50,819
Adjustments for		
Depreciation and amortization expense	40,071	39,257
Finance income	(1,884)	(2,962)
Finance costs	12,286	12,155
(Gain)/loss on disposal of property, plant & equipment	(1,049)	(939)
Provision for doubtful trade receivables	551	356
Revenue equalisation	(3,130)	(4,047)
Others	(1,367)	(857)
Operating profit before changes in assets and liabilities	94,057	93,782
Changes in other assets / financial assets	2,182	(801)
Changes in other non current and current assets	(4,065)	(176)
Changes in trade receivables	(9,007)	(10,556)
Changes in other financial liabilities	(736)	(5,363)
Changes in provisions	164	138
Changes in other non current and current liabilities	18,454	1,580
Changes in trade payables and financial liabilities	1,544	2,198
Cash generated from operations	1,02,593	80,802
Income tax paid (net of refunds)	(13,066)	(11,856)
Net cash flow from operating activities (A)	89,527	68,946
Cash flows from investing activities		
Purchase of property, plant & equipment	(22,461)	(23,729)
Proceeds from sale of property, plant & equipment	1,976	1,943
Investment in mutual funds	(1,38,178)	(1,48,512)
Proceeds from sale of mutual funds	1,48,006	1,33,457
Proceeds from sale of government securities	-	9,468
Redemption of certificate of deposits, Commercial paper and bonds	-	2,938
Proceeds from bank deposits (net)	213	85
Proceeds from exercise of stock options	4	4
Interest received	610	1,198
Net cash flow from / (used in) investing activities (B)	(9,830)	(23,148)
Cash flows from financing activities		
Proceeds from borrowings	1,38,346	94,846
Amount on account of sale/purchase of treasury shares (net)	78	-
Repayment of borrowings	(1,77,345)	(89,033)
Dividend paid	(17,634)	(30,986)
Interest Paid	(2,582)	(3,662)
Repayment of lease liabilities (including interest)	(19,180)	(18,995)
Net cash flow used in financing activities (C)	(78,317)	(47,830)
Net increase in cash and cash equivalents during the year (A+B+C)	1,380	(2,032)
Cash and cash equivalents at the beginning of the year	(1,123)	3,172
Cash and cash equivalents at the end of the year	257	1,140
Components of cash and cash equivalents		
Cash and cash equivalents		
Balances with banks		
- on current accounts	247	164
- Deposits with original maturity of less than three months	10	976
Total cash and cash equivalents	257	1,140

1. In March 31, 2020 VIL pay-out of Rs 37,601 million is assumed to be funded partially through investments and partially through loan proceeds.

7.2 Schedules to Financial Statements

7.2.1 Schedule of Revenue from Operations

Amount in Rs mn

Particulars	Quarter Ended		Nine Months Ended	
	Dec-20	Dec-19	Dec-20	Dec-19
Sharing revenue	43,137	40,149	1,22,280	1,18,344
Energy reimbursements	24,224	24,283	69,531	74,217
Revenue	67,361	64,432	1,91,811	1,92,561

7.2.2 Schedule of Operating Expenses

Particulars	Quarter Ended		Nine Months Ended	
	Dec-20	Dec-19	Dec-20	Dec-19
Power and fuel	24,786	24,246	72,086	74,088
Employee expenses	2,242	1,799	5,907	5,232
Repairs and maintenance	3,793	3,291	10,719	9,897
Other expenses	460	2,233	4,653	5,160
Expenses	31,281	31,569	44,166	94,377

7.2.3 Schedule of Depreciation & Amortization

Amount in Rs mn

Particulars	Quarter Ended		Nine Months Ended	
	Dec-20	Dec-19	Dec-20	Dec-19
Depreciation of tangible assets	9,845	8,127	26,836	26,088
Amortization of intangible assets	182	78	323	251
Depreciation without ROU assets	10,027	8,205	27,159	26,339
Add: Depreciation on ROU assets	4,275	4,265	12,912	12,918
Depreciation and Amortization	14,302	12,470	40,071	39,257

7.2.4 Schedule of Finance Cost (Net)

Amount in Rs mn

Particulars	Quarter Ended		Nine Months Ended	
	Dec-20	Dec-19	Dec-20	Dec-19
Finance Income	(604)	(894)	(1,884)	(2,962)
Finance Cost	1,903	1,536	4,541	4,876
Finance cost (Net) without lease obligation	1,299	642	2,657	1,914
Add: Interest on lease obligation	2,601	2,370	7,745	7,279
Finance cost (Net)	3,900	3,012	10,402	9,193

7.2.5 Schedule of Tax Expenses (Net)

Amount in Rs mn

Particulars	Quarter Ended		Nine Months Ended	
	Dec-20	Dec-19	Dec-20	Dec-19
Current tax	4,076	4,158	12,720	12,214
Deferred tax	702	338	(254)	(1,801)
Income Tax Expenses	4,778	4,496	12,466	10,413

7.2.6 Schedule of Cumulative Investments

Amount in Rs. mn

Particulars	As at	As at
	Dec 31, 2020	Mar 31, 2020
Property, plant and equipment(Gross)	5,55,138	5,42,391
Less: Accumulated Depreciation	3,42,232	3,23,180
Property, plant and equipment(Net)	2,12,906	2,19,211
Intangible assets(Gross)	2,793	2,744
Less: Accumulated Amortization	2,706	2,381
Intangible assets(Net)	87	363
Capital work-in-progress	2,373	2,928
Cumulative Investments	5,60,304	5,48,063

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7.3 Use of Non - GAAP Financial Information

In presenting and discussing the Company's reported financial position, operating results and cash flows, certain information is derived from amounts calculated in accordance with IND AS, but this information is a Non-GAAP measure. Such Non-GAAP measures should not be viewed in isolation as alternatives to the equivalent IND AS measures.

A summary of Non – GAAP measures included in this report are shown below

7.3.1 Reconciliation of Non- GAAP financial information to the information as per proforma unaudited consolidated financial statements in 7.1 & 7.2 above

a) Reconciliation of Total Income to Revenue

Particulars	<i>Amount in Rs mn</i>	
	Quarter Ended Dec-20	Nine Months Ended Dec-20
Total Income to Revenue		
Total Income as per IND AS	68,417	1,94,022
Less: Other Income	1,056	2,211
Revenue	67,361	1,91,811

b) Reconciliation of EBITDA (Including Other Income) to EBITDA

Particulars	<i>Amount in Rs mn</i>	
	Quarter Ended Dec-20	Nine Months Ended Dec-20
EBITDA (Including Other Income) to EBITDA		
EBITDA (Incl. Other Income) as per IND AS	37,136	1,00,657
Less: Other Income	1,056	2,211
EBITDA	36,080	98,446

c) Reconciliation of EBIT (Including Other Income) to EBIT

Particulars	<i>Amount in Rs mn</i>	
	Quarter Ended Dec-20	Nine Months Ended Dec-20
EBIT (Including Other Income) to EBIT		
EBIT (Incl. Other Income) as per IND AS	22,278	58,981
Less: Other Income	1,056	2,211
EBIT	21,222	56,770

d) Derivation of Operating Free Cash Flow from EBITDA

Particulars	<i>Amount in Rs mn</i>	
	Quarter Ended Dec-20	Nine Months Ended Dec-20
EBITDA to Operating Free Cash Flow		
EBITDA	36,080	98,446
Less: Repayment of Lease Liabilities	6,389	19,180
Adjusted EBITDA	29,691	79,266
Less: Capex	10,935	22,970
Operating Free Cash Flow	18,756	56,296

e) Derivation of Adjusted Fund From Operations (AFFO) from Adjusted EBITDA

Amount in Rs mn

Particulars	Quarter Ended	Nine Months Ended
	Dec-20	Dec-20
Adjusted EBITDA to Adjusted Fund From Operations		
Adjusted EBITDA	29,691	79,266
Less: Maintenance & General Corporate Capex	1,920	4,980
Adjusted Fund From Operations(AFFO)	27,771	74,286

f) Calculation of Net Debt / (Net Cash) with and without Lease Liabilities

Amount in Rs mn

Particulars	As at Dec 31, 2020	As at March 31, 2020 ¹
Total Debt (Long Term and Short Term Borrowings)	1,72,950	2,13,981
Less: Cash and Cash Equivalents & Current and non-current Investments (including fixed deposits)	30,979	42,207
Net Debt / (Net Cash) with Lease Liabilities	1,41,971	1,71,774
Less: Lease Obligation	1,31,173	1,29,275
Net Debt / (Net Cash) without Lease Liabilities	10,798	42,499

1. In March 31, 2020 VIL pay-out of Rs 37,601 million is assumed to be funded partially through investments and partially through loan proceeds.

g) Calculation of Capital Employed

Amount in Rs mn

Particulars	As at Dec 31, 2020	As at March 31, 2020 ¹
Shareholder's Equity	1,93,499	1,77,081
Add: Net Debt / (Net Cash) with Lease Liabilities	1,41,971	1,71,774
Capital Employed	3,35,470	3,48,855

Section 8

TRENDS AND RATIOS

Proforma unaudited consolidated financial results ('Proforma results') prepared assuming merger was effective from April 1, 2018 and hence, considered the effect of merger since then as per pooling of interest method in accordance to Appendix C of Ind AS 103. The consideration given to the shareholders, cancellation of Investment of Infratel in erstwhile Indus and recording of assets, liabilities and reserves at carrying value of erstwhile Indus has been considered in these results for all the periods presented. Hence, the results include the combined operation of Infratel and erstwhile Indus on line by line basis and line by line consolidation for its subsidiary and the controlled trust

8.1 Based on Statement of Operations

Amount in Rs mn

Parameters	For the Quarter Ended				
	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Revenue ¹	67,361	63,591	60,859	63,063	64,432
Energy Cost	24,786	24,679	22,621	22,649	24,246
Other Operating Expenses	6,495	7,733	7,051	11,359	7,323
EBITDA ¹	36,080	31,179	31,187	29,055	32,863
<i>EBITDA / Total revenues²</i>	<i>53.6%</i>	<i>49.0%</i>	<i>51.2%</i>	<i>46.1%</i>	<i>51.0%</i>
EBIT ¹	21,222	17,649	17,899	15,083	20,254
Other Income	1,056	816	339	840	562
Finance cost (Net)	3,900	3,297	3,205	2,760	3,012
Profit before tax	18,378	15,168	15,033	13,163	17,804
Income Tax Expense	4,778	3,861	3,827	3,299	4,496
Profit after Tax	13,600	11,307	11,206	9,864	13,308
Capex	10,935	8,743	3,292	8,559	7,179
Operating Free Cash Flow ¹	18,756	16,341	21,200	14,669	19,630
Adjusted Fund From Operations (AFFO) ¹	27,771	23,153	23,362	21,545	25,182
Cumulative Investments	5,60,304	5,52,914	5,50,025	5,48,063	5,44,539

	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
As a % of Revenue²					
Energy Cost	36.8%	38.8%	37.2%	35.9%	37.6%
Other Operating Expenses	9.6%	12.2%	11.6%	18.0%	11.4%
EBITDA	53.6%	49.0%	51.2%	46.1%	51.0%
Profit before tax	27.3%	23.9%	24.7%	20.9%	27.6%
Profit after tax	20.2%	17.8%	18.4%	15.6%	20.7%

1. Revenue, EBITDA, EBIT, Operating free cash flow & AFFO are excluding other income.

2. Previous periods' figures have been regrouped/ rearranged wherever necessary to conform to current period classifications.

8.1.1 Consolidated Proforma Statement of Operations

Amount in Rs mn

Particulars	Quarter Ended				
	Dec 2020	Sep 2020	Jun 2020	Mar 2020	Dec 2019
Income					
Revenue from Operations	67,361	63,591	60,859	63,063	64,432
Other income	1,056	816	339	840	562
	68,417	64,407	61,198	63,903	64,994
Expenses					
Power and fuel	24,786	24,679	22,621	22,649	24,246
Employee expenses	2,242	1,844	1,821	1,796	1,799
Repairs and maintenance	3,793	3,805	3,121	3,622	3,291
Other expenses	460	2,084	2,109	5,941	2,233
	31,281	32,412	29,672	34,008	31,569
Profit before depreciation and amortization, finance cost, finance income, charity and donation, exceptional items and tax	37,136	31,995	31,526	29,895	33,425
Depreciation and amortization expense	14,302	13,088	12,681	13,453	12,470
Finance costs	4,504	3,746	4,036	3,797	3,906
Finance Income	(604)	(449)	(831)	(1,037)	(894)
Charity and donation	556	442	607	519	139
	18,758	16,827	16,493	16,732	15,621
Profit before exceptional items and tax	18,378	15,168	15,033	13,163	17,804
Profit before tax	18,378	15,168	15,033	13,163	17,804
Income Tax expense					
Current tax	4,076	4,065	4,579	3,943	4,158
Deferred tax	702	(204)	(752)	(644)	338
Total income tax expense	4,778	3,861	3,827	3,299	4,496
Profit for the period	13,600	11,307	11,206	9,864	13,308
Other comprehensive income/(loss)	(6)	(3)	(11)	7	(7)
Total Comprehensive Income	13,594	11,304	11,195	9,871	13,301
Earnings per equity share (nominal value of share Rs 10 each)					
Basic	5.05	4.20	4.16	3.66	4.94
Diluted	5.05	4.20	4.16	3.66	4.94

8.1.2 Consolidated Proforma Balance sheet

Amount in Rs mn

Particulars	As at	As at	As at	As at	As at
	Dec 2020	Sep 2020 ¹	Jun 2020 ¹	Mar 2020 ¹	Dec 2019 ¹
ASSETS					
Non-current assets					
Property, plant and equipment	2,12,906	2,12,756	2,13,492	2,19,211	2,20,433
Right of use asset	1,00,037	98,749	98,548	99,603	98,248
Capital work-in-progress	2,373	2,695	2,976	2,928	3,200
Intangible assets	87	237	303	363	431
Financial Assets					
Investments	-	17,330	17,192	17,002	16,758
Other Financial Assets	10,481	10,599	10,509	10,816	10,935
Income Tax Assets (net)	7,784	7,687	7,660	6,669	3,546
Deferred tax Assets (Net)	-	166	-	-	-
Other non - Current assets	13,642	12,912	12,019	10,923	11,647
	3,47,310	3,63,131	3,62,699	3,67,515	3,65,198
Current assets					
Financial assets					
Investments	30,692	735	12,146	22,380	20,856
Trade receivables	42,985	47,724	41,222	34,529	35,004
Cash and cash equivalents	257	4,813	819	2,807	1,140
Other Bank Balance	30	16	11	18	17
Other Financial Assets	30,150	28,824	28,318	32,205	27,951
Other Current Assets	8,100	3,583	3,539	3,637	3,534
	1,12,214	85,695	86,055	95,576	88,502
Total assets	4,59,524	4,48,826	4,48,754	4,63,091	4,53,700
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	26,949	26,949	26,949	26,949	26,949
Other Equity	1,66,550	1,54,091	1,47,554	1,50,132	1,40,836
Equity attributable to equity holders of the parent	1,93,499	1,81,040	1,74,503	1,77,081	1,67,785
Non-current liabilities					
Financial Liabilities					
Lease Liabilities	1,10,128	1,08,779	1,08,464	1,09,407	1,10,451
Other Financial Liabilities	5,148	5,382	5,268	5,165	5,469
Borrowings	9,679	32,282	29,253	24,267	25,933
Provisions	15,213	14,813	14,474	14,175	13,947
Deferred tax liability	534	-	39	795	1,436
Other non - Current liabilities	2,478	2,693	2,878	3,086	3,366
	1,43,180	1,63,949	1,60,376	1,56,895	1,60,602
Current liabilities					
Financial Liabilities					
Trade payables	34,101	33,397	34,428	33,454	34,227
Borrowings	22,748	23,259	34,620	52,105	48,278
Lease Liabilities	21,045	20,570	19,975	19,868	16,955
Other Financial Liabilities	19,750	17,979	17,131	17,935	18,538
Other Current Liabilities	23,528	6,636	5,539	5,005	5,715
Provisions	795	774	700	639	645
Current Tax Liabilities (Net)	878	1,222	1,482	109	955
	1,22,845	1,03,837	1,13,875	1,29,115	1,25,313
Total equity and liabilities	4,59,524	4,48,826	4,48,754	4,63,091	4,53,700

8.2 Based on Consolidated Statement of Financial Position

Amount in Rs mn

Parameters	As at				
	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Shareholder's Equity	1,93,499	1,81,040	1,74,503	1,77,081	1,67,785
Net Debt / (Net Cash) with Lease Liabilities	1,41,971	1,72,263	1,72,144	1,71,774	1,72,846
Capital Employed = Shareholder's Equity + Net Debt / (Net Cash) with Lease Liabilities	3,35,470	3,53,303	3,46,647	3,48,855	3,40,631

Parameters	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Return on Capital Employed Pre Tax (LTM)	21.3%	20.6%	21.1%	21.9%	23.5%
Return on Shareholder's Equity Pre Tax (LTM)	34.2%	35.7%	37.7%	37.6%	41.0%
Return on Shareholder's Equity Post tax (LTM)	25.5%	26.7%	30.7%	29.6%	32.6%
Net Debt / (Net Cash) with Lease Liabilities to EBITDA (LTM)	1.11	1.39	1.37	1.35	1.32
Asset Turnover ratio ¹	48.4%	46.1%	44.3%	46.2%	47.4%
Interest Coverage ratio (times) (LTM)	9.69	10.13	10.44	10.64	10.68
Net debt / (Net Cash) with to Funded Equity (Times)	0.73	0.95	0.99	0.97	1.03
Per share data (for the period)					
Earnings Per Share - Basic (in Rs) ²	5.05	4.20	4.16	3.66	4.94
Earnings Per Share - Diluted (in Rs) ²	5.05	4.20	4.16	3.66	4.94
Book Value Per Equity Share (in Rs) ²	71.8	67.2	64.8	65.7	62.3
Market Capitalization (Rs. bn) ²	620	472	597	431	680
Enterprise Value (Rs. bn) ²	762	645	769	603	853

1. Refer Section 11- Glossary for revised definition.

2. Valuation Indicators for periods prior to quarter ending December 31, 2020 are revised based on current outstanding share capital to make the data comparable

8.3 Operational Performance

Parameters	Unit	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Total Towers	Nos	1,75,510	1,72,094	1,69,630	1,69,002	1,67,120
Total Co-Locations	Nos	3,18,310	3,14,106	3,10,627	3,11,111	3,09,246
Key Indicators						
Average Sharing Factor	Times	1.82	1.83	1.84	1.85	1.85
Closing Sharing Factor	Times	1.81	1.83	1.83	1.84	1.85
Sharing Revenue per Tower p.m.	Rs	82,732	78,379	76,715	77,706	80,412
Sharing Revenue per Sharing Operator p.m.	Rs	44,845	42,186	41,016	41,373	42,555

1. The Company during the quarter has reported co-locations reduction of 354 basis exit notices received. However as at December 31, 2020, there are cumulative 4,474 co-locations for which though the exit notices have been received but actual exits have not happened.

8.4 Human Resource Analysis

Parameters	Unit	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Total On Roll Employees 1	Nos	3,525	3,591	3,645	3,650	3,613
Number of Towers per Employee	Nos	50	48	47	46	46
Personnel Cost per Employee per month	Rs	2,10,043	1,69,891	1,66,415	1,64,854	1,66,806
Revenue per Employee per month	Rs	63,10,755	58,58,762	55,61,709	57,88,517	59,74,223

8.5 Revenue From Operations

Amount in Rs mn

Particulars	Quarter Ended				
	Dec 2020	Sep 2020	June 2020	Mar 2020	Dec 2019
Sharing Revenue	43,137	40,176	38,967	39,178	40,149
Energy reimbursements	24,224	23,415	21,892	23,885	24,283
Total revenues	67,361	63,591	60,859	63,063	64,432

8.6 Operating Expenses

Amount in Rs mn

Particulars	Quarter Ended				
	Dec 2020	Sep 2020	June 2020	Mar 2020	Dec 2019
Power & fuel	24,786	24,679	22,621	22,649	24,246
Employee benefit expenses	2,242	1,844	1,821	1,796	1,799
Repair and maintenance expenses	3,793	3,805	3,121	3,622	3,291
Other expenses	460	2,084	2,109	5,941	2,233
Total expenses	31,281	32,412	29,672	34,008	31,569

8.7 Depreciation and Amortization

Amount in Rs mn

Particulars	Quarter Ended				
	Dec 2020	Sep 2020	June 2020	Mar 2020	Dec 2019
Depreciation on tangible assets	14,120	13,017	12,611	13,384	12,392
Amortization on intangible assets	182	71	70	69	78
Depreciation and amortization	14,302	13,088	12,681	13,453	12,470

8.8 Finance Cost

Amount in Rs mn

Particulars	Quarter Ended				
	Dec 2020	Sep 2020	June 2020	Mar 2020	Dec 2019
Finance Income	604	449	831	1,037	894
Finance Cost	4,504	3,746	4,036	3,797	3,906
Finance Cost (Net)	3,900	3,297	3,205	2,760	3,012

8.9 Schedule of Net Debt

Amount in Rs mn

Particulars	As at				
	Dec 2020	Sep 2020 ¹	June 2020 ¹	Mar 2020 ¹	Dec 2019 ¹
Total Debt with Lease Liabilities	1,72,950	1,95,157	2,02,312	2,13,981	2,11,617
Less: Cash and Cash Equivalents & Current and non-current Investments (including fixed deposits)	30,979	22,894	30,168	42,207	38,771
Net debt	1,41,971	1,72,263	1,72,144	1,71,774	1,72,846

1. VIL pay-out of Rs 37,601 million is assumed to be funded partially through investments and partially through loan proceeds.

8.10 Energy Cost Analysis

Parameters	Unit	For the Quarter Ended				
		Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Energy Cost Indicators						
Energy Cost Per Tower per month	Rs	47,537	48,146	44,534	44,922	48,561
Energy Cost Per Colocation per month	Rs	25,767	25,914	23,811	23,918	25,699

8.11 Other Than Energy Cost Analysis

Parameters	Unit	For the Quarter Ended				
		Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Other Than Energy Cost						
Cost Per Tower per month	Rs	12,457	15,086	13,881	22,530	14,667
Cost per Colocation per month	Rs	6,752	8,120	7,422	11,995	7,762

8.12 Revenue and Operating Cost Composition

Parameters	Unit	For the Quarter Ended				
		Dec-20	Sep-20	Jun-20	Mar-20	Dec-19
Revenue Composition						
Sharing Revenue	%	64%	63%	64%	62%	62%
Energy reimbursements	%	36%	37%	36%	38%	38%
Total		100%	100%	100%	100%	100%
Opex Composition						
Power and fuel	%	79%	76%	76%	67%	77%
Employee benefits expenses	%	7%	6%	6%	5%	6%
Repair and maintenance expenses	%	12%	12%	11%	11%	10%
Other expenses	%	1%	6%	7%	17%	7%
Total		100%	100%	100%	100%	100%

Section B

Standalone and Consolidated IND AS Financial Statements

The consolidated financial results represent results of the Company, its subsidiary 'Smartx Services Limited', its controlled trust 'Indus Towers Employees Welfare Trust (formerly Bharti Infratel Employee's Welfare Trust)' and its share in Joint Venture Company 'erstwhile Indus Towers Limited' (ceased to exist and merged into the Company w.e.f. November 19, 2020).

This section contains the extracts from Audited Standalone and Consolidated Financial Statements prepared in accordance with IND AS Accounting Principles.

Section 9

FINANCIAL HIGHLIGHTS

9.1 Extracts from Standalone and Consolidated Audited Financial Statements prepared in accordance with IND AS Accounting Principles

9.1.1 Standalone Statement of Profit & Loss for the period ended December 31, 2020

Particulars	Quarter Ended			Nine Months Ended		
	Dec-20	Dec-19	Y-on-Y growth	Dec-20	Dec-19	Y-on-Y growth
<i>Amount in Rs mn, except ratios</i>						
Income						
Revenue from Operations	40,598	16,659	144%	74,600	50,572	47.5%
Other income	809	173	368%	5,396	901	499%
	41,407	16,832	146%	79,996	51,473	55%
Expenses						
Power and fuel	15,352	6,013	155%	27,786	17,799	56%
Employee expenses	1,674	737	127%	3,352	2,139	57%
Repairs and maintenance	2,210	729	203%	3,527	1,796	96%
Other expenses	541	517	5%	1,470	1,308	12%
	19,777	7,996	147%	36,135	23,042	57%
Profit before depreciation and amortization, finance cost, finance income, charity and donation, exceptional items and tax	21,630	8,836	145%	43,861	28,431	54%
Finance Costs	2,846	880	223%	4,247	2,318	83%
Finance Income	(521)	(681)	23%	(1,504)	(2,507)	40%
Charity and Donation	553	-		805	586	37%
Depreciation and Amortization Expense	10,001	3,196	213%	16,201	9,630	68%
Less: adjusted with general reserve in accordance with the Scheme	(883)	(101)	-774%	(1,081)	(303)	-257%
Profit before tax	9,634	5,542	74%	25,193	18,707	34.7%
Income Tax expense						
Current tax	2,645	1,322	100%	5,692	4,441	28%
Deferred tax	(54)	79	-168%	(233)	864	-127%
Total income tax expense	2,591	1,401	85%	5,459	5,305	3%
Profit for the period	7,043	4,141	70%	19,734	13,402	47%
Other comprehensive income/(loss)	(2)	4	-150%	(3)	(105)	97%
Total comprehensive income for the year, net of tax	7,041	4,145	70%	19,731	13,297	48%
Earnings per equity share (nominal value of share Rs 10 each)						
Basic (Rs.)	3.55	2.24	59%	9.96	7.25	37%
Diluted (Rs.)	3.55	2.24	59%	9.96	7.25	37%

1. The above results for the quarter and nine months' period ended December 31, 2020 are not comparable with the previous periods.

9.1.2 Consolidated Statement of Profit & Loss for the period ended December 31, 2020

The consolidated financial results represent results of the Company, its subsidiary 'Smartx Services Limited', its controlled trust 'Indus Towers Employees Welfare Trust (formerly Bharti Infratel Employee's Welfare Trust)' and its share in Joint Venture Company 'erstwhile Indus Towers Limited' (ceased to exist and merged into the Company w.e.f. November 19, 2020).

Particulars	Quarter Ended			Nine Months Ended		
	Dec-20	Dec-19	Y-on-Y growth	Dec-20	Dec-19	Y-on-Y growth
Income						
Revenue from Operations	40,607	16,672	144%	74,625	50,609	47.5%
Other income	809	173	368%	1,196	901	33%
	41,416	16,845	146%	75,821	51,510	47%
Expenses						
Power and fuel	15,353	6,016	155%	27,791	17,806	56%
Employee expenses	1,674	737	127%	3,352	2,139	57%
Repairs and maintenance	2,210	729	203%	3,527	1,796	96%
Other expenses	543	528	3%	1,480	1,338	11%
	19,780	8,010	147%	36,150	23,079	57%
Profit before depreciation and amortization, finance cost, finance income, charity and donation, exceptional items and tax	21,636	8,835	145%	39,671	28,431	40%
Finance Costs	2,851	884	223%	4,259	2,330	83%
Finance Income	(521)	(681)	23%	(1,504)	(2,507)	40%
Charity and Donation	553	-		805	586	37%
Depreciation and Amortization Expense	10,015	3,198	213%	16,243	9,655	68%
Less: adjusted with general reserve in accordance with the Scheme	(883)	(101)	-774%	(1,081)	(303)	-257%
Profit before share of profit of joint venture and tax	9,621	5,535	74%	20,949	18,670	12%
Share of profit of joint venture	2,761	3,852	-28%	8,663	11,360	-24%
Profit before tax	12,382	9,387	32%	29,612	30,030	-1.4%
Income Tax expense						
Current tax	2,645	1,322	100%	5,693	4,442	28%
Deferred tax	(54)	78	-169%	(234)	(904)	74%
Total income tax expense	2,591	1,400	85%	5,459	3,538	54%
Profit for the period	9,791	7,987	23%	24,153	26,492	-9%
Other comprehensive income/(loss)	(4)	(1)	-300%	(10)	(119)	92%
Total comprehensive income for the year, net of tax	9,787	7,986	23%	24,143	26,373	-8%
Earnings per equity share (nominal value of share Rs 10 each)						
Basic (Rs.)	4.94	4.32	14%	12.19	14.33	-15%
Diluted (Rs.)	4.94	4.32	14%	12.19	14.33	-15%

1. The above results for the quarter and nine months' period ended December 31, 2020 are not comparable with the previous periods.

Section C

Key Accounting Policies and Glossary

Section 10

Basis of Preparation and Key Accounting Policies as per IND AS

1. Corporate information

Indus Towers Limited (formerly Bharti Infratel Limited) ('the Company' or 'Indus') was incorporated on November 30, 2006 with the object of, inter-alia, setting up, operating and maintaining wireless communication towers. The Company received the certificate of commencement of business on April 10, 2007 from the Registrar of Companies. The Company is publicly traded on National Stock Exchange of India (NSE) and BSE Limited. The Registered office of the Company is situated at 901, Park Centra, Sector-30 NH-8, Gurugram Haryana-122001.

The Company, together with its wholly owned subsidiary (Smartx Services Limited), controlled trust (Indus Towers Employees Welfare Trust (formerly Bharti Infratel Employees Welfare Trust)) and joint venture (erstwhile Indus Towers Limited) is hereinafter referred to as "the Group".

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

Upon implementation of the Scheme and allotment of shares to indirect wholly owned subsidiaries of Vodafone Group Plc., in addition to existing promoters (representing Bharti Airtel Limited along with its wholly owned subsidiary Nettle Infrastructure Investments Limited), the aforesaid indirect wholly owned subsidiaries of Vodafone Group Plc. have also been classified as promoters of the Company. Bharti Airtel Limited along with its wholly owned subsidiary holds 41.73% shares and Vodafone Group Plc. through its indirect wholly owned subsidiary companies holds 28.12% shares in the Company as on December 31, 2020.

The interim condensed financial statements are approved for issuance by the Company's Board of Directors on January 28, 2021.

2. Basis of preparation

a) Statement of compliance

The interim condensed consolidated financial statements ("financial statements") have been prepared in accordance with Ind AS 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and the other accounting principles generally accepted in India. They do not include all the information and disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the Group's Financial Statements for the year ended March 31, 2020. However, selected explanatory notes are included to explain events and transactions that are significant for the understanding of the Group's financial position and performance.

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

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

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

b) Basis of Consolidation

The Consolidated financial statements comprise the financial statements of the Group, its subsidiary, erstwhile joint venture and its directly Controlled Trust which are as follows:

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as at December 31, 2020	Shareholding as at March 31, 2020
Erstwhile Indus Towers Limited*	India	Passive Infrastructure Services	Joint Venture	-	42%
Smartx Services Limited*	India	Optical Fibre Service	Subsidiary	100%	100%

Details of Controlled Trust

Name of Trust	Country of Incorporation
Indus Towers Employees Welfare Trust* (formerly Bharti Infratel Employees Welfare Trust)	India

*Refer note 1

Accounting for Subsidiary:

A subsidiary is an entity controlled by the Group. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

Subsidiary is fully consolidated from the date on which Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies and accounting period in line with those used by the Group. All intra-group transactions, balances, income and expenses and cash flows are eliminated on consolidation.

The Group consolidates its directly controlled trust on the line by line consolidation basis and according to principles of Ind AS 110, Consolidated Financial Statements.

Interest in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The joint venture is accounted for from the date on which Group obtains joint control over joint venture. The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, investments in joint venture are carried in the consolidated Balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investments. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the joint venture. The Group shall discontinue the use of the equity method from the date when its investment ceases to be a joint venture.

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

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

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

In compliance with the Scheme, 845,328,704 equity shares of the Company were issued to the shareholders of erstwhile Indus which has been recorded at face value of Rs.10 per equity share and Rs. 37,601 Mn was paid to Vodafone Idea Limited (in lieu of cash option exercised for its shareholding of 11.15% in erstwhile Indus) by the Company. The stamp duty paid on issue of shares amounting to Rs. 8 Mn has been debited to Securities Premium Account.

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

On the date of Scheme becoming effective, the Company has combined assets, liabilities and components of other equity of the erstwhile Indus on line by line basis. Furthermore, the Company has recognised impact of alignment of accounting practices and estimates of Rs. 589 Mn through General Reserve and Rs. 123 Mn (net of tax) through Statement of profit and loss for the quarter and nine months ended December 31, 2020.

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(A) The carrying balances of the erstwhile Indus which have been combined into the Company are as under:

Particulars	Amount as on the effective date of merger
Assets	
Non current assets	
Property, plant and equipment	164,884
Right of use assets	82,228
Capital work-in-progress	2,429
Intangible assets	109
Financial assets	
Other financial assets	9,166
Income tax assets (net)	9,431
Other non-current assets	7,062
	275,309
Current assets	
Financial assets	
Trade receivables	57,917
Cash and cash equivalents	2
Other financial assets	22,044
Other current assets	1,970
	81,933
Total assets	357,242
Equity and liabilities	
Equity	
Equity share capital	1
Other equity	146,043
	146,044
Liabilities	
Non-current liabilities	
Financial liabilities	
Borrowings	9,101
Lease liabilities	89,007
Other financial liabilities	4,758
Provisions	11,812
Deferred tax liabilities (net)	2,216
Other non-current liabilities	1,970
	118,864
Current liabilities	
Financial liabilities	
Borrowings	22,416
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	98
Total outstanding dues of creditors other than micro enterprises and small enterprises	25,173
Lease liabilities	17,765
Other financial liabilities	16,306
Other current liabilities	7,972
Provisions	552
Current tax liabilities (net)	2,052
	92,334
Total liabilities	211,198
Total equity and liabilities	357,242

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

Particulars	Reserve and Surplus				Other Comprehensive Income	Total Equity
	Capital Reserve	General Reserve	Merger Capital Reserve	Retained Earnings		
Reserve of erstwhile Indus	4,536	73,257	-	68,366	(116)	146,043
Investment of the Company into erstwhile Indus*	-	(58,033)	(2,807)	(382)	-	(61,222)
Cash paid to Vodafone Idea Limited (in lieu of cash option exercised for its shareholding of 11.15% in erstwhile Indus) by the Company	-	-	(37,601)	-	-	(37,601)
Share of profit/(loss) in OCI of erstwhile Indus (Joint Venture) transferred to retained earnings	-	-	-	(48)	48	-
Share capital of erstwhile Indus less share capital issued by the Company	-	-	(8,452)	-	-	(8,452)
Total	4,536	15,224	(48,860)	67,936	(68)	38,768

* During the year ended March 31, 2014, under the Scheme of Arrangement ('Indus Scheme') under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities, as defined in Indus scheme, from Bharti Infratel Ventures Limited (BIVL), erstwhile wholly owned subsidiary Company, to erstwhile Indus was approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 and filed with the Registrar of Companies on June 11, 2013 with appointed date April 1, 2009 i.e. effective date of Indus Scheme and accordingly, effective June 11, 2013, the erstwhile subsidiary Company has ceased to exist and had become part of erstwhile Indus. The Company was carrying investment in BIVL at Rs. 59,921 Mn. Pursuant to Indus Scheme, the Company has additionally got 504 shares in erstwhile Indus in lieu of transfer of its investment in BIVL to erstwhile Indus and recorded these additional shares at their fair value of Rs. 60,419 Mn in accordance with the scheme. The resultant gain of Rs. 382 Mn (net of taxes Rs. 116 Mn) has been disclosed as adjustment to carry forward balance of Statement of Profit and Loss as at April 1, 2009.

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

Upon the merger becoming effective, the investment in Joint Venture (erstwhile Indus) has been cancelled by debiting the General Reserve to the extent available (i.e. Rs. 58,033 Mn) in the books of the Transferee Company, which was created out of the "BAL Scheme" (refer Note 13(a) for details of BAL scheme). There is no restriction for making adjustment to the reserves in the books of the transferee, and in accordance with the BAL scheme, such "General Reserve shall constitute free reserve available for all purposes of the Company and to be utilised by the Company at its own discretion as it considers proper including in particular for off-setting any additional depreciation that may be charged by the Company". Further, earlier recognised gain of Rs. 382 Mn and deferred tax liability of Rs. 116 Mn have been reversed and the balance amount of investment in joint venture i.e. Rs. 2,807 Mn has been debited to the merger Capital Reserve on account of cancellation of such investment.

In addition to above, difference between share capital of erstwhile Indus of Rs. 1 Mn and shares issued by the Company of Rs. 8,453 Mn and cash paid of Rs. 37,601 Mn to the shareholders of the erstwhile Indus have resulted into debit balance of Merger Capital Reserve.

4. Significant accounting policies

a) Property, Plant and Equipment

Property, plant and equipment including Capital work in progress is stated at cost, except assets acquired under Schemes of Arrangement, which are stated at fair values as per the Schemes, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the Property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognised in the Consolidated Statement of Profit and Loss as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer note 4 regarding significant accounting judgements, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

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

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

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

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

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

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

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

b) Intangible Assets

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

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

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

Software is capitalized at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years. Acquired telecom license is initially recognised at cost and subsequently measured at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised over the unexpired period of license.

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

c) Impairment of non-financial assets

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

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

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

d) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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

A liability is current when:

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

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

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

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

e) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

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

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

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

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

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

Group as a Lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Groups net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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

As a lessor, in accordance with Ind AS 116 the Group has created Revenue equalisation reserve (RER) for fixed escalation clauses present in non-cancellable lease agreements with the customers on prospective basis effective 01 April 2019.

f) Share-based payments

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

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

The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest. At the end of each reporting period, until the liability is settled, and at the date of settlement, the fair value of the liability is recognized, with any changes in fair value pertaining to the vested period recognized immediately in Consolidated Statement of Profit and Loss.

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

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

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

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

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

g) Cash and Cash equivalents

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

h) Treasury shares

The Group has formed Bharti Infratel Employee Welfare Trust, for administration of ESOP Schemes of the Group. The Trust bought shares of the Group from the market, for giving shares to employees. The Group treats Trust as its extension and shares held by Trust are treated as treasury shares.

Own equity instruments (“treasury shares”) which are reacquired through Bharti Infratel Employees Welfare Trust are recognized at cost and deducted from equity. No gain or loss is recognized in the Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the general reserve and gain or loss, if sold, is recognised in treasury shares. Share options exercised during the reporting period are satisfied with treasury shares.

i) Financial Instruments

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

Financial Assets

Initial Recognition and Measurement

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

Subsequent Measurement

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

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

Debt Instruments at Amortised Cost

The category applies to the Group’s trade receivables, unbilled revenue, security deposits.

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The accretion of EIR is recorded as a finance income in the Consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss.

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

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payment of principal and interest (SPPI).

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

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

The Group has classified Investment in tax free bonds within this category.

Debt instrument at fair value through Profit or Loss (FVTPL)

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

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

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

Equity investments

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

De-recognition

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

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

Impairment of Financial Assets

In accordance with Ind AS 109, Financial instruments the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the Financial assets that are debt instruments and are

initially measured at fair value with subsequent measurement at amortised cost e.g. Trade receivables, unbilled revenue etc.

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

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

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

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

Financial Liabilities

Initial Recognition and Measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through Profit and Loss (FVTPL)

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

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

Financial Liabilities at Amortised Cost

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

De-recognition

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

Reclassification of Financial Assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of Financial Instruments

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

j) Revenue Recognition

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

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

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

Service revenue

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

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

Exit Charges is recognised when uncertainty relating to the amounts receivable on exit is resolved and it is probable that a significant reversal relating to the amounts receivable on exit will not occur.

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

Energy revenue is recognized over the period on a monthly basis upon satisfaction of performance obligation as per contracts with the customers. The transaction price is the consideration received from customers based on

prices agreed as per the contract with the customers. The determination of standalone selling prices is not required as the transaction prices are stated in the contract based on the identified performance obligation.

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

Use of significant judgements in revenue recognition

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

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

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

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

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

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

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

Dividend Income

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

k) Finance income

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

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

l) Other Income

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

m) Finance Cost

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

n) Income Taxes

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

Current tax

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

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

Deferred tax

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

Moreover, deferred tax is recognised on temporary differences arising on investments in subsidiary and joint venture unless the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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

o) Dividend Payments

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

p) Retirement and other employee benefits

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

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

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

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

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

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

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

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

Under the long term service award plan, a lump sum payment is made to an employee on completion of specified years of service. The Group records the liability based on actuarial valuation computed under projected unit credit method. Actuarial gains / losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred.

The amount charged to the Consolidated Statement of Profit and Loss in respect of these plans is included within operating costs.

q) Provision

(i) General

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

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

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

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

(ii) Contingent assets/liabilities

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

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

(iii) Asset Retirement Obligations

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

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

r) Earnings per share (EPS)

The Group Basic Earnings per share is determined based on the net profit attributable to the shareholders of the parent. Basic Earnings Per Share is computed using the weighted average number of Equity shares outstanding during the period excluding shares purchased by the Group and held as treasury shares.

Diluted EPS is computed using the weighted average common and dilutive common equivalents shares outstanding during the period including shares options except where the result would be anti-dilutive.

s) Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

t) Foreign Currency

Functional and presentation currency

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

Transactions and Balances

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

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

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

u) Share capital

Ordinary shares

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

v) Non-GAAP measure of financial performance

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

5. Significant accounting judgements, estimates and assumptions

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

Judgements

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

a) Leases

Group as lessor

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

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

Group as lessee

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

Estimates and assumptions

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

(b) Impairment of non-financial assets

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

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

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

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

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

(c) Property, plant and equipment

Refer Note 3(a) for the estimated useful life of Property, plant and equipment.

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

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

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

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

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

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

(d) Allowance of doubtful trade receivables

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

(e) Asset Retirement obligation

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

(f) Share based payment

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

(g) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements

include considerations of inputs such as liquidity risk, credit risk volatility and discount rates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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Section 11

GLOSSARY

12.1 Company Related Terms

22 Circles	Represents the 22 telecommunications circles of Andhra Pradesh, Delhi, Gujarat, Karnataka, Kerala, Kolkata, Maharashtra & Goa, Mumbai, Punjab, Tamil Nadu (including Chennai), West Bengal, Bihar, Madhya Pradesh and Chhattisgarh, Orissa, Jammu and Kashmir, Himachal Pradesh, Assam, North East states, Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West).
Adjusted EBITDA	It is defined as EBITDA as mentioned above, adjusted for Repayment of Lease liabilities.
Adjusted Fund from Operations (AFFO)	It is not an IND AS measure and is defined as EBITDA adjusted for Maintenance and General Corporate Capex and Non Cash IND AS measures, i.e., operating lease revenue/expense on security deposit received/paid till March 31, 2019. From the period ended June 30, 2019 onwards it is defined as Adjusted EBITDA less Maintenance and General Corporate Capex for the period.
Asset Turnover	Asset Turnover is defined as total revenues (revenues annualized for 12 months), divided by average cumulative investments. Average cumulative investments are calculated by considering average of opening and closing assets of the relevant period.
Average Co-locations	Average co-locations are derived by computing the average of the Opening and Closing co-locations at the end of relevant period.
Average Sharing Factor	Average Sharing factor is calculated as the average of the opening and closing number of co-locations divided by average of the opening and closing number of towers for the relevant period.
Average Towers	Average towers are derived by computing the average of the opening and closing towers at the end of relevant period.
Bn	Billion
Book Value Per Equity Share	Total shareholder's equity as at the end of the relevant period divided by outstanding equity shares as at the end of the relevant period.
Capex	It includes investment in gross fixed assets and capital work in progress for the relevant period.
Capital Employed	Capital Employed is defined as sum of equity attributable to equity shareholders and net debt / (net cash) with lease liabilities.
Circle(s)	22 service areas that the Indian telecommunications market has been segregated into
Closing Sharing Factor	Closing Sharing factor is calculated as the closing number of co-locations divided by closing number of towers as at the end of relevant period.
Co-locations	Co-location is the total number of sharing operators at a tower, and where there is a single operator at a tower; 'co-location' refers to that single operator. Co-locations as referred to are revenue-generating co-locations (except such co-locations where exit notices have been received).
CSR	Corporate Social Responsibility
Cumulative Investments	Cumulative Investments comprises of gross fixed assets net of retirements/ disposals (including Capital Work In Progress).
Earnings Per Share (EPS)-Basic	It is computed by dividing net profit or loss attributable for the period to equity shareholders by the weighted average number of equity shares outstanding during the period.
Earnings Per Share (EPS)- Diluted	Diluted earnings per share is calculated by adjusting net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period for the effects of all dilutive potential equity shares.
EBIT	Earnings before interest, taxation excluding other income for the relevant period.
EBIT (Including Other Income)	Earnings before interest, taxation including other income for the relevant period.

EBITDA	Earnings before interest, taxation, depreciation and amortization excluding other income for the relevant period. It is defined as operating income and does not include depreciation and amortization expense, finance cost (net), tax expense and charity & donation.
EBITDA (Including Other Income)	Earnings before interest, taxation, depreciation and amortization and charity and donation including other income for the relevant period.
Enterprise Value (EV)	Calculated as sum of Market Capitalization plus Net Debt / (Net Cash) with lease liabilities as at the end of the relevant period.
EV / EBITDA (times)	Except for period from April 1, 2019 to March 31, 2020, it is computed by dividing Enterprise Value as at the end of the relevant period ("EV") by EBITDA for the preceding (last) 12 months from the end of the relevant period. For the financial year ended March 31 2020, it is computed by dividing Enterprise Value as at the end of the relevant period (EV) by annualized EBITDA for the end of the relevant period.
Future Minimum Lease Payment Receivable	The Company has entered into long term non-cancellable agreements to provide infrastructure services to telecom operators. Future Minimum Lease Payment Receivable represents minimum amounts receivable in future under the above long term non-cancellable agreements.
Finance Cost (Net)	Calculated as Finance Cost less Finance Income
GAAP	Generally Accepted Accounting Principle
IGAAP	Indian Generally Accepted Accounting Principle
IND AS	Indian Accounting Standards
Intangibles	Comprises of acquisition cost of software.
Interest Coverage Ratio (LTM)	For the full year ended March 31, 2018 and March 31, 2019, it is computed by dividing EBITDA for the preceding (last) 12 months from the end of relevant period by finance cost for the preceding (last) 12 months. For the financial year ended March 31, 2020, it is computed by dividing year till date EBITDA by year till date finance cost (net) for that relevant period. From the period ended June 30, 2020, it is computed by dividing EBITDA for the preceding (last) 12 months from the end of relevant period by finance cost (net) for the preceding (last) 12 months.
IRU	Indefeasible right to use
LTM	Last Twelve months
Market Capitalization	Number of current issued and outstanding shares multiplied by closing market price (NSE) as at end of the period.
Mn	Million
MSA	Master Service Agreement
Maintenance & General Corporate Capex	Represents the capital expenditure undertaken by the company for general maintenance, upkeep and replacement of equipments installed at the Towers which is undertaken on the end of their useful life as well as General Corporate related capital expenditure such as on office/ facilities and information technology.
NA	Not ascertainable
Net Debt / (Net Cash) with Lease Liabilities	It is not an IND AS measure and is defined as the sum of long-term, short-term borrowings and current maturities of long-term borrowings, current and non-current lease liabilities minus cash and cash equivalents, current and non-current investments, and other bank balances as at the end of the relevant period.
Net Debt / (Net Cash) without Lease Liabilities	It is not an IND AS measure and is defined as the sum of long-term, short-term borrowings and current maturities of long-term borrowings, minus cash and cash equivalents, current and non-current investments, and other bank balances as at the end of the relevant period.
Net Debt / (Net Cash) with Lease Liabilities to EBITDA	Except for period from April 1, 2019 to March 31, 2020, it is computed by dividing net debt / (net cash) with lease liabilities as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period. For the financial year ended March 31 2020, it is computed by dividing net debt / (net cash) with lease liabilities as at the end of the relevant period by annualized EBITDA of year till date period.

Net Debt / (Net Cash) to Funded Equity Ratio	It is computed by dividing net debt / (net cash) with lease liabilities as at the end of the relevant period by Equity attributable to equity shareholders as at the end of the relevant period.
Operating Free Cash flow	It is not an IND AS measure and is defined as EBITDA adjusted for Capex and Non Cash IND AS measures, i.e., operating lease revenue/expense on security deposit received/paid till March 31, 2019. From the period ended June 30, 2019 onwards it is defined as Adjusted EBITDA less Capex for the period.
PE Ratio	Price to Earnings ratio is calculated as closing market price (NSE) as at the end of relevant period, divided by diluted annual earnings per share. Annual Diluted Earnings per share is calculated by adding the preceding last four quarters diluted Earnings per share.
Return On Capital Employed (ROCE) Pre Tax (LTM)	Except for period from April 1, 2019 to March 31, 2020, it is computed by dividing sum of EBIT for the preceding (last) 12 months from the end of the relevant period by average (of opening and closing) capital employed during the relevant periods. For the financial year ended March 31 2020, ROCE is computed by dividing the annualized EBIT of year till date period by average of opening capital employed as on April 1, 2019 including opening Ind AS 116 adjustments and closing that of relevant period ended.
Return On Equity (ROE) Pre Tax (LTM)	Except for period from April 1, 2019 to March 31, 2020, it is computed by dividing sum of Profit before tax for the preceding (last) 12 months from the end of the relevant period by average (of opening and closing) equity shareholders' funds during the relevant periods. For the financial year ended March 31 2020, it is computed by dividing annualized Profit before tax of year till date period by average of opening equity shareholders' funds as on April 1, 2019 including opening Ind AS 116 adjustments and closing that of relevant period ended.
Return On Equity (ROE) Post Tax- (LTM)	Except for period from April 1, 2019 to March 31, 2020, it is computed by dividing sum of Profit after tax for the preceding (last) 12 months from the end of the relevant period by average (of opening and closing) equity shareholders' funds during the relevant periods. For the financial year ended March 31 2020, it is computed by dividing annualized Profit after tax of year till date period by average of opening equity shareholders' funds as on April 1, 2019 including opening Ind AS 116 adjustments and closing that of relevant period ended.
Revenue per Employee per month	It is computed by dividing the Total Revenues (net of inter-segment eliminations) by the average number of on – roll employees in the business unit and number of months in the relevant period.
Revenue Equalization	It represents the effect of fixed escalations (as per the terms of service agreements with customers) recognized on straight line basis over the fixed, non-cancellable term of the agreement, as applicable.
Right of use Asset	An asset that represents a lessee's right to use an underlying asset for the lease term. This is calculated on the inception of the lease term basis the present value of lease payments over the lease term.
ROC	Registrar of Companies
SHA	Shareholders Agreement
Sharing Operator	A party granted access to a tower and who has installed active infrastructure at the tower
Sharing Revenue	It represents total revenue excluding energy reimbursements accrued during the relevant period.
Sharing revenue per Sharing Operator per month	Is calculated on the basis of sharing revenues accrued during the relevant period divided by the average number of co-locations for the period (including such co-locations for which exit notices have been received, but actual exits have not yet happened as at period end), determined on the basis of opening and closing number of co-locations for the relevant period.
Sharing revenue per Tower per month	Is calculated on the basis of sharing revenues accrued during the relevant period divided by the average number of towers for the period, determined on the basis of opening and closing number of towers for the relevant period.
Smartx	Smartx Services Ltd
Towers	Infrastructure located at a site which is permitted by applicable law to be shared, including, but not limited to, the tower, shelter, diesel generator sets and other alternate energy sources, battery banks, air conditioners and electrical works. Towers as referred to are revenue generating towers
Tower and Related Infrastructure	Infrastructure Located at site which is permitted by applicable law to be shared, including, but not limited to, the tower, shelter, diesel generator sets and other alternate energy sources, battery banks, air conditioners and electrical works

12.2 Regulatory Terms

DoT	Department of Telecommunications
IP-1	Infrastructure Provider Category 1
NSE	National Stock Exchange
SEBI	Securities and Exchange Board of India
CCI	Competition Commission of India
TRAI	Telecom Regulatory Authority of India

12.3 Others (Industry) Terms

BTS	Base Transceiver Station
CII	Confederation of Indian Industry
DG	Diesel Generator
EMF	Electro Magnetic Field
FCU	Free Cooling Units
FDI	Foreign Direct Investment
GBT	Ground Based Towers
IBS	In-building Solutions
IPMS	Integrated Power Management Systems
OFC	Optical Fiber Cable
PAN	Presence Across Nation
PPC	Plug and Play Cabinet
RET	Renewable Energy Technology
RTT	Roof Top Towers
TAIPA	Tower and Infrastructure Providers Association
TSP	Telecom Service Provider
Wi-Fi	Wireless Fidelity

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