



July 27, 2020

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: Bharti Infratel Limited (534816 / INFRATEL)

Sub: Quarterly report for the first quarter (Q1) ended June 30, 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 first quarter (Q1) ended June 30, 2020.

Kindly take the same on record.

Thanking you,

Sincerely Yours,
For Bharti Infratel Limited

A handwritten signature in blue ink that reads 'Samsidhi' with a horizontal line underneath.

Samridhi Rodhe
Company Secretary



Encl: As above

Quarterly report on the results for the first quarter ended June 30, 2020

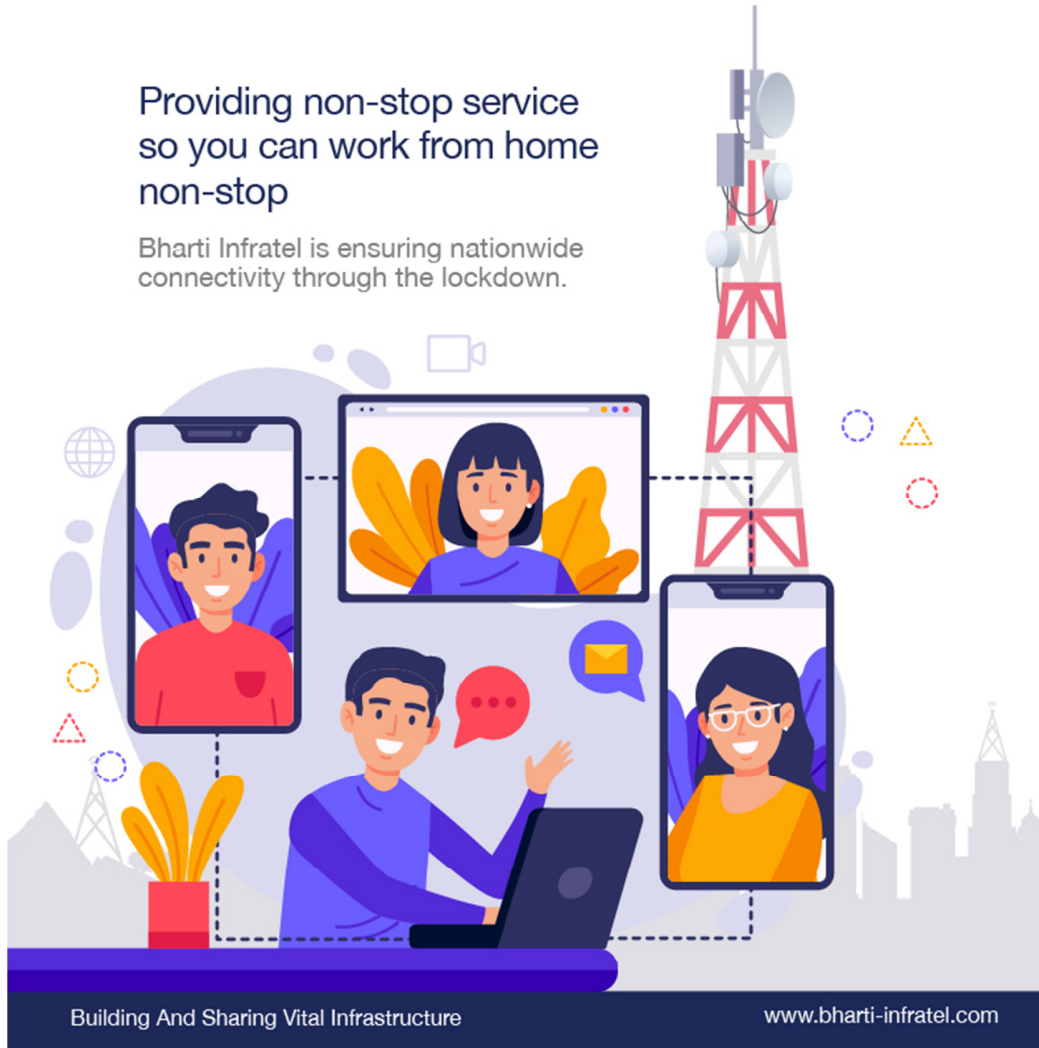
Bharti Infratel Limited

(Incorporated as a public limited company on November 30, 2006 under the Companies Act, 1956)
901, Park Centra, Sector 30, Gurugram, Haryana - 122001, India



Providing non-stop service
so you can work from home
non-stop

Bharti Infratel is ensuring nationwide
connectivity through the lockdown.



July 27, 2020

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 Bharti Infratel 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 24

Others: In this report, the term “Bharti Infratel” or “Infratel” or “the Company” refers to Bharti Infratel Limited, whereas references to “we”, “us”, “our”, “the Group” and other similar terms, unless otherwise specified or the context otherwise implies, refer to Bharti Infratel Limited taken together with Bharti Infratel's 42% equity interest in Indus Towers Limited.

With effect from January 2015, 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 Group. 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 Group.

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 Group 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 include the share of Joint-Venture on the basis of Equity Method of accounting.

In the past, we have been presenting our consolidated financial results based on proportionate consolidation method as required under previous GAAP. In order to ensure continuity of comparison, this section A includes 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-1

BHARTI INFRATEL – PERFORMANCE AT A GLANCE⁴

Particulars	UNITS	Full Year Ended ³			Quarter Ended ³				
		2018 ⁴	2019 ⁴	2020	Jun 2019	Sep 2019	Dec 2019	Mar 2020	Jun 2020
<u>Consolidated Operating Highlights</u>									
Total Towers	Nos	91,451	92,277	95,372	92,632	93,421	94,244	95,372	95,801
Total Co-locations	Nos	205,596	172,724	174,581	173,247	173,406	174,150	174,581	174,216
Average Sharing factor	Times	2.29	2.06	1.85	1.87	1.86	1.85	1.84	1.82
Closing Sharing factor	Times	2.25	1.87	1.83	1.87	1.86	1.85	1.83	1.82
Sharing Revenue per Tower per month	Rs	82,094	77,322	80,236	81,503	80,210	81,113	79,153	78,219
Sharing Revenue per Sharing Operator per month	Rs	35,702	36,886	42,391	42,591	42,160	42,987	42,267	42,023
<u>Financials</u>									
Revenue ¹	Rs Mn	144,896	145,823	146,472	37,119	36,376	36,733	36,244	35,047
EBITDA ¹	Rs Mn	64,272	60,733	74,422	19,528	18,849	18,831	17,214	18,070
EBIT ¹	Rs Mn	40,339	37,773	43,929	11,530	11,330	11,736	9,333	10,615
Finance Cost (Net)	Rs Mn	-	(1,571)	5,007	1,125	1,251	1,384	1,247	1,425
Profit before Tax	Rs Mn	42,262	41,021	40,834	11,056	10,428	10,688	8,662	9,429
Profit after Tax	Rs Mn	24,937	24,938	32,987	8,870	9,635	7,987	6,495	7,036
Capex	Rs Mn	21,820	17,961	18,399	4,196	4,967	3,942	5,294	1,913
-of Which Maintenance & General Corporate Capex	Rs Mn	5,166	4,275	4,699	1,352	1,374	995	978	571
Operating Free Cash Flow ¹	Rs Mn	42,021	42,366	43,464	12,072	10,798	11,814	8,780	12,671
Adjusted Fund From Operations (AFFO) ¹	Rs Mn	58,675	56,052	57,164	14,915	14,390	14,761	13,097	14,013
Total Capital Employed	Rs Mn	117,836	119,393	186,176	177,512	180,167	182,641	186,176	184,549
Net Debt / (Net Cash) with Lease Liabilities	Rs Mn	(51,708)	(25,852)	50,796	49,952	52,490	53,438	50,796	49,871
Net Debt / (Net Cash) without Lease Liabilities	Rs Mn	(51,708)	(25,852)	(16,311)	(14,495)	(12,008)	(12,471)	(16,311)	(16,757)
Shareholder's Equity	Rs Mn	169,544	145,245	135,380	127,560	127,677	129,203	135,380	134,678
<u>Key Ratios</u>									
EBITDA Margin ²	%	44.4%	41.6%	50.8%	52.6%	51.8%	51.3%	47.5%	51.6%
EBIT Margin ²	%	27.8%	25.9%	30.0%	31.1%	31.1%	31.9%	25.8%	30.3%
Net Profit Margin ²	%	17.2%	17.1%	22.5%	23.9%	26.5%	21.7%	17.9%	20.1%
Net Debt / (Net Cash) with Lease Liabilities to EBITDA (LTM) ⁴	Times	(0.80)	(0.43)	0.68	0.64	0.68	0.70	0.68	0.68
Interest Coverage ratio (LTM) ⁴	Times	24.83	19.85	14.86	17.36	16.15	15.21	14.86	13.75
Return on Capital Employed Pre Tax (LTM) ⁴	%	34.0%	31.8%	24.3%	26.1%	25.7%	25.8%	24.3%	23.8%
Return on Shareholder's Equity Pre Tax (LTM) ⁴	%	26.1%	26.1%	30.1%	33.6%	32.6%	32.4%	30.1%	29.9%
Return on Shareholder's Equity Post tax (LTM) ⁴	%	15.4%	15.8%	24.3%	26.9%	28.1%	26.7%	24.3%	23.8%
<u>Valuation Indicators</u>									
Market Capitalization	Rs Bn	622	580	296	494	476	467	296	410
Enterprise Value	Rs Bn	570	554	347	544	528	520	347	460
EV / EBITDA ⁴	Times	8.87	9.12	4.66	6.96	6.88	6.82	4.66	6.30
EPS (Diluted)	Rs	13.49	13.49	17.84	4.80	5.21	4.32	3.51	3.80
PE Ratio	Times	24.92	23.23	8.97	18.00	15.31	14.34	8.97	13.15

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

2. EBITDA, EBIT and Net profit margin have been computed on revenue excluding other income.

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

4. 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 12- Glossary for previous and revised definitions.

Section 2

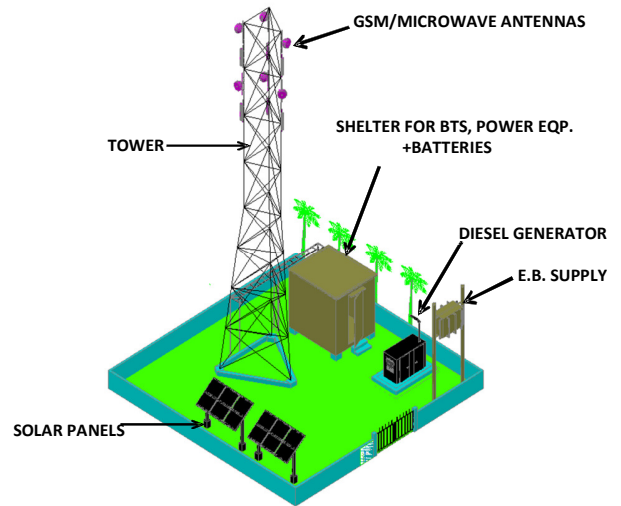
AN OVERVIEW

2.1 Industry Overview

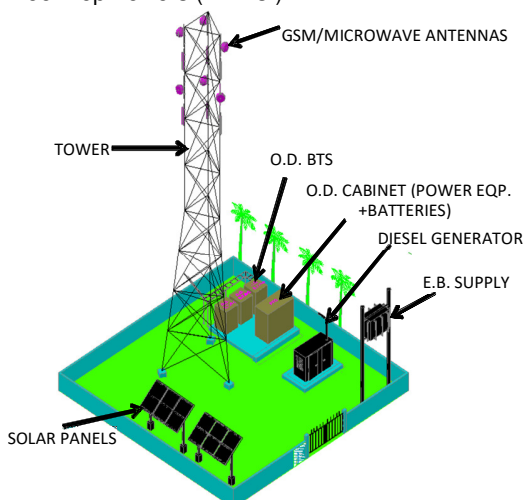
The Indian telecommunications industry is one of the most competitive globally. The focus of Indian operators in the last ten years or so has been to develop an affordable mass market telecommunications service model which allows for service availability across India's urban and rural areas at affordable 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. Today, all operators prefer 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 rather than the exception in the Indian telecommunications industry.

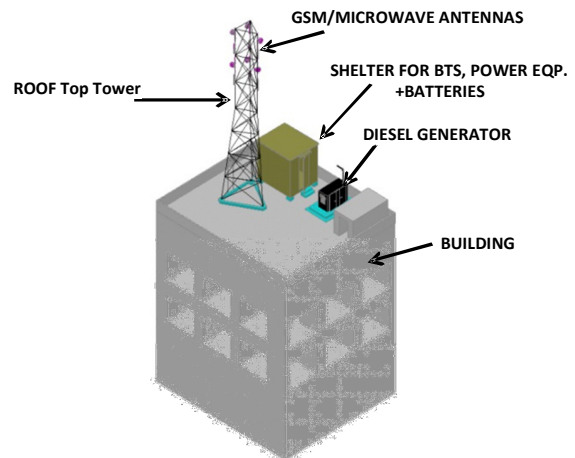
Tower companies provide the entire range of tower infrastructure that is required by wireless telecommunications service providers to offer mobile telephony services to their subscribers. Tower infrastructure refers to equipments such as towers, shelters, power regulation equipment, battery banks, diesel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



GBT-WITH INDOOR BTS



GBT-WITH OUTDOOR BTS



RTT-WITH INDOOR BTS

Average specifications for GBT and RTT are summarized in the following table:

	GBT	RTT
Space Requirement	4,000 Sq. Ft.	Roof Top
Height (m)	40-60	14-20
Occupancy Capacity	3-5 co-location	2-3 co-location

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

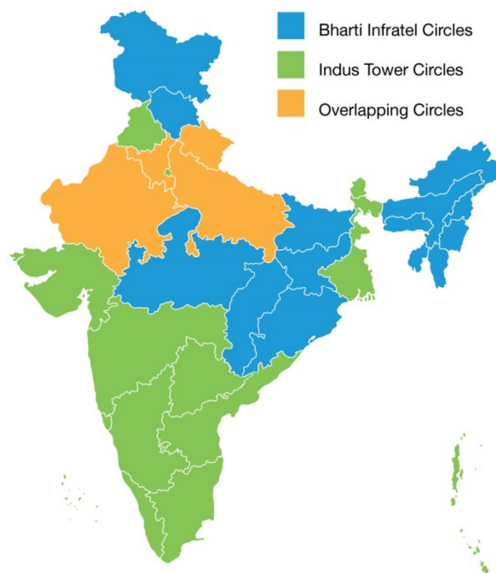
- Active Infrastructure: Radio antenna, BTS/cell site, cables etc. that are owned and supplied by telecom operators
- Tower Infrastructure: Steel tower, shelter room, DG set, Power regulation equipment, Battery bank, security cabin etc. that supports active infrastructure.

2.2 Company Overview

Bharti Infratel is a provider of tower and related infrastructure sharing services. On a consolidated basis, we are one of the largest pan - India tower infrastructure providers, based on the number of towers owned and operated by Bharti Infratel and Indus, which are represented by Bharti Infratel's 42% equity interest in Indus. The business of Bharti Infratel and Indus is to acquire, build, own and operate tower and related infrastructure. Bharti Infratel and Indus provide access to their towers primarily to wireless telecommunications service providers on a shared basis, under long-term contracts. Bharti Infratel's and Indus's three largest customers are Bharti Airtel (together with Bharti Hexacom), Vodafone Idea Limited and Reliance Jio Infocomm Limited, which are leading wireless telecommunications service providers in India by wireless revenue.

We have a nationwide presence with operations in all 22 telecommunications Circles in India, with Bharti Infratel and Indus having operations in 4 overlapping Circles.

As of June 30 2020, Bharti Infratel owned and operated 42,339 towers with 75,435 co-locations in 11 telecommunications Circles while Indus operated 127,291 towers with 235,192 co-locations in 15 telecommunications Circles. With Bharti Infratel's towers and Bharti Infratel's 42% interest in Indus, we have an economic interest in the equivalent of 95,801 towers and 174,216 co-locations in India as of June 30, 2020.



We have entered into MSAs with our customers. The MSAs are long-term contracts which set out the terms on which access is provided to Bharti Infratel's and Indus'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, Bharti Infratel and Indus enter into service contracts in respect of individual towers. The MSAs and service contracts govern Bharti Infratel's and Indus's relationship with their customers; the services provided the applicable charges and incorporate annual escalation clauses in respect of the applicable charges. This provides stability to our business and provides visibility with regard to future revenues.

Relationship with Indus

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 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 and to use the services of Indus in the first instance for any new rollout of telecommunications towers or co-locations in 15 telecommunications circles. In this context, Indus 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 and its day-to-day operations and the Framework Agreement, which sets out among other things, the basis on which towers were to be contributed to Indus by the respective parties. In accordance with the Framework Agreement, Bharti Infratel, Vodafone India and Vodafone Idea hold a 42%, 42% and 16% shareholding interest in Indus, respectively. During the quarter ended March' 2017, Aditya Birla Telecom transferred 4.85% of its stake in Indus to P5 Asia Holding Investment (Mauritius) Limited. As on 30th June 2020, Bharti Infratel, Vodafone India and Vodafone Idea hold shareholding interest of 42%, 42% and 11.15% respectively in Indus.

The Indus SHA provides that Indus cannot carry on business in the seven telecommunications Circles in which Bharti Infratel currently operates exclusive of Indus. Similarly, subject to certain exceptions, the joint venture partners are not permitted to, among other things (a) compete with the business of Indus in the 15 specified telecommunications Circles that Indus currently operates in, (b) develop, construct or acquire any tower in the 15 specified telecommunications Circles that Indus currently operates in, and (c) directly or indirectly procure orders from or do business with any entity that has been a customer of Indus during the previous two year period in competition with the business of Indus in the 15 specified telecommunications Circles that Indus currently operates in.

On the basis of the relationship as described above, Bharti Infratel and Indus do not compete with each other in any telecommunications Circle, they do not have any conflicts of interest in this regard and are able to work closely with each other and benefit from the synergies generated by the nationwide coverage and large scale of their operations.

Future visibility on revenues & cash flows

Bharti Infratel 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 with entry barriers.
- Extensive presence in all telecommunications Circles with high growth potential
- Long term contracts with leading wireless telecommunications service providers in India, providing visibility on future revenues.
- On a consolidated basis, the estimated weighted average remaining life of service contracts, entered into with telecommunications service providers, as on June 30, 2020 is 4.35 Years.

- Comprehensive deployment and operational experience supported by well-developed processes, systems and IT infrastructure.

Alternate Energy and Energy Conservation Measures

Bharti Infratel believes 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.

Bharti Infratel has initiated Green Towers P7 program based on seven ideas aimed at minimizing dependency on diesel and, thereby, carbon footprint reduction. This program promotes (a) improving energy efficiency of tower infrastructure equipment, (b) use of renewable energy resources, and (c) reduction of equipment load on tower infrastructure equipment.

Some of the key initiatives taken so far are:

- Solar Photovoltaic (PV) Solutions: As of June 30, 2020, we operate ~2,800 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. The Company is working towards scaling up the solar installations across the network.

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 Integrated Power Management Solutions (IPMS) and Plug and Play Cabinets (PPC) as 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. On a consolidated basis, over ~42,000 towers across our network are green as of June 30, 2020.

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. 12.

Section 3

PROFORMA FINANCIAL HIGHLIGHTS

The proforma audited financial results presented in this section are prepared as per proportionate consolidation method based on segment information in the audited consolidated financial statement of IND AS and underlying information.

Detailed financial statements, analysis & other related information is attached to this report (Page 20). Also, kindly refer to section 7.3 – use of Non GAAP financial information (Page 24) and Glossary (Page 53) for detailed definitions.

3.1 Summary of Proforma Consolidated Financial Statements

3.1.1. Summarized Consolidated Statement of Operations (net of inter-company eliminations)

Amount in Rs mn, except ratios

Particulars	Quarter Ended		
	Jun-20	Jun-19	Y-on-Y Growth
Revenue ¹	35,047	37,119	-6%
EBITDA ¹	18,070	19,528	-7%
<i>EBITDA Margin</i>	51.6%	52.6%	
EBIT ¹	10,615	11,530	-8%
Other Income	239	651	-63%
Finance cost (Net)	1,425	1,125	27%
Profit before tax	9,429	11,056	-15%
Income tax Expense ²	2,393	2,186	9%
Profit after Tax	7,036	8,870	-21%
Capex	1,913	4,196	-54%
Operating Free Cash Flow ¹	12,671	12,072	5%
Adjusted Fund From Operations (AFFO) ¹	14,013	14,915	-6%
Cumulative Investments	320,238	312,295	3%

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

2. The Group has not recognised any deferred tax charge during the quarter ended June 30, 2020 on undistributed profits of its Joint Venture Company. Deferred tax liability amounting to Rs 1,776 mn which was hitherto being recognised had been reversed in respect of dividend distribution tax on undistributed profits of its Joint Venture Company in quarter ended June 30, 2019.

3.1.2. Summarized Statement of Consolidated Financial Position

Amount in Rs. mn

Particulars	As at	As at
	Jun 30, 2020	Mar 31, 2020
Shareholder's Fund		
Share capital	18,496	18,496
Other Equity	116,182	116,884
Total Equity	134,678	135,380
Liabilities		
Non-current liabilities	71,740	70,027
Current liabilities	66,353	80,347
Total liabilities	138,093	150,374
Total Equity and liabilities	272,771	285,754
Assets		
Non-current assets	204,629	206,581
Current assets	68,142	79,173
Total assets	272,771	285,754

3.2 Summarised Statement of Proforma Group Consolidation- Statement of Operations

3.2.1 Bharti Infratel Consolidated (Quarter Ended June 30, 2020)

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended Jun 30, 2020			
	Infratel Standalone	Indus Consolidation ^{2&3}	Eliminations/ Adjustments ⁴	Infratel Consol ⁵
Revenue ¹	16,343	18,702	(9)	35,047
EBITDA ¹	8,574	9,493	-	18,070
<i>EBITDA Margin</i>	<i>52.5%</i>	<i>50.8%</i>		<i>51.6%</i>
EBIT ¹	5,353	5,273	-	10,615
Other Income	4,365	74	(4,200)	239
Finance cost (Net)	133	1,288	-	1,425
Profit before tax	9,585	4,059	(4,200)	9,429
Income tax expense	1,353	1,039	-	2,393
Profit after Tax	8,232	3,020	(4,200)	7,036
Capex	913	999	-	1,913
Operating Free Cash Flow ¹	6,504	6,171	-	12,671
Adjusted Fund From Operations (AFFO) ¹	7,250	6,766	-	14,013
Cumulative Investments	154,220	166,141	(360)	320,238

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

2. Refer Section-12 Glossary for Indus Consolidation.

3. Revenue for the quarter ended June 30, 2020 includes impact of accounting policy alignment in Joint Venture

4. Elimination/adjustments represent elimination of intersegment transactions.

5. Infratel consol includes results of wholly owned subsidiary Smartx Services Ltd and Bharti Infratel Employee Welfare Trust.

3.2.2 Bharti Infratel Standalone

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended		
	Jun-20	Jun-19	Y-on-Y Growth
Revenue ¹	16,343	17,243	-5%
EBITDA ¹	8,574	9,803	-13%
<i>EBITDA Margin</i>	<i>52.5%</i>	<i>56.9%</i>	
EBIT ¹	5,353	6,114	-12%
Other Income	4,365	528	727%
Finance cost (Net)	133	(345)	-139%
Profit before Tax	9,585	6,987	37%
Dividend Income from joint venture	4,200	-	
Profit before tax before dividend income	5,385	6,987	-23%
Income tax expense	1,353	2,507	-46%
Profit after Tax before dividend income	4,032	4,480	-10%
Profit after Tax	8,232	4,480	84%
Capex	913	2,056	-56%
Operating Free Cash Flow ¹	6,504	6,881	-5%
Adjusted Fund From Operations (AFFO) ¹	7,250	8,230	-12%
Cumulative Investments	154,220	150,259	3%

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

3.2.3 Indus Consolidation

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended		
	Jun-20 ²	Jun-19	Y-on-Y Growth
Revenue ¹	18,702	19,874	-6%
EBITDA ¹	9,493	9,729	-2%
<i>EBITDA Margin</i>	<i>50.8%</i>	<i>49.0%</i>	
EBIT ¹	5,273	5,431	-3%
Other Income	74	123	-40%
Finance cost (Net)	1,288	1,467	-12%
Profit before tax	4,059	4,087	-1%
Income tax expense	1,039	1,445	-28%
Profit after Tax	3,020	2,642	14%
Capex	999	2,141	-53%
Operating Free Cash Flow ¹	6,171	5,201	19%
Adjusted Fund From Operations (AFFO) ¹	6,766	6,697	1%
Cumulative Investments	166,141	162,001	3%

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

2. Revenue for the quarter ended June 30, 2020 includes impact of accounting policy alignment in Joint Venture.

3.3 Summarised Statement of Group Consolidation- Statement of Balance Sheet

Amount in Rs mn

Particulars	As at Jun 30, 2020 ¹			
	Infratel Standalone	Indus Consolidation ¹	Eliminations/ Adjustments ²	Infratel Consol ³
Shareholder's Fund				
Share capital	18,496	1	(1)	18,496
Other Equity	120,837	55,963	(60,454)	116,182
Total Equity	139,333	55,964	(60,455)	134,678
Liabilities				
Non-current liabilities	23,794	48,481	(687)	71,740
Current liabilities	29,195	37,132	(25)	66,353
Total liabilities	52,989	85,613	(712)	138,093
Total Equity and liabilities	192,322	141,577	(61,167)	272,771
Assets				
Non-current assets	150,691	115,013	(61,142)	204,629
Current assets	41,631	26,564	(25)	68,142
Total assets	192,322	141,577	(61,167)	272,771

1. Refer Section 12 Glossary for Indus Consolidation.

2. Elimination/adjustments represent elimination of intersegment transactions.

3. Infratel consol includes results of wholly owned subsidiary Smartx Services Ltd and Bharti Infratel Employee Welfare Trust.

Section 4
OPERATING HIGHLIGHTS

The financial figures used for computing sharing revenue per sharing operator, sharing revenue per tower, revenue per employee per month, personnel cost per employee per month are based on IND AS. The consolidated financial figures are based on proforma audited financial results prepared as per proportionate consolidation method based on segment information in the audited consolidated financial statements of IND AS and underlying information.

4.1 Tower and Related Infrastructure Services

4.1.1 Bharti Infratel Consolidated²

Parameters	Unit	Jun 30, 2020	Mar 31, 2020	Q-on-Q Growth	Jun 30, 2019	Y-on-Y Growth
Total Towers ¹	Nos	95,801	95,372	429	92,632	3,169
Total Co-locations ¹	Nos	174,216	174,581	(365)	173,247	969
Key Indicators						
Average Sharing Factor	Times	1.82	1.84		1.87	
Closing Sharing Factor	Times	1.82	1.83		1.87	
Sharing Revenue per Tower p.m	Rs	78,219	79,153	-1.2%	81,503	-4.0%
Sharing Revenue per Sharing Operator p.m	Rs	42,023	42,267	-0.6%	42,591	-1.3%

1. Represents the sum of the numbers of towers (and the co-locations thereof) owned and operated by Bharti Infratel and 42% of the number of towers (and the co-locations thereof) owned & operated by Indus Towers.

2. The Company during the quarter has reported co-locations reduction of 1,228 basis exit notices received. However as at June 30, 2020, there are cumulative 3,474 co-locations for which though the exit notices have been received but actual exits have not happened.

4.1.2 Bharti Infratel Standalone

Parameters	Unit	Jun 30, 2020	Mar 31, 2020	Q-on-Q Growth	Jun 30, 2019	Y-on-Y Growth
Total Towers	Nos	42,339	42,053	286	40,636	1,703
Total Co-locations	Nos	75,435	75,715	(280)	76,119	(684)
Key Indicators						
Average Sharing Factor	Times	1.79	1.82		1.88	
Closing Sharing Factor	Times	1.78	1.80		1.87	
Sharing Revenue per Tower p.m	Rs	82,899	84,878	-2.3%	85,917	-3.5%
Sharing Revenue per Sharing Operator p.m	Rs	45,173	45,715	-1.2%	44,623	1.2%

4.1.3 Indus Towers

Parameters	Unit	Jun 30, 2020	Mar 31, 2020	Q-on-Q Growth	Jun 30, 2019	Y-on-Y Growth
Total Towers	Nos	127,291	126,949	342	123,799	3,492
Total Co-locations	Nos	235,192	235,396	(204)	231,256	3,936
Key Indicators						
Average Sharing Factor	Times	1.85	1.85		1.86	
Closing Sharing Factor	Times	1.85	1.85		1.87	
Sharing Revenue per Tower p.m	Rs	74,520	74,640	-0.2%	78,061	-4.5%
Sharing Revenue per Sharing Operator p.m	Rs	39,596	39,590	0.0%	40,989	-3.4%

4.2 Human Resource Analysis

4.2.1 Bharti Infratel Consolidated

Parameters	Unit	Jun 30, 2020	Mar 31, 2020	Q-on-Q Growth	Jun 30, 2019	Y-on-Y Growth
Total On Roll Employees ¹	Nos	2,259	2,257	2	2,201	58
Number of Towers per Employee	Nos	42	42	0.3%	42	0.7%
Personnel Cost per Employee per month	Rs	197,363	192,872	2.3%	178,456	10.6%
Revenue per Employee per month	Rs	5,173,501	5,381,416	-3.9%	5,594,693	-7.5%

1. Total On Roll Employees include proportionate consolidation of 42% of Indus Towers Employees.

4.2.2 Bharti Infratel Standalone

Parameters	Unit	Jun 30, 2020	Mar 31, 2020	Q-on-Q Growth	Jun 30, 2019	Y-on-Y Growth
Total On Roll Employees	Nos	1,256	1,248	8	1,220	36
Number of Towers per Employee	Nos	34	34	0.0%	33	1.2%
Personnel Cost per Employee per month	Rs	223,642	213,806	4.6%	186,830	19.7%
Revenue per Employee per month	Rs	4,351,171	4,515,445	-3.6%	4,682,417	-7.1%

4.2.3 Indus Towers

Parameters	Unit	Jun 30, 2020	Mar 31, 2020	Q-on-Q Growth	Jun 30, 2019	Y-on-Y Growth
Total On Roll Employees	Nos	2,389	2,402	(13)	2,335	54
Number of Towers per Employee	Nos	53	53	0.8%	53	0.5%
Personnel Cost per Employee per month	Rs	164,661	166,997	-1.4%	168,011	-2.0%
Revenue per Employee per month	Rs	6,196,142	6,451,131	-4.0%	6,731,974	-8.0%

Note: Indus operates an outsourced operations & maintenance model in certain geographical territories wherein the associated personnel cost is recorded as part of repair & maintenance and other expenses. Hence, the related human resources key performance indicators are not strictly comparable between Bharti Infratel Standalone and Indus.

4.3 Residual Lease Period and Future Minimum Lease Receivable

4.3.1 Bharti Infratel Consolidated

Parameters	Unit	Jun 30, 2020
Average Residual Service Contract Period	Yrs.	4.35
Minimum Lease Payment Receivable	Rs. Mn	346,344

Section 5

MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Key Industry Developments

1. Covid-19 and Impact

The effects of Covid-19 are being felt around the world and are having a significant impact on the industry. People are spending more time at home for work and using higher amounts of data. Telecom operators are focused on increasing network resiliency and capacity.

The passive infrastructure companies as well as telecom operators are actively engaged in fulfilling the surge in demand. The telecom industry is among the businesses that are less impacted due to COVID-19.

Thus the Company believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the Company. While rollouts were impacted partly in the quarter due to nationwide lockdowns, we are now running its business and operations without any major disruptions.

2. AGR Update

Further to our earlier updates on the matter of the Hon'ble Supreme Court Adjusted Gross Revenue Judgement of October 24, 2019 (SC AGR Judgment), during the quarter on June 11, 2020 the Hon'ble Supreme Court directed the telecom operators to file their proposals, as to the time frame required by the telecom operators to make the payment and kind of securities, undertakings and guarantees that should be furnished to ensure that the AGR dues are paid.

On June 18, 2020, the Hon'ble Supreme Court inter alia considered the affidavit filed by telecom operators and directed all the telecom operators to file certain documents and make payments of reasonable amount also to show their bonafides before the next date of hearing.

The matter was listed for hearing on July 20, 2020 wherein the Hon'ble Supreme Court after hearing all parties upheld the demands raised by DoT, but reserved its order on the issue of period over which such payments could be made and terms thereof.

3. Bharti Airtel Update

Secondary Block Placement of Bharti Airtel Shares

Bharti Telecom, the promoter company of Bharti Airtel, have sold 2.75% stake in Bharti Airtel to institutional investors through an accelerated book building process in the secondary market on

May 26, 2020. The total sale proceeds of over Rs 8,433 crores (USD ~1.15 Billion) was over-subscribed multiple times with healthy mix of all categories of investors, long only and hedge fund investors across geographies in India, Asia, Europe and the United States of America. The stake sale was anchored by several existing and new shareholders and several marquee Global Mutual Fund complexes, Sovereign Wealth Funds, Multi-strategy funds and Domestic institutional investors in sizable quantities. Bharti Group and Singtel continue to own a majority stake in Bharti Airtel at 56.23%, even post the transaction.

Bharti Airtel Data Centre Business Stake Sale

Bharti Airtel and Comfort Investments II, an affiliated entity of CAP V Mauritius Limited, an investment fund managed and advised by affiliated entities of The Carlyle Group (together, Carlyle) on July 1, 2020 announced an agreement under which Comfort Investments II will invest US\$235 million in Nextra Data Limited (Nextra), a wholly owned subsidiary of Bharti Airtel engaged in the data center business.

The post-money enterprise valuation of Nextra is approximately US\$1.2 billion and Carlyle will hold a stake of approximately 25% in the business upon completion of the transaction, with Bharti Airtel continuing to hold the remaining stake of approximately 75%. The transaction is subject to the necessary regulatory approvals, including approval from the Competition Commission of India.

4. Voda Idea Update

AGR Updates

During the quarter, Vodafone-Idea has paid a further sum of Rs. 1,000 crores to the DoT towards the AGR dues on July 17, 2020. The Company had earlier deposited Rs. 6,854 crores in three tranches. Thus, Vodafone-Idea has paid an aggregate amount of Rs. 7,854 crores towards the AGR dues.

5. RJIO Update

Reliance Industries Limited and Jio Platforms Limited have announced the signing of binding agreements for investments totaling of Rs. 1,52,056 crores by Facebook Inc., Google LLC, Vista, KKR, The Public Investment Fund, Silver Lake, Mubadala, General Atlantic, ADIA, TPG Capital, L Catterton, Intel Capital and Qualcomm into Jio Platforms, a wholly-owned subsidiary of Reliance Industries Limited, from April 22, 2020 to

July 15, 2020. The total investments by all above investors translate into a 33% equity stake in Jio Platforms on a fully diluted basis.

5.2 Key Company updates

1. Infratel – Indus Merger update

On April 25, 2018, Bharti Infratel Limited ('Infratel') and Indus Towers Limited ('Indus') and their respective shareholders and creditors entered into a proposed 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 combined company, which will fully own the respective businesses of Infratel and Indus Towers, will change its name to Indus Towers Limited and will continue to be listed on the Indian Stock Exchanges. The Scheme has received approval from Competition Commission of India and No Objection from the Securities Exchange Board of India through BSE Limited and National Stock Exchange of India Limited.

The Scheme has also been approved by the Hon'ble Chandigarh Bench of the National Company Law Tribunal (NCLT). Further, approval of Department of Telecommunications for FDI has been received on February 21, 2020. The long stop date for the Scheme has been extended by the Board of Directors till August 31, 2020, subject to agreement on closing adjustments and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the scheme. The Scheme shall become effective on the date on which certified copy of the final order of Hon'ble NCLT is filed with Registrar of Companies upon fulfilment/ waiver of other conditions precedent in the Scheme.

2. Resignation of MD & CEO

Pursuant to Regulation 30 of Listing Regulations, we would like to inform you that the Board, in its meeting held today i.e. July 27, 2020, has accepted the resignation of Mr. D S Rawat as Managing Director & CEO of the Company and as a Director from the Board w.e.f. the close of business hours on August 3, 2020.

It may please be noted that vide our earlier intimation dated April 24, 2019, we have informed that Mr. Rawat had expressed his intention to not be considered for the role of Managing Director & CEO of the merged entity, post the merger of Bharti Infratel Limited and Indus Towers Limited. In view of the same, subject to shareholders' approval, Board had re-appointed Mr. D S Rawat as Managing Director & CEO of the Company w.e.f. April 1, 2020 up till September 30, 2020 or

the date of ensuing AGM i.e. August 3, 2020, whichever is earlier.

The Board placed on record its sincere appreciation for the contribution made by Mr. Rawat. During his tenure the Company established a culture of outstanding performance, achieved high growth and was acclaimed as a well governed ethical entity.

Till the time the aforesaid vacancy is filled, the operations will be managed by the next highest ranking officer under the guidance of the Chairman of the Board.

3. Appointment of CFO

The Board of Directors of the Company, in its meeting held on June 3, 2020, has appointed Ms. Pooja Jain as Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. June 4, 2020, in accordance with the provisions of Section 203 of the Companies Act, 2013.

4. Interim Dividend

The Board of Directors has declared an interim dividend of Rs 2.30 per equity share for the financial year 2020-21, in its meeting held on July 27, 2020.

5.3 Results of Operations

The proforma financial results presented in this section are prepared as per proportionate consolidation method based on segment information in the audited consolidated financial statement of IND AS and underlying information.

Key Highlights – For the quarter ended June 30, 2020

- Consolidated Revenues at Rs 35,047 Mn
- Consolidated EBITDA at Rs 18,070 Mn
- Consolidated Profit before tax at Rs 9,429 Mn
- Operating Free Cash Flow (OFCF) at Rs 12,671 Mn
- Adjusted Fund from Operations (AFFO) at Rs 14,013 Mn

5.3.1 Financial & Operational Performance

Bharti Infratel Consolidated

Quarter Ended June 30, 2020

Tower and Co-Location base & additions

As of June 30, 2020, Bharti Infratel owned and operated 42,339 towers with 75,435 co-locations in 11 telecommunication Circles while Indus operated 127,291 towers with 235,192 co-locations in 15 telecommunication Circles. With Bharti Infratel's towers and Bharti Infratel's 42% interest in Indus, we have an economic interest in the equivalent of 95,801 towers and 174,216 co-locations in India as of June 30, 2020.

During the quarter, net co-locations declined by 365 on consolidated basis and 280 on standalone basis. Gross exits during the quarter were 1,228 on consolidated basis and 787 on standalone basis. This includes 3,474 co-locations on consolidated basis for which actual exits have not happened as at quarter end.

For the quarter ended June 30, 2020, Bharti Infratel and Indus had average sharing factors of 1.79 and 1.85 per tower.

Revenues¹ from Operations

Our consolidated revenue comprises of primarily revenues from co-locations of Bharti Infratel and 42% economic interest in Indus and their energy billings.

Our consolidated revenue from operations for the quarter ended June 30, 2020 was Rs 35,047 million down by 5.6% on Y-o-Y basis.

Revenue from Operations includes exit charges amounting to Rs 543 million recognized in financials for the quarter ended June 30, 2020 as per accounting policy.

Operating Expenses

Our consolidated total expenses for the quarter ended June 30, 2020 were Rs 16,977 million, or 48.4% of our consolidated revenues from operations. The largest component of our consolidated expenses during this period was power and fuel, amounting to Rs 12,870 million. The other key expenses incurred by us during the quarter ended June 30, 2020 were repair & maintenance (operations and maintenance costs of the network) of Rs 1,667 million and employee benefits expenses of Rs 1,337 million.

EBITDA¹, EBIT¹ & Finance Cost

For the quarter ended June 30, 2020, the Group had an EBITDA of Rs 18,070 million down by 7.5% on Y-o-Y basis EBITDA margin of 51.6%.

During the quarter ended June 30, 2020, the Group had depreciation and amortization expenses of Rs 7,057 million or 20.1% of our consolidated revenues.

The resultant EBIT for the quarter ended June 30, 2020 was Rs 10,615 million.

The net finance cost for the quarter ended June 30, 2020 was Rs 1,425 million.

Profit before Tax (PBT)

Our consolidated profit before tax for the quarter ended June 30, 2020 was Rs 9,429 million, or 26.9% of our consolidated revenues down by 14.7% on Y-o-Y basis.

Profit after Tax (PAT)

The net income for the quarter ended June 30, 2020 was Rs 7,036 million or 20.1% of our consolidated revenues down by 20.7% on Y-o-Y basis.

Our consolidated total tax expense (net of tax effect on long term capital gains / loss) for the quarter ended June 30, 2020 was Rs 2,393 million, or 6.8% of our consolidated revenues.

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

For the quarter ended June 30, 2020, the Group incurred capital expenditure of Rs 1,913 million. The Operating free cash flow during the quarter was Rs 12,671 million up by 5% on Y-o-Y basis.

The Adjusted Fund from Operations (AFFO) during the quarter was Rs 14,013 million down by 6.1% on Y-o-Y basis.

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

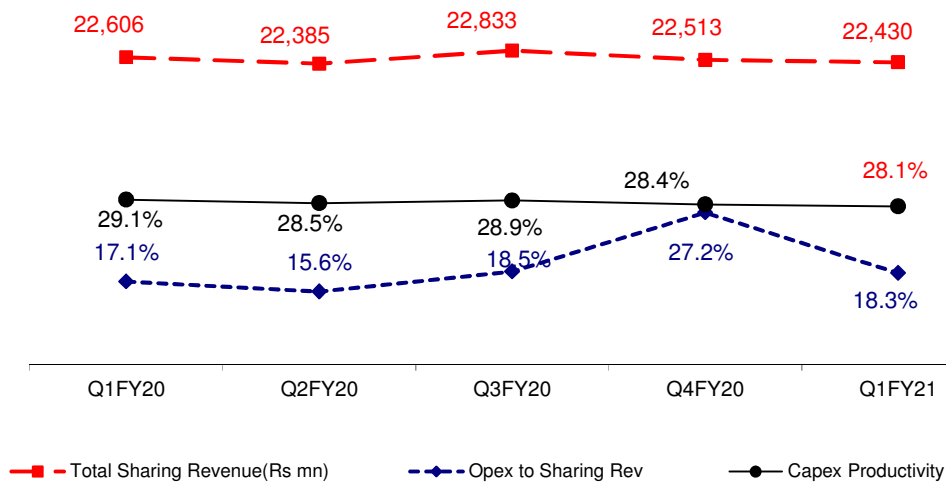
Return on Capital Employed (ROCE)

ROCE as at the period ended June 30, 2020 stands at 23.8%.

5.4 Bharti Infratel Consolidated Three Line Graph

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

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



The parameters considered for the three-line graph are:

1. **Total Sharing revenue** - i.e. service revenue accrued during the respective period
2. **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 Group.

3. **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 Group.

Section 6

STOCK MARKET HIGHLIGHTS

6.1 General Information

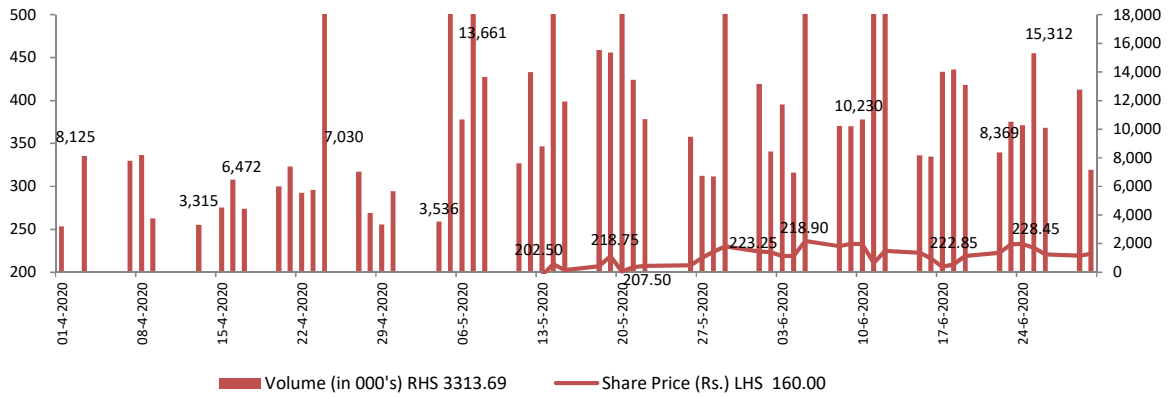
Shareholding and Financial Data	Unit	Quarter Ended Jun 30, 2020
Code/Exchange		534816/BSE
Bloomberg/Reuters		BHIN:IN/BHRI.NS
No. of Shares Outstanding (30/06/20)	Mn Nos	1,849.61
Closing Market Price - NSE (30/06/20)	Rs /Share	221.50
Combined Average Daily Volume (NSE & BSE)	Nos in Mn/day	11.28
Combined Average Daily Value (NSE & BSE)	Rs bn /day	2.29
Market Capitalization	Rs bn	410
Book Value Per Equity Share	Rs /share	72.81
Market Price/Book Value	Times	3.04
Enterprise Value	Rs bn	460
PE Ratio	Times	13.15
Enterprise Value/ EBITDA	Times	6.30

6.2 Summarized Shareholding pattern as of June 30, 2020

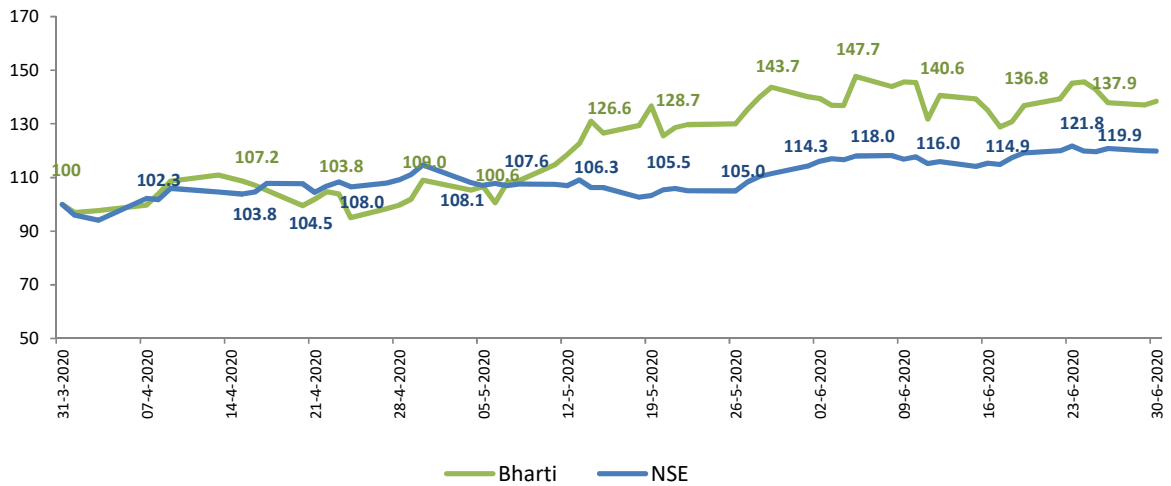
Category	Number of Shares	%
Promoter & Promoter Group		
Indian	989,780,979	53.51%
Foreign	-	-
Sub-Total	989,780,979	53.51%
Public Shareholding		
Institutions	841,487,476	45.50%
Non-Institutions	18,181,287	0.98%
Sub-Total	859,668,763	46.48%
Non-promoter Non-public shareholding		
Indian (Held by Bharti Infratel Employees' Welfare Trust)	158,504	0.01%
Foreign	-	-
Sub-Total	158,504	0.01%
Total	1,849,608,246	100%

6.3 Bharti Infratel daily stock price (NSE) and volume (BSE & NSE Combined) movement

Volume and Share Price Data (April 01, 2020 - June 30, 2020)



6.4 Comparison of Bharti Infratel with Nifty



Nifty and Bharti Infratel Stock price rebased to 100.

Section 7

DETAILED PROFORMA FINANCIAL AND RELATED INFORMATION

The proforma financial results presented in this section are prepared as per proportionate consolidation method based on segment information in the audited consolidated financial statement of IND AS and underlying information.

7.1 Proforma Proportionate Consolidated Financial Statements

7.1.1 Consolidated Statement of Profit and Loss

Particulars	Amount in Rs mn, except ratios		
	Quarter Ended		
	Jun-20	Jun-19	Y-on-Y growth
Income			
Revenue from Operations	35,047	37,119	-6%
Other income	239	651	-63%
	35,286	37,770	-7%
Expenses			
Power and fuel	12,870	13,736	-6%
Employee expenses	1,337	1,184	13%
Repairs and maintenance	1,667	1,503	11%
Other expenses	1,103	1,168	-6%
	16,977	17,591	-3%
Profit before depreciation and amortization, finance cost, finance income, charity and donation, exceptional items and tax	18,309	20,179	-9%
Finance Costs	2,174	2,065	5%
Finance Income	(749)	(940)	20%
Charity and Donation	398	573	-31%
Depreciation and Amortization Expense	7,327	7,826	-6%
Less: adjusted with general reserve in accordance with the Scheme	(270)	(401)	33%
Profit before exceptional items and tax	9,429	11,056	-15%
Profit before tax	9,429	11,056	-15%
Income Tax expense			
Current tax	2,795	4,091	-32%
Deferred tax ¹	(402)	(1,905)	79%
Total income tax expense	2,393	2,186	9%
Profit for the period	7,036	8,870	-21%
Other comprehensive income/(loss)	(8)	(2)	-300%
Total comprehensive income for the year, net of tax	7,028	8,868	-21%
Earnings per equity share (nominal value of share Rs 10 each)			
Basic (Rs.)	3.80	4.80	-21%
Diluted (Rs.)	3.80	4.80	-21%

1. The Group has not recognised any deferred tax charge during the quarter ended June 30, 2020 on undistributed profits of its Joint Venture Company. Deferred tax liability amounting to Rs 1,776 mn which was hitherto being recognised had been reversed in respect of dividend distribution tax on undistributed profits of its Joint Venture Company in quarter ended June 30, 2019.

7.1.2 Consolidated Statement of Balance Sheet

Amount in Rs mn

Particulars	As at	
	Jun 30, 2020	Mar 31, 2020
Assets		
Non-current assets		
Property, plant and equipment	117,970	121,433
Right of Use Assets	50,851	51,298
Capital work-in-progress	1,677	1,546
Intangible assets	189	222
Financial Assets		
Investments	17,192	17,002
Other Financial Assets	5,259	5,384
Income Tax Assets (net)	5,214	4,500
Deferred tax assets (net)	795	389
Other non - Current assets	5,482	4,807
	204,629	206,581
Current assets		
Financial assets		
Investments	27,147	37,381
Trade receivables	25,790	20,683
Cash and cash equivalents	376	2,021
Other Bank Balance	11	18
Other Financial assets	11,931	16,117
Other Current Assets	2,887	2,953
	68,142	79,173
Total assets	272,771	285,754
Equity and Liabilities		
Equity		
Equity Share capital	18,496	18,496
Other Equity	116,182	116,884
Equity attributable to equity holders of the parent	134,678	135,380
Non-current liabilities		
Financial Liabilities		
Lease Liabilities	56,877	57,362
Other Financial Liabilities	2,589	2,538
Borrowings	2,795	700
Provisions	7,874	7,707
Other non - Current liabilities	1,605	1,720
	71,740	70,027
Current liabilities		
Financial Liabilities		
Borrowings	25,174	39,411
Trade and Other payables	18,943	18,430
Lease Liabilities	9,751	9,745
Other financial liabilities	4,159	5,338
Other Current Liabilities	7,132	6,930
Provisions	427	384
Current Tax Liabilities (Net)	767	109
	66,353	80,347
Total liabilities	138,093	150,374
Total equity and liabilities	272,771	285,754

7.2 Schedules to Financial Statements

7.2.1 Schedule of Revenue from Operations

Amount in Rs mn

Particulars	Quarter Ended	
	Jun-20	Jun-19
Rent	22,430	22,606
Energy and other reimbursements	12,617	14,513
Revenue	35,047	37,119

7.2.2 Schedule of Operating Expenses

Amount in Rs mn

Particulars	Quarter Ended	
	Jun-20	Jun-19
Power and fuel	12,870	13,736
Employee expenses	1,337	1,184
Repairs and maintenance	1,667	1,503
Other expenses	1,103	1,168
-Other network expenses	34	(20)
-Others	1,069	1,188
Expenses	16,977	17,591

7.2.3 Schedule of Depreciation & Amortization

Amount in Rs mn

Particulars	Quarter Ended	
	Jun-20	Jun-19
Depreciation of tangible assets	7,020	7,385
Amortization of intangible assets	37	40
Depreciation and Amortization	7,057	7,425

7.2.4 Schedule of Finance Cost (Net)

Amount in Rs mn

Particulars	Quarter Ended	
	Jun-20	Jun-19
Finance Income	(749)	(940)
Finance Cost	838	822
Finance cost (Net) without lease obligation	89	(118)
Add: Interest on lease obligation	1,336	1,243
Finance cost (Net)	1,425	1,125

7.2.5 Schedule of Tax Expenses (Net)

Amount in Rs mn

Particulars	Quarter Ended	
	Jun-20	Jun-19
Current tax	2,795	4,091
Deferred tax	(402)	(129)
DDT Written Back ¹	-	(1,776)
Income Tax Expenses	2,393	2,186

1. The Group has not recognised any deferred tax charge during the quarter ended June 30, 2020 on undistributed profits of its Joint Venture Company. Deferred tax liability amounting to Rs 1,776 mn which was hitherto being recognised had been reversed in respect of dividend distribution tax on undistributed profits of its Joint Venture Company in quarter ended June 30, 2019.

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 proportionate consolidated financial statements in 7.1 & 7.2 above

a) Reconciliation of Total Income to Revenue

Particulars	Amount in Rs mn	
	Quarter Ended	
	Jun-20	
Total Income to Revenue		
Total Income as per IND AS	35,286	
Less: Other Income	239	
Revenue	35,047	

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

Particulars	Amount in Rs mn	
	Quarter Ended	
	Jun-20	
EBITDA (Including Other Income) to EBITDA		
EBITDA (Incl. Other Income) as per IND AS	18,309	
Less: Other Income	239	
EBITDA	18,070	

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

Particulars	Amount in Rs mn	
	Quarter Ended	
	Jun-20	
EBIT (Including Other Income) to EBIT		
EBIT (Incl. Other Income) as per IND AS	10,854	
Less: Other Income	239	
EBIT	10,615	

d) Derivation of Operating Free Cash Flow from EBITDA

Particulars	Amount in Rs mn	
	Quarter Ended	
	Jun-20	
EBITDA to Operating Free Cash Flow		
EBITDA	18,070	
Less: Repayment of Lease Liabilities	3,486	
Adjusted EBITDA	14,584	
Less: Capex	1,913	
Operating Free Cash Flow	12,671	

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

Amount in Rs mn

Particulars	Quarter Ended
	Jun-20
Adjusted EBITDA to Adjusted Fund From Operations	
Adjusted EBITDA	14,584
Less: Maintenance & General Corporate Capex	571
Adjusted Fund From Operations(AFFO)	14,013

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

Amount in Rs mn

Particulars	As at Jun 30, 2020
Total Debt (Long Term and Short Term Borrowings)	94,597
Less: Cash and Cash Equivalents & Current and non-current Investments (including fixed deposits)	44,726
Net Debt / (Net Cash) with Lease Liabilities	49,871
Less: Lease Obligation	66,628
Net Debt / (Net Cash) without Lease Liabilities	(16,757)

g) Calculation of Capital Employed

Amount in Rs mn

Particulars	As at Jun 30, 2020
Shareholder's Equity	134,678
Add: Net Debt / (Net Cash) with Lease Liabilities	49,871
Capital Employed	184,549

Section 8

TRENDS AND RATIOS

The proforma financial results presented in this section are prepared as per proportionate consolidation method based on segment information in the audited consolidated financial statement of IND AS and underlying information

8.1 Based on Statement of Operations

Amount in Rs mn

Parameters	For the Quarter Ended ³				
	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Revenue ¹	35,047	36,244	36,733	36,376	37,119
Energy Cost	12,870	12,916	13,672	14,036	13,736
Other Operating Expenses	4,107	6,114	4,230	3,491	3,855
EBITDA ¹	18,070	17,214	18,831	18,849	19,528
<i>EBITDA / Total revenues²</i>	<i>51.6%</i>	<i>47.5%</i>	<i>51.3%</i>	<i>51.8%</i>	<i>52.6%</i>
EBIT ¹	10,615	9,333	11,736	11,330	11,530
Other Income	239	576	336	349	651
Finance cost (Net)	1,425	1,247	1,384	1,251	1,125
Profit before tax	9,429	8,662	10,688	10,428	11,056
Income Tax Expense	2,393	2,167	2,701	793	2,186
Profit after tax	7,036	6,495	7,987	9,635	8,870
Capex	1,913	5,294	3,942	4,967	4,196
Operating Free Cash Flow ¹	12,671	8,780	11,814	10,798	12,072
Adjusted Fund From Operations(AFFO) ¹	14,013	13,097	14,761	14,390	14,915
Cumulative Investments	320,238	318,927	316,242	315,241	312,295

	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
As a % of Revenue²					
Energy Cost	36.7%	35.6%	37.2%	38.6%	37.0%
Other Operating Expenses	11.7%	16.9%	11.5%	9.6%	10.4%
EBITDA	51.6%	47.5%	51.3%	51.8%	52.6%
Profit before tax	26.9%	23.9%	29.1%	28.7%	29.8%
Profit after tax	20.1%	17.9%	21.7%	26.5%	23.9%

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

2. Energy cost, Other Operating Exp., EBITDA, Profit before tax and Profit after tax margin have been computed on revenue excluding other income.

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

8.2 Based on Statement of Financial Position

Amount in Rs mn

Parameters	As at				
	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Shareholder's Equity	134,678	135,380	129,203	127,677	127,560
Net Debt / (Net Cash) with Lease Liabilities	49,871	50,796	53,438	52,490	49,952
Capital Employed = Shareholder's Equity + Net Debt / (Net Cash) with Lease Liabilities	184,549	186,176	182,641	180,167	177,512

Parameters	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Return on Capital Employed Pre Tax (LTM)	23.8%	24.3%	25.8%	25.7%	26.1%
Return on Shareholder's Equity Pre Tax (LTM)	29.9%	30.1%	32.4%	32.6%	33.6%
Return on Shareholder's Equity Post tax (LTM)	23.8%	24.3%	26.7%	28.1%	26.9%
Net Debt / (Net Cash) with Lease Liabilities to EBITDA (LTM)	0.68	0.68	0.70	0.68	0.64
Asset Turnover ratio	68.1%	71.5%	73.6%	72.4%	79.3%
Interest Coverage ratio (times) (LTM)	13.75	14.86	15.21	16.15	17.36
Net debt / (Net Cash) to Funded Equity (Times)	0.37	0.38	0.41	0.41	0.39
Per share data (for the period)					
Earnings Per Share - Basic (in Rs)	3.80	3.51	4.32	5.21	4.80
Earnings Per Share - Diluted (in Rs)	3.80	3.51	4.32	5.21	4.80
Book Value Per Equity Share (in Rs)	72.8	73.2	69.9	69.0	69.0
Market Capitalization (Rs. bn)	410	296	467	476	494
Enterprise Value (Rs. bn)	460	347	520	528	544

8.3 Operational Performance

8.3.1 Bharti Infratel Consolidated²

Parameters	Unit	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Total Towers ¹	Nos	95,801	95,372	94,244	93,421	92,632
Total Co-locations ¹	Nos	174,216	174,581	174,150	173,406	173,247
Key Indicators						
Average Sharing Factor	Times	1.82	1.84	1.85	1.86	1.87
Closing Sharing Factor	Times	1.82	1.83	1.85	1.86	1.87
Sharing Revenue per Tower p.m.	Rs	78,219	79,153	81,113	80,210	81,503
Sharing Revenue per Sharing Operator p.m.	Rs	42,023	42,267	42,987	42,160	42,591

1. Represents the sum of the numbers of towers (and the co-locations thereof) owned and operated by Bharti Infratel and 42% of the number of towers (and the co-locations thereof) owned & operated by Indus Towers.

2. The Company during the quarter has reported co-locations reduction of 1,228 basis exit notices received. However as at June 30, 2020, there are cumulative 3,474 co-locations for which though the exit notices have been received but actual exits have not happened.

8.3.2 Bharti Infratel Standalone

Parameters	Unit	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Total Towers	Nos	42,339	42,053	41,471	41,050	40,636
Total Co-locations	Nos	75,435	75,715	76,322	76,176	76,119
Key Indicators						
Average Sharing Factor	Times	1.79	1.82	1.85	1.86	1.88
Closing Sharing Factor	Times	1.78	1.80	1.84	1.86	1.87
Sharing Revenue per Tower p.m.	Rs	82,899	84,878	84,593	87,669	85,917
Sharing Revenue per Sharing Operator p.m.	Rs	45,173	45,715	45,018	46,095	44,623

8.3.3 Indus Towers

Parameters	Unit	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Total Towers	Nos	127,291	126,949	125,649	124,692	123,799
Total Co-locations	Nos	235,192	235,396	232,924	231,500	231,256
Key Indicators						
Average Sharing Factor	Times	1.85	1.85	1.86	1.86	1.86
Closing Sharing Factor	Times	1.85	1.85	1.85	1.86	1.87
Sharing Revenue per Tower p.m.	Rs	74,520	74,640	78,357	74,373	78,061
Sharing Revenue per Sharing Operator p.m.	Rs	39,596	39,590	41,392	39,082	40,989

8.3.4 Human Resource Analysis

8.3.4.1 Bharti Infratel Consolidated

Parameters	Unit	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Total On roll Employees ¹	Nos	2,259	2,257	2,233	2,212	2,201
Number of Towers per employee	Nos	42	42	42	42	42
Personnel Cost per employee per month	Rs	197,363	192,872	191,657	187,327	178,456
Revenue per employee per month	Rs	5,173,501	5,381,416	5,508,716	5,495,329	5,594,693

1. Total On-Roll Employees include proportionate consolidation of 42% of Indus Towers Employees.

8.3.4.2 Bharti Infratel Standalone

Parameters	Unit	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Total On roll Employees	Nos	1,256	1,248	1,234	1,224	1,220
Number of Towers per employee	Nos	34	34	34	34	33
Personnel Cost per employee per month	Rs	223,642	213,806	199,892	194,763	186,830
Revenue per employee per month	Rs	4,351,171	4,515,445	4,518,308	4,547,190	4,682,417

8.3.4.3 Indus Towers

Parameters	Unit	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Total On roll Employees	Nos	2,389	2,402	2,379	2,353	2,335
Number of Towers per employee	Nos	53	53	53	53	53
Personnel Cost per employee per month	Rs	164,661	166,997	181,473	178,097	168,011
Revenue per employee per month	Rs	6,196,142	6,451,131	6,731,608	6,671,881	6,731,974

Note: Indus operates on outsourced operations & maintenance model in certain geographical territories wherein the associated personnel cost is recorded as part of repair & maintenance and other expenses. Hence, the related human resources key performance indicators are not strictly comparable between Bharti Infratel Standalone and Indus.

8.4 Energy Cost Analysis

Parameters	Unit	For the Quarter Ended				
		Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Energy Cost Indicators						
Energy Cost Per Tower per month	Rs	44,881	45,411	48,569	50,294	49,523
Energy Cost Per Colocation per month	Rs	24,112	24,249	25,740	26,436	25,880

8.5 Other Than Energy Cost Analysis

Parameters	Unit	For the Quarter Ended				
		Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Other Than Energy Cost						
Cost Per Tower per month	Rs	14,322	21,496	15,027	12,509	13,899
Cost per Colocation per month	Rs	7,695	11,479	7,964	6,575	7,263

8.6 Revenue and Cost Composition

Parameters	Unit	For the Quarter Ended				
		Jun-20	Mar-20	Dec-19	Sep-19	Jun-19
Revenue Composition						
Service Revenue	%	64%	62%	62%	62%	61%
Energy and other reimbursements	%	36%	38%	38%	38%	39%
Total		100%	100%	100%	100%	100%
Opex Composition						
Power and fuel	%	76%	68%	76%	80%	78%
Employee benefits expenses	%	8%	7%	7%	7%	7%
Repair and maintenance expenses	%	10%	10%	10%	11%	9%
Other expenses	%	6%	15%	7%	2%	7%
-Other network expenses	%	0%	1%	1%	1%	0%
-Others	%	6%	14%	6%	1%	7%
Total		100%	100%	100%	100%	100%

Section B

Consolidated IND AS Financial Statements

This section presents Consolidated financial statements prepared in accordance with Indian Accounting Standards (IND AS). Accordingly, the consolidation of Share in Joint Venture company has been accounted for by Equity method.

Section 9

FINANCIAL HIGHLIGHTS

The financial results presented in this section are compiled based on the audited consolidated financial statements prepared in accordance with Indian Accounting Standards (IND AS) and the underlying information. The consolidated financial results represent results of the Company, its subsidiaries, Employee Welfare Trust and its share in Joint Venture Company accounted for by Equity Method as prescribed in IND AS.

9.1 Extracts from Audited Consolidated Financial Statements prepared in accordance with IND AS Accounting Principles (Equity Method)

9.1.1 Statement of Profit and Loss

Particulars	Amount in Rs mn, except ratios		
	Quarter Ended		
	Jun 30, 2020	Jun 30, 2019	Y-on-Y growth
Income			
Revenue from Operations	16,354	17,254	-5%
Other income	165	528	-69%
	16,519	17,782	-7%
Expenses			
Power and fuel	5,809	5,771	1%
Employee benefit expenses	840	688	22%
Repairs and maintenance	608	353	72%
Other expenses	520	643	-19%
	7,777	7,455	4%
Profit before depreciation and amortisation, finance costs, finance income, charity and donation, share of profit of joint venture and tax	8,742	10,327	-15%
Depreciation and Amortization Expense	3,082	3,228	-5%
Less: adjusted with general reserve in accordance with the scheme of arrangement with bharti airtel limited	(98)	(101)	2%
	2,984	3,127	-5%
Finance Costs	827	551	50%
Finance Income	(690)	(893)	23%
Charity and Donation	251	573	-56%
Profit before share of profit of joint venture and tax	5,370	6,969	-23%
Share of profit of joint venture	3,020	2,642	14%
Profit/(loss) before exceptional items and tax	8,390	9,611	-13%
Profit before tax	8,390	9,611	-13%
Income tax expense :			
Current tax	1,503	2,494	-40%
Deferred tax ¹	(149)	(1,753)	92%
Total income tax expense	1,354	741	83%
Profit for the period	7,036	8,870	-21%
Other comprehensive income (OCI)			
Items that will not be re-classified to Profit and Loss			
(i) Remeasurement of the gain/ (loss) of defined benefit plans (net of tax)	(6)	(15)	
(ii) Share of Profit/(Loss) in OCI of a joint venture	(2)	(1)	
Items that will be re-classified to profit and Loss			
(iii) Fair Value changes on Financial Assets through OCI (Net of Tax)	-	14	
Other comprehensive income/(loss) for the period (net of tax)	(8)	(2)	
Total comprehensive income for the period (net of tax)	7,028	8,868	-21%
Earnings per equity share (nominal value of share Rs 10 each)			
Basic (Rs.)	3.80	4.80	-21%
Diluted (Rs.)	3.80	4.80	-21%

1. The Group has not recognised any deferred tax charge during the quarter ended June 30, 2020 on undistributed profits of its Joint Venture Company. Deferred tax liability amounting to Rs 1,776 mn which was hitherto being recognised had been reversed in respect of dividend distribution tax on undistributed profits of its Joint Venture Company in quarter ended June 30, 2019.

9.1.2 Statement of Balance Sheet

Amount in Rs mn

Particulars	As at	
	Jun 30, 2020	Mar 31, 2020
Assets		
Non-current assets		
Property, plant and equipment	48,861	50,702
Right of use asset	16,312	16,319
Capital work-in-progress	737	545
Intangible assets	107	120
Investment in joint venture	55,964	57,318
Financial assets		
Investment	17,192	17,002
Other Financial Assets	1,458	1,450
Income tax assets (net)	1,269	757
Deferred tax assets (net)	1,482	1,331
Other non - Current assets	2,921	2,549
	146,303	148,093
Current assets		
Financial assets		
Investment	27,147	37,381
Trade receivables	11,911	7,721
Cash and cash equivalents	56	1,452
Other Bank Balance	11	18
Other Financial Assets	64	4,466
Other Current Assets	2,414	2,457
	41,603	53,495
Total assets	187,906	201,588
Equity and Liabilities		
Equity		
Equity Share capital	18,496	18,496
Other Equity	116,218	116,927
Equity attributable to equity holders of the parent	134,714	135,423
Non-current liabilities		
Financial Liabilities		
Lease Liabilities	19,519	19,674
Other Financial Liabilities	649	635
Provisions	3,095	3,023
Other non-current liabilities	683	731
	23,946	24,063
Current liabilities		
Financial Liabilities		
Borrowings	11,093	24,184
Trade and Other payables	8,265	8,091
Lease liabilities	2,347	2,414
Other Financial Liabilities	2,013	2,251
Other Current Liabilities	5,048	4,853
Provisions	230	200
Current tax liability (net)	250	109
	29,246	42,102
Total liabilities	53,192	66,165
Total equity and liabilities	187,906	201,588

9.1.3 Cash Flow

Amount in Rs mn

Particulars	Quarter Ended
	Jun 30, 2020
Cash flows from operating activities	
Profit before taxation	8,390
Adjustments for -	
Depreciation and amortization expense	2,984
Finance income	(690)
Finance Costs	827
Share of profits in joint venture	(3,020)
Gain/loss on disposal of property, plant & equipment	(17)
Provision for doubtful trade receivables	225
Revenue Equalisation	(280)
Others	(58)
Operating profit before working capital changes	8,361
Changes in Other Financial Assets	4,355
Changes in Other Non Current and Current Assets	43
Changes in Trade Receivables	(4,415)
Changes in Other Financial Liabilities	(128)
Changes in Provisions	34
Changes in Other Non Current and Current Liabilities	161
Changes in Trade Payables	267
Cash generated from operations	8,678
Income tax paid (net of refunds)	(1,874)
Net Cash flow from operating activities (A)	6,804
Cash flows from investing activities	
Purchase of Property, Plant & Equipment	(1,111)
Proceeds from sale of Property, Plant & Equipment	31
Investment in Mutual Funds	(24,980)
Proceeds from sale of Mutual Funds	35,641
Proceeds from Bank Deposits (net)	3
Proceeds from exercise of Stock Options	3
Interest received	116
Dividend received	4,200
Net Cash flow (used in) investing activities (B)	13,903
Cash flows from financing activities	
Proceeds from Sale of Treasury Shares	103
Repayment of Borrowings	(13,302)
Dividend paid	(7,580)
Interest - others	(372)
Repayment of Leasehold Obligations Including interest	(1,163)
Net Cash flow (used in) financing activities (C)	(22,314)
Net (decrease) / increase in cash and cash equivalents during the period (A+B+C)	(1,607)
Cash and cash equivalents at the beginning of the period	1,121
Cash and cash equivalents at the end of the period	(486)

Particulars	Quarter Ended
	Jun 30, 2020
Cash and cash equivalents	
Balances with banks	
- on current accounts	14
- Deposits with original maturity of less than three months	42
Bank Overdraft	(542)
Total cash and bank balances	(486)

Section C

Walk of

IND AS Consolidated Results to Proforma Consolidated Results

This section details the walk of IND AS Consolidated Results (using Equity approach) to Proforma Consolidated Results (using proportionate consolidation approach on IND AS principles)

Section 10

Walk - IND AS Consolidated Results to Proforma Consolidated Results

The proforma financial results presented in this section are prepared as per proportionate consolidation method based on segment information in the audited consolidated financial statement of IND AS and underlying information

10.1 Statement of Profit and Loss

Particulars	Amount in Rs mn							
	IND AS Consolidated Statement of Profit and Loss (Equity Method) (A)		Proportionate share of JV (B)		Eliminations/ Adjustments** (C)		Proforma Consolidated Statement of Profit and Loss (Proportionate Consolidation Method) D = (A+B+C)	
	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19
Income								
Revenue from operations*	16,354	17,254	18,702	19,874	(9)	(9)	35,047	37,119
Other income	165	528	74	123	-	-	239	651
Total Income	16,519	17,782	18,776	19,997	(9)	(9)	35,286	37,770
Power and fuel	5,809	5,771	7,061	7,965	-	-	12,870	13,736
Employee expenses	840	688	497	496	-	-	1,337	1,184
Repairs and maintenance	608	353	1,059	1,150	-	-	1,667	1,503
Other expenses	511	634	592	534	-	-	1,103	1,168
Intersegmental expense	9	9	-	-	(9)	(9)	-	-
Total Expense	7,777	7,455	9,209	10,145	(9)	(9)	16,977	17,591
Profit/(Loss) before share of profit of a joint venture, Depreciation, Finance cost, Exceptional items and tax	8,742	10,327	9,567	9,852	-	-	18,309	20,179
Finance Costs	827	551	1,347	1,514	-	-	2,174	2,065
Finance Income	(690)	(893)	(59)	(47)	-	-	(749)	(940)
Depreciation and Amortization Expense	2,984	3,127	4,073	4,298	-	-	7,057	7,425
Charity & Donation	251	573	147	-	-	-	398	573
Profit/(Loss) before share of profit of a joint venture, Exceptional items and tax	5,370	6,969	4,059	4,087	-	-	9,429	11,056
Share of profits in Joint Venture	3,020	2,642	-	-	(3,020)	(2,642)	-	-
Profit/(loss) before exceptional items and tax	8,390	9,611	4,059	4,087	(3,020)	(2,642)	9,429	11,056
Profit/(loss) before tax	8,390	9,611	4,059	4,087	(3,020)	(2,642)	9,429	11,056
Tax expense*	1,354	741	1,039	1,445	-	-	2,393	2,186
Profit for the period	7,036	8,870	3,020	2,642	(3,020)	(2,642)	7,036	8,870
Other comprehensive income/ (loss)	(8)	(2)	(2)	(1)	2	1	(8)	(2)
Total comprehensive income for the period	7,028	8,868	3,018	2,641	(3,018)	(2,641)	7,028	8,868

* Includes impact of accounting policy alignment in Joint Venture for the period ended June 30, 2020.

** Eliminations/adjustments represent elimination of intersegment transactions and adjustment for share of profits in JV.

10.2 Statement of Balance Sheet

Amount in Rs mn

Particulars	IND AS Consolidated Statement of Balance Sheet (Equity Method) (A)		Proportionate share of JV (B)		Eliminations/ Adjustments (C)		Proforma Consolidated Statement of Balance Sheet (Proportionate Consolidation Method) D = (A+B+C)	
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2020	Mar 31, 2020	Jun 30, 2020	Mar 31, 2020	Jun 30, 2020	Mar 31, 2020
SEGMENT ASSETS								
Non-current assets								
Property, plant and equipment	48,861	50,702	69,145	70,774	(36)	(43)	117,970	121,433
Right of use asset	16,312	16,319	34,539	34,979	-	-	50,851	51,298
Capital work-in-progress	737	545	940	1,001	-	-	1,677	1,546
Intangible assets	107	120	82	102	-	-	189	222
Investment in joint ventures	55,964	57,318	-	-	(55,964)	(57,318)	-	-
Financial assets	-	-	-	-	-	-	-	-
Investment	17,192	17,002	-	-	-	-	17,192	17,002
Other Financial Assets	1,458	1,450	3,801	3,934	-	-	5,259	5,384
Income tax Assets (Net)	1,269	757	3,945	3,743	-	-	5,214	4,500
Deferred tax Assets (Net)	1,482	1,331	-	-	(687)	(942)	795	389
Other non - Current assets	2,921	2,549	2,561	2,258	-	-	5,482	4,807
Current assets								
Financial assets								
Investment	27,147	37,381	-	-	-	-	27,147	37,381
Trade receivables	11,911	7,721	13,904	12,975	(25)	(13)	25,790	20,683
Cash and cash equivalents	56	1,452	320	569	-	-	376	2,021
Other Bank Balances	11	18	-	-	-	-	11	18
Other Financial Assets	64	4,466	11,867	11,651	-	-	11,931	16,117
Other Current Assets	2,414	2,457	473	496	-	-	2,887	2,953
Total Assets	187,906	201,588	141,577	142,482	(56,712)	(58,316)	272,771	285,754
SEGMENT LIABILITIES								
Equity								
Equity Share capital	18,496	18,496	1	1	(1)	(1)	18,496	18,496
Other Equity	116,218	116,927	55,963	57,317	(55,999)	(57,360)	116,182	116,884
Equity attributable to equity holders of the parent	134,714	135,423	55,964	57,318	(56,000)	(57,361)	134,678	135,380
Non-current liabilities								
Financial Liabilities								
Lease Liabilities	19,519	19,674	37,358	37,688	-	-	56,877	57,362
Other Financial Liabilities	649	635	1,940	1,903	-	-	2,589	2,538
Borrowings	-	-	2,795	700	-	-	2,795	700
Provisions	3,095	3,023	4,779	4,684	-	-	7,874	7,707
Deferred tax liabilities	-	-	687	942	(687)	(942)	-	-
Other non-Current liabilities	683	731	922	989	-	-	1,605	1,720
Current liabilities								
Financial Liabilities								
Short-term borrowings	11,093	24,184	14,081	15,227	-	-	25,174	39,411
Trade payables	8,265	8,091	10,703	10,352	(25)	(13)	18,943	18,430
Lease Liabilities	2,347	2,414	7,404	7,331	-	-	9,751	9,745
Other financial Liabilities	2,013	2,251	2,146	3,087	-	-	4,159	5,338
Other Current Liabilities	5,048	4,853	2,084	2,077	-	-	7,132	6,930
Provisions	230	200	197	184	-	-	427	384
Current tax liability (net)	250	109	517	-	-	-	767	109
Total liabilities	187,906	201,588	141,577	142,482	(56,712)	(58,316)	272,771	285,754

Section D

Key Accounting Policies and Glossary

Section 11

Basis of Preparation and Key Accounting Policies as per IND AS

1. Corporate information

Bharti Infratel Limited ('the Company' or 'BIL') 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 Registered office of the Company is situated at 901, Park Centra, Sector 30 NH-8, Gurugram, Haryana – 122001.

Bharti Infratel Limited together with its wholly owned subsidiary, controlled trust and joint venture is hereinafter referred to as "the Group".

Bharti Infratel Limited is a subsidiary of Bharti Airtel Limited ('BAL') and BAL holds 33.57% shares in the Company. Nettle Infrastructure Investments Limited, Wholly owned Subsidiary of BAL also holds 19.94% shares in the Company as on June 30, 2020.

The Company is publicly traded on National Stock Exchange of India (NSE) and BSE Limited.

The Company had entered into a joint venture agreement with Vodafone Group and Aditya Birla Telecom Limited (now merged with Vodafone Idea Limited (formerly known as Idea Cellular Limited)) to provide passive infrastructure services in 15 Telecom circles of India and formed Indus Towers Limited for such purpose which is a Company incorporated in India. The Company and Vodafone Group are holding 42% each in Indus Towers Limited, 11.15% is held by Vodafone Idea Limited and 4.85% is held by P5 Asia Holding Investments (Mauritius) Limited.

On April 25, 2018, Bharti Infratel Limited ('Infratel') and Indus Towers Limited ('Indus') and their respective shareholders and creditors entered into a proposed 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 combined company, which will fully own the respective businesses of Infratel and Indus Towers, will change its name to Indus Towers Limited and will continue to be listed on the Indian Stock Exchanges. The Scheme has received approval from Competition Commission of India and No Objection from the Securities Exchange Board of India through BSE Limited and National Stock Exchange of India Limited. The Scheme has also been approved by the Hon'ble Chandigarh Bench of the National Company Law Tribunal (NCLT). Further, approval of Department of Telecommunications for FDI has been received on February 21, 2020. The long stop date for the Scheme has been extended by the Board of Directors till August 31, 2020, subject to

agreement on closing adjustments and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the scheme. The Scheme shall become effective on the date on which certified copy of the final order of Hon'ble NCLT is filed with Registrar of Companies upon fulfilment/ waiver of other conditions precedent in the Scheme.

A wholly owned subsidiary, Smartx Services Limited, was incorporated on September 21, 2015 with the object of transmission through Optic Fiber Cables and setting up Wi-Fi hotspots for providing services to telecom operators and others on sharing basis.

The Company incorporated a Trust named Bharti Infratel Employees' Welfare Trust on January 07, 2015 with the object of acquiring shares through secondary acquisitions, hold them in trust for employees eligible to receive shares, and transfer such shares in accordance with ESOP Schemes.

The Interim condensed consolidated financial statements are approved for issuance by the Company's Board of Directors on July 27, 2020.

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 ('Rupees' 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, joint venture and its directly controlled entity which are as follows:-

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as at March 31, 2020	Shareholding as at March 31, 2019
Indus Towers Limited*	India	Passive Infrastructure Services	Joint Venture	42%	
Smartx Services Limited*	India	Optical Fibre Service	Subsidiary	100%	

Details of Controlled Trust

Name of Trust	Country of Incorporation
Bharti Infratel Employee 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 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. 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 joint venture is accounted for from the date on which Group obtains joint control over joint venture for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. 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	5 years
Plant & Machinery	3 to 20 Years
Leasehold	Period of Lease or
Improvement	useful life
	whichever is less

The existing useful lives 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 realizable 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

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.

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 recognizes 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.

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.

Exit charges are recognised in the Consolidated Statement of Profit and loss when the amounts due are collected and there is no uncertainty relating to discounts and waivers.

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.

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) 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. Further, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

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.

m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

n) Dividend Payments

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

o) 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.

p) Retirement and other employee benefits

Short term employee benefits are recognised in the period during which the services have been rendered.

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).

4. 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 Financial Year 2014-15, the Group had re-assessed the useful life and residual value of all its assets, accordingly, effective April 1, 2014, it has revised the useful life of certain class of shelters from 15 years to 10 years and revised the residual value of certain plant and machineries (batteries and DG sets) from Nil and 5% to 25% and 10%, respectively.

Further, with effect from April 1, 2018, The Group has reassessed the residual value of batteries and Diesel generators from 25% to 35% and from 10% to 20% respectively. Further, with effect from April 1, 2019, the Group has reassessed the residual value of air conditioners from Nil to 5%.

Set out below is the impact of above change on future period depreciation:

Particulars	Year ending March 31, 2021	After March 31, 2021
Decrease in depreciation	205	191

(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 90 days past due. 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) Deferred tax liability on undistributed profits of Joint Venture Company

As 42% stakeholder in its Joint venture Company, Indus Towers Limited, ('Indus'), the Company has rights in the Board of Directors of Indus to jointly control the dividend distribution. Further, In

accordance with its dividend distribution policy, the Company intends to have a total dividend payout to its shareholders received by the Company from its joint venture company. Additionally, the Company would be able to claim deduction under section 80M of the Income Tax Act, 1961 (as introduced by Finance Act, 2020), hence, considering such dividend as a permanent difference, no deferred tax liability would accrue to the Company on account of undistributed profits of Indus Tower Limited.

5. Previous period's figures

Previous period's figures in the financial statements, including the notes thereto, have been reclassified wherever required to conform to the current period's presentation/classification. These are not material and do not affect the previously reported net profit or equity.

Section 12

GLOSSARY

12.1 Company Related Terms

4 Overlapping Circles	Represents the telecommunication circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations. Bharti Infratel is not permitted to roll out any new towers in these telecommunications Circles, although it continues to own and operate its existing telecommunications towers in these Circles, and add additional sharing operators to these towers. New tower rollout in these telecommunication circles is done by Indus.
7 Circles	Represents the telecommunications circles of Bihar, Madhya Pradesh and Chhattisgarh, Orissa, Jammu and Kashmir, Himachal Pradesh, Assam and North East states wherein Bharti Infratel operates on exclusive basis.
11 circles	Represents the 7 telecommunications circles of Bihar, Madhya Pradesh and Chhattisgarh, Orissa, Jammu and Kashmir, Himachal Pradesh, Assam and North East states wherein Bharti Infratel operates on exclusive basis and the 4 common circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations.
15 circles	Represents the 11 telecommunication circles of Andhra Pradesh, Delhi, Gujarat, Karnataka, Kerala, Kolkata, Maharashtra & Goa, Mumbai, Punjab, Tamil Nadu (including Chennai) and West Bengal wherein Indus operates on exclusive basis and the 4 common telecommunication circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations.
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 assets. Asset is defined as the sum of non-current assets and net current assets. Net current assets are computed by subtracting current liabilities from current assets. Average assets 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.
BIVL	Bharti Infratel Ventures Limited
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).
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).
Consolidated Financial statements	The Consolidated financial statements of the company till FY 2012-13 represent the financials of Bharti Infratel Ltd Standalone taken together with its wholly owned subsidiary Bharti Infratel Ventures Ltd and Bharti Infratel's 42% equity interest in Indus Towers Ltd. accounted for by proportionate consolidation.

Consequent to Indus Merger, the financial statements of Indus have been prepared after giving effect to the Merger Scheme. Accordingly the Consolidated Financial Results of the Company from quarter ended June 2013 and onwards represent the financials of Bharti Infratel Ltd Standalone taken together with its 42% equity interest in Indus Towers Ltd. Accounted for by proportionate consolidation and consolidating the new subsidiary Bharti Infratel Services Ltd. With effect from January 2015, 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 group. 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 group. Effective 29th March 2016, Bharti Infratel Services Limited has been closed pursuant to Board's decision to initiate the process of striking off the name of the company from the register of ROC.

CSR	Corporate Social Responsibility
Cumulative Investments	Cumulative Investments comprises of gross fixed assets (including Capital Work In Progress).
DDT	Dividend Distribution Tax
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 and charity and donation excluding other income for the relevant period. It is defined as operating income and does not include depreciation and amortization expense, finance cost (net) and tax expense.
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) 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
Indus Merger	During the quarter ended June 30, 2013, the Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities as defined in the Scheme from Bharti Infratel Ventures Limited (BIVL), wholly owned subsidiary of the Company, Vodafone Infrastructure Limited (formerly known as Vodafone Essar Infrastructure Limited), and Idea Cellular Tower Infrastructure Limited (collectively referred to as 'The Transferor companies') to Indus Towers Limited (Indus) was sanctioned by the Hon'ble High Court of Delhi vide its order dated on April 18, 2013 subject to the final order in another appeal pending before the Division Bench of Delhi High Court and any other orders in any further proceedings thereafter.

The Scheme had become operative from June 11, 2013 upon filing of certified copy of the order with the Registrar of Companies with an appointed date of April 1, 2009 i.e. effective date of scheme and accordingly effective June 11, 2013 the transferor companies have ceased to exist and have become part of Indus Towers Ltd. Pursuant to the Indus Merger the IRU agreements between the Transferor Companies and Transferee Company Ceases to exist.

Indus Consolidation	Indus Consolidation represents consolidation of Bharti Infratel's 42% proportionate shareholding in Indus Towers Ltd.
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 issued and outstanding shares as at end of the period 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 borrowings, short-term borrowings, lease liabilities minus cash and cash equivalents, current and non-current investments, and other bank balances adjusted for unpaid dividend declared including dividend distribution tax adjusted in equity 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 borrowings, short-term borrowings, minus cash and cash equivalents, current and non-current investments, and other bank balances adjusted for unpaid dividend declared including dividend distribution tax adjusted in equity 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) 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) 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 service revenue 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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