Bharti Infratel Limited

January 30, 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 third quarter (Q3) and nine months ended December 31, 2019

Dear Sir / Madam,

Pursuant to Regulation 30 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the quarterly report being released by the Company w.r.t. the audited financial results for the third quarter (Q3) and nine months ended December 31, 2019.

Kindly take the same on record.

Thanking you,

Sincerely Yours,
For Bharti Infratel Limited

Samridhi

Samridhi Rodhe
Company Secretary

BHARTI INFRATEL LIMITED

Encl: As above

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Quarterly report on the results for the third quarter and nine months ended December 31, 2019

Bharti Infratel Limited

(Incorporated as a public limited company on November 30, 2006 under the Companies Act, 1956)
901, Park Centra, Sector 30,NH-8, Gurugram, Haryana - 122001, India

January 30, 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.

Bharti Infratel Limited

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 25

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. Further, the Group has adopted Ind AS 116 ‘Leases’ effective April 1, 2019.

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 GLANCE[4]

Particulars	UNITS	Full Year Ended[3]			Quarter Ended[3]				
		2017	2018	2019	Dec 2018	Mar 2019	Jun 2019[4]	Sep 2019[4]	Dec 2019[4]
Consolidated Operating Highlights									
Total Towers	Nos	90,646	91,451	92,277	92,301	92,277	92,632	93,421	94,244
Total Co-locations	Nos	210,606	205,596	172,724	174,449	172,724	173,247	173,406	174,150
Average Sharing factor	Times	2.26	2.29	2.06	1.89	1.88	1.87	1.86	1.85
Closing Sharing factor	Times	2.32	2.25	1.87	1.89	1.87	1.87	1.86	1.85
Sharing Revenue per Tower per month	Rs	78,318	82,094	77,322	75,775	76,159	81,503	80,210	81,113
Sharing Revenue per Sharing Operator per month	Rs	34,648	35,702	36,886	39,262	39,685	42,591	42,160	42,987
Financials									
Revenue[1]	Rs Mn	134,237	144,896	145,823	36,402	36,003	37,119	36,376	36,733
EBITDA[1]	Rs Mn	59,420	64,272	60,733	15,128	15,340	19,528	18,849	18,831
EBIT[1]	Rs Mn	36,343	40,339	37,773	9,314	9,413	11,530	11,330	11,736
Finance Cost (Net)	Rs Mn	(4,414)	-	(1,571)	(601)	(243)	1,125	1,251	1,384
Profit before Tax	Rs Mn	42,211	42,262	41,021	10,375	10,064	11,056	10,428	10,688
Profit after Tax	Rs Mn	27,470	24,937	24,938	6,484	6,076	8,870	9,635	7,987
Capex	Rs Mn	21,788	21,820	17,961	4,078	3,748	4,196	4,967	3,942
-of Which Maintenance & General Corporate Capex	Rs Mn	5,048	5,166	4,275	648	925	1,352	1,374	995
Operating Free Cash Flow[1]	Rs Mn	37,209	42,021	42,366	10,926	11,542	12,072	10,798	11,814
Adjusted Fund From Operations(AFFO)[1]	Rs Mn	53,949	58,675	56,052	14,356	14,365	14,915	14,390	14,761
Total Capital Employed	Rs Mn	119,738	117,836	119,393	117,348	119,393	177,512	180,167	182,641
Net Debt / (Net Cash) with Lease Liabilities	Rs Mn	(35,127)	(51,708)	(25,852)	(22,157)	(25,852)	49,952	52,490	53,438
Net Debt / (Net Cash) without Lease Liabilities	Rs Mn	(35,127)	(51,708)	(25,852)	(22,157)	(25,852)	(14,495)	(12,008)	(12,471)
Shareholder's Equity	Rs Mn	154,865	169,544	145,245	139,505	145,245	127,560	127,677	129,203
Key Ratios									
EBITDA Margin[2]	%	44.3%	44.4%	41.6%	41.6%	42.6%	52.6%	51.8%	51.3%
EBIT Margin[2]	%	27.1%	27.8%	25.9%	25.6%	26.1%	31.1%	31.1%	31.9%
Net Profit Margin[2]	%	20.5%	17.2%	17.1%	17.8%	16.9%	23.9%	26.5%	21.7%
Net Debt / (Net Cash) with Lease Liabilities to EBITDA [4]	Times	(0.59)	(0.80)	(0.43)	(0.36)	(0.43)	0.64	0.68	0.70
Interest Coverage ratio[4]	Times	22.17	24.83	19.85	21.55	19.85	17.36	16.15	15.21
Return on Capital Employed Pre Tax[4]	%	30.1%	34.0%	31.8%	33.1%	31.8%	26.1%	25.7%	25.8%
Return on Shareholder's Equity Pre Tax[4]	%	25.0%	26.1%	26.1%	27.4%	26.1%	33.6%	32.6%	32.4%
Return on Shareholder's Equity Post tax[4]	%	16.3%	15.4%	15.8%	16.4%	15.8%	26.9%	28.1%	26.7%
Valuation Indicators									
Market Capitalization	Rs Bn	603	622	580	479	580	494	476	467
Enterprise Value	Rs Bn	568	570	554	457	554	544	528	520
EV / EBITDA[4]	Times	9.55	8.87	9.12	7.44	9.12	6.96	6.88	6.82
EPS (Diluted)	Rs	14.73	13.49	13.49	3.51	3.29	4.80	5.21	4.32
PE Ratio	Times	22.13	24.92	23.23	19.22	23.23	18.00	15.31	14.34

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 confirm 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 and are not comparable with the past period results. 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-D for comparable financial results excluding impact of IND AS 116. Refer Section 13- Glossary for previous and revised definitions.

Section 2

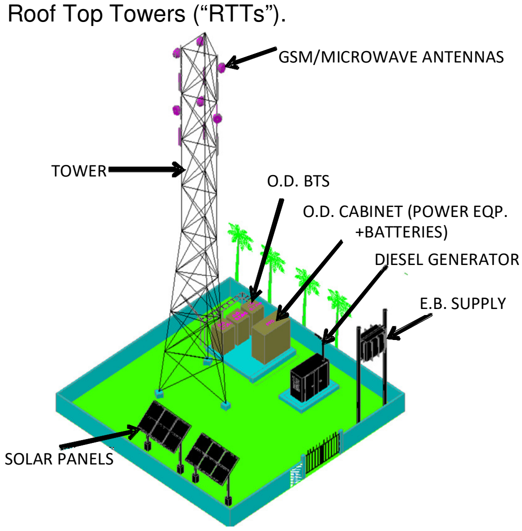
AN OVERVIEW

2.1 Industry Overview

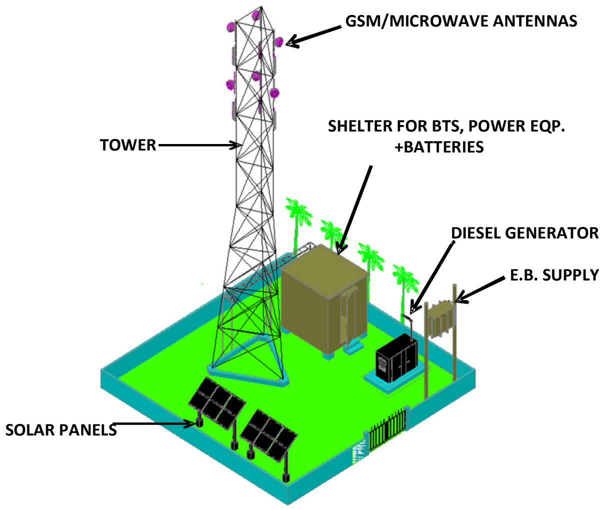
The Indian telecommunications industry is one of the most competitive globally. The focus of Indian operators in the last ten years or so has been to develop an affordable mass market telecommunications service model which allows for service availability across India's urban and rural areas at affordable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

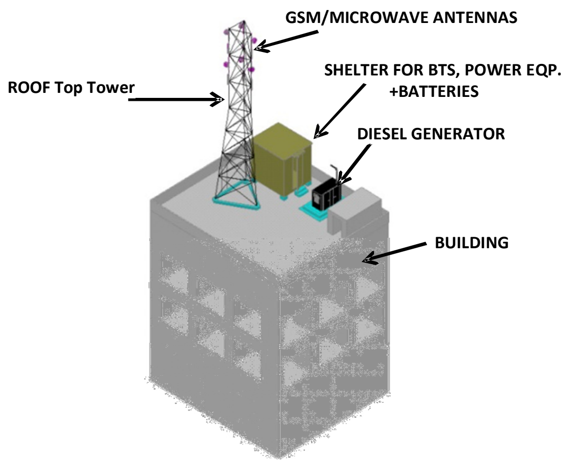
Tower companies provide the entire range of tower infrastructure that is required by wireless telecommunications service providers to offer mobile telephony services to their subscribers. Tower infrastructure refers to equipments such as towers, shelters, power regulation equipment, battery banks, diesel 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 OUTDOOR BTS



GBT-WITH INDOOR 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:

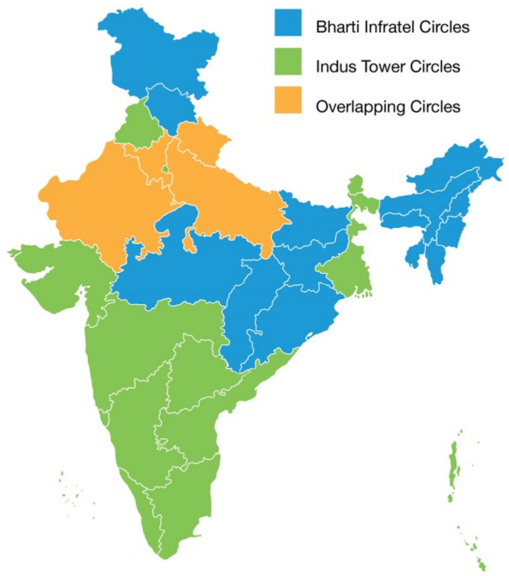
▪ Active Infrastructure: Radio antenna, BTS/cell site, cables etc. that are owned and supplied by telecom operators
▪ Tower Infrastructure: Steel tower, shelter room, DG set, Power regulation equipment, Battery bank, security cabin etc. that supports active infrastructure.

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 December 31, 2019, Bharti Infratel owned and operated 41,471 towers with 76,322 co-locations in 11 telecommunications Circles while Indus operated 125,649 towers with 232,924 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 94,244 towers and 174,150 co-locations in India as of December 31, 2019.



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 31st December 2019, 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 December 31, 2019 is 4.48 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 December 31, 2019, we operate ~3,000 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 ~43,000 towers across our network are green as of December 31, 2019.

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. 13.

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 22). Also, kindly refer to section 7.3 – use of Non GAAP financial information (Page 26) and Glossary (Page 61) 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			Nine Months Ended		
	Dec-19[2]	Dec-18	Y-on-Y Growth	Dec-19[2]	Dec-18	Y-on-Y Growth
Revenue[1]	36,733	36,402	1%	110,228	109,820	0%
EBITDA[1]	18,831	15,128	24%	57,208	45,393	26%
EBITDA Margin	51.3%	41.6%		*51.9%*	*41.3%*	
EBIT[1]	11,736	9,314	26%	34,596	28,360	22%
Other Income	336	460	-27%	1,336	1,626	-18%
Finance cost (Net)	1,384	(601)	330%	3,760	(1,328)	383%
Profit before exceptional items and tax	10,688	10,375	3%	32,172	31,314	3%
Exceptional items	-	-		-	357	-100%
Profit before tax	10,688	10,375	3%	32,172	30,957	4%
Income tax Expense[3 & 4]	2,701	3,891	-31%	5,680	12,095	-53%
Profit after Tax	7,987	6,484	23%	26,492	18,862	40%
Capex	3,942	4,078	-3%	13,105	14,213	-8%
Operating Free Cash Flow[1]	11,814	10,926	8%	34,683	30,824	13%
Adjusted Fund From Operations (AFFO)[1]	14,761	14,356	3%	44,067	41,687	6%
Cumulative Investments	316,242	308,504	3%	316,242	308,504	3%

1. Revenue, EBITDA, EBIT, Operating free cash flow and Adjusted Fund from Operations (AFFO) are excluding other income.
2. With the adoption IND AS 116, effective April 1, 2019, the results for the quarter and nine months ended December 31, 2019 are not comparable with previous period. Refer Section-D for comparable financial results excluding impact of IND AS 116.
3. Effective April 1, 2019, the Group has not recognised any deferred tax charge during the period ended December 31, 2019 on undistributed profits of its Joint Venture Company.

3.1.2. Summarized Statement of Consolidated Financial Position

Amount in Rs. mn

Particulars	As at Dec 31, 2019[1]	As at Mar 31, 2019
Shareholder's Fund		
Share capital	18,496	18,496
Other Equity	110,707	126,749
Total Equity	**129,203**	**145,245**
Liabilities		
Non-current liabilities	71,032	26,412
Current liabilities	80,610	50,839
Total liabilities	**151,642**	**77,251**
Total Equity and liabilities	**280,845**	**222,496**
Assets		
Non-current assets	205,743	158,307
Current assets	75,102	64,189
Total assets	**280,845**	**222,496**

1. With the adoption IND AS 116, effective April 1, 2019, the results as of December 31, 2019 are not comparable with previous period. Refer Section-D for comparable financial results excluding impact of IND AS 116.

3.2 Summarised Statement of Proforma Group Consolidation- Statement of Operations

3.2.1 Bharti Infratel Consolidated (Quarter Ended December 31, 2019)

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended Dec 31, 2019			
	Infratel Standalone	Indus Consolidation[2]	Eliminations/ Adjustments[3]	Infratel Consol[4]
Revenue[1]	16,659	20,068	(7)	36,733
EBITDA[1]	8,663	10,169	-	18,831
EBITDA Margin	*52.0%*	*50.7%*		*51.3%*
EBIT[1]	5,568	6,171	-	11,736
Other Income	173	163	-	336
Finance cost (Net)	199	1,181	-	1,384
Profit before tax	5,542	5,153	-	10,688
Income tax expense	1,401	1,301	-	2,701
Profit after Tax	4,141	3,852	-	7,987
Capex	1,592	2,346	-	3,942
Operating Free Cash Flow[1]	6,207	5,616	-	11,814
Adjusted Fund From Operations(AFFO)[1]	7,261	7,505	-	14,761
Cumulative Investments	151,313	165,053	-	316,242

1. Revenue, EBITDA, EBIT, Operating free cash flow and AFFO are excluding other income.
2. Refer glossary for Indus Consolidation.
3. Elimination/adjustments represent elimination of intersegment transactions
4. Infratel consol includes results of wholly owned subsidiary Smartx Services Ltd and Bharti Infratel Employee Welfare Trust.

3.2.2 Bharti Infratel Consolidated (Nine Months Ended December 31, 2019)

Amount in Rs mn, Except Ratios

Particulars	Nine Months Ended Dec 31, 2019			
	Infratel Standalone	Indus Consolidation[2]	Eliminations/ Adjustments[3]	Infratel Consol[4]
Revenue[1]	50,572	59,647	(28)	110,228
EBITDA[1]	27,530	29,678	-	57,208
EBITDA Margin	*54.4%*	*49.8%*		*51.9%*
EBIT[1]	17,617	17,004	-	34,596
Other Income	901	435	-	1,336
Finance cost (Net)	(189)	3,937	-	3,760
Profit before exceptional items and tax	18,707	13,502	-	32,172
Income tax expense[5]	5,305	2,142	(1,776)	5,680
Profit after Tax[3]	13,402	11,360	1,776	26,492
Capex	5,784	7,317	-	13,105
Operating Free Cash Flow[1]	19,154	15,545	-	34,683
Adjusted Fund From Operations(AFFO)[1]	22,987	21,093	-	44,067
Cumulative Investments	151,313	165,053	-	316,242

1. Revenue, EBITDA, EBIT, Operating free cash flow and AFFO are excluding other income.
2. Refer glossary for Indus Consolidation.
3. Elimination/adjustments represent elimination of intersegment transactions and adjustment for dividend distribution tax on share of profits in JV.
4. Infratel consol includes results of wholly owned subsidiary Smartx Services Ltd and Bharti Infratel Employee Welfare Trust.
5. Effective April 1, 2019, the Group has not recognised any deferred tax charge during the period ended December 31, 2019 on undistributed profits of its Joint Venture Company. Further, deferred tax liability as on March 31, 2019 amounting to Rs 1,778 mn which was hitherto being recongnised had been reversed in respect of dividend distribution tax on undistributed profits of its Joint Venture Company in quarter ended June 30, 2019.

3.2.3 Bharti Infratel Standalone

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec-19[2]	Dec-18	Y-on-Y Growth	Dec-19[2]	Dec-18	Y-on-Y Growth
Revenue[1]	16,659	17,325	-4%	50,572	51,471	-2%
EBITDA[1]	8,663	8,261	5%	27,530	23,713	16%
EBITDA Margin	*52.0%*	*47.7%*		*54.4%*	*46.1%*	
EBIT[1]	5,568	5,582	0%	17,617	15,489	14%
Other Income	173	263	-34%	901	12,090	-93%
Finance cost (Net)	199	(1,188)	-117%	(189)	(3,060)	-94%
Profit before tax before dividend income	5,542	7,033	-21%	18,707	19,378	-3%
Dividend Income from joint venture	-	-		-	11,261	-100%
Profit before Tax	5,542	7,033	-21%	18,707	30,639	-39%
Income tax expense	1,401	2,344	-40%	5,305	6,739	-21%
Profit after Tax before dividend income	4,141	4,689	-12%	13,402	12,639	6%
Profit after Tax after dividend income	4,141	4,689	-12%	13,402	23,900	-44%
Capex	1,592	1,892	-16%	5,784	7,367	-21%
Operating Free Cash Flow[1]	6,207	6,318	-2%	19,154	16,185	18%
Adjusted Fund From Operations(AFFO)[1]	7,261	7,789	-7%	22,987	21,639	6%
Cumulative Investments	151,313	148,475	2%	151,313	148,475	2%

1. Revenue, EBITDA, EBIT, Operating free cash flow & AFFO are excluding other income.
2. With the adoption IND AS 116, effective April 1, 2019, the results for the quarter and nine months Ended December 31, 2019 are not comparable with previous period. Refer Section-D for comparable financial results excluding impact of IND AS 116.

3.2.4 Indus Consolidation

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec-19[2]	Dec-18	Y-on-Y Growth	Dec-19[2]	Dec-18	Y-on-Y Growth
Revenue[1]	20,068	19,082	5%	59,647	58,350	2%
EBITDA[1]	10,169	6,879	48%	29,678	21,707	37%
EBITDA Margin	*50.7%*	*36.0%*		*49.8%*	*37.2%*	
EBIT[1]	6,171	3,745	65%	17,004	12,903	32%
Other Income	163	197	-17%	435	797	-45%
Finance cost (Net)	1,181	587	101%	3,937	1,732	127%
Profit before exceptional items and tax	5,153	3,355	54%	13,502	11,968	13%
Exceptional items	-	-		-	357	-100%
Profit before tax	5,153	3,355	54%	13,502	11,611	16%
Income tax expense	1,301	1,178	10%	2,142	4,078	-47%
Profit after Tax	3,852	2,177	77%	11,360	7,533	51%
Capex	2,346	2,166	8%	7,317	6,795	8%
Operating Free Cash Flow[1]	5,616	4,640	21%	15,545	14,717	6%
Adjusted Fund From Operations(AFFO)[1]	7,505	6,578	14%	21,093	20,075	5%
Cumulative Investments	165,053	160,174	3%	165,053	160,174	3%

1. Revenue, EBITDA, EBIT, Operating free cash flow & AFFO are excluding other income.
2. With the adoption IND AS 116, effective April 1, 2019, the results for the quarter and nine months Ended December 31, 2019 are not comparable with previous period. Refer Section-D for comparable financial results excluding impact of IND AS 116.

3.3 Summarised Statement of Group Consolidation- Statement of Balance Sheet

Amount in Rs mn

Particulars	As at Dec 31, 2019[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	116,358	55,049	(60,468)	110,707
Total Equity	**134,854**	**55,050**	**(60,469)**	**129,203**
Liabilities				
Non-current liabilities	24,389	47,693	(1,205)	71,032
Current liabilities	43,883	36,703	(19)	80,610
Total liabilities	**68,272**	**84,396**	**(1,224)**	**151,642**
Total Equity and liabilities	**203,126**	**139,446**	**(61,693)**	**280,845**
Assets				
Non-current assets	151,521	115,832	(61,674)	205,743
Current assets	51,605	23,614	(19)	75,102
Total assets	**203,126**	**139,446**	**(61,693)**	**280,845**

1. Refer Section 13 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 Consolidated[2]

Parameters	Unit	Dec 31, 2019[3]	Sep 30, 2019[3]	Q-on-Q Growth	Dec 31, 2018	Y-on-Y Growth
Total Towers[1]	Nos	94,244	93,421	823	92,301	1,943
Total Co-locations[1]	Nos	174,150	173,406	744	174,449	(299)
Key Indicators						
Average Sharing Factor	Times	1.85	1.86		1.89	
Closing Sharing Factor	Times	1.85	1.86		1.89	
Sharing Revenue per Tower p.m	Rs	81,113	80,210	1.1%	75,775	7.0%
Sharing Revenue per Sharing Operator p.m	Rs	42,987	42,160	2.0%	39,262	9.5%

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 1,149 basis exit notices received. However as at December 31, 2019, there are cumulative 2,798 co-locations for which though the exit notices have been received but actual exits have not happened.
3. Sharing Revenue per Tower / Sharing Operator for the period ended December 31, 2019 and September 30, 2019 are with impact of IND AS 116. Adjusted for impact of IND AS 116 - Sharing Revenue per Tower p.m. for December 31, 2019 was Rs 78,608 & September 30, 2019 was Rs. 77,469 and Sharing Revenue per Sharing Operator p.m. for December 31, 2019 was Rs. 41,660 & September 30, 2019 was Rs 40,719.

4.1.2 Bharti Infratel Standalone

Parameters	Unit	Dec 31, 2019[1]	Sep 30, 2019[1]	Q-on-Q Growth	Dec 31, 2018	Y-on-Y Growth
Total Towers	Nos	41,471	41,050	421	40,192	1,279
Total Co-locations	Nos	76,322	76,176	146	77,693	(1,371)
Key Indicators						
Average Sharing Factor	Times	1.85	1.86		1.95	
Closing Sharing Factor	Times	1.84	1.86		1.93	
Sharing Revenue per Tower p.m	Rs	84,593	87,669	-3.5%	83,040	1.9%
Sharing Revenue per Sharing Operator p.m	Rs	45,018	46,095	-2.3%	41,632	8.1%

1. Sharing Revenue per Tower / Sharing Operator for the period ended December 31, 2019 and September 30, 2019 are with impact of IND AS 116. Adjusted for impact of IND AS 116 - Sharing Revenue per Tower p.m. for December 31, 2019 was Rs 82,135 & September 30, 2019 was Rs. 84,896 and Sharing Revenue per Sharing Operator p.m. for December 31, 2019 was Rs. 43,710 & September 30, 2019 was Rs 44,637.

4.1.3 Indus Towers

Parameters	Unit	Dec 31, 2019[1]	Sep 30, 2019[1]	Q-on-Q Growth	Dec 31, 2018	Y-on-Y Growth
Total Towers	Nos	125,649	124,692	957	124,069	1,580
Total Co-locations	Nos	232,924	231,500	1,424	230,372	2,552
Key Indicators						
Average Sharing Factor	Times	1.86	1.86		1.85	
Closing Sharing Factor	Times	1.85	1.86		1.86	
Sharing Revenue per Tower p.m	Rs	78,357	74,373	5.4%	70,237	11.6%
Sharing Revenue per Sharing Operator p.m	Rs	41,392	39,082	5.9%	37,354	10.8%

1. Sharing Revenue per Tower / Sharing Operator for the period ended December 31, 2019 and September 30, 2019 are with impact of IND AS 116. Adjusted for impact of IND AS 116 - Sharing Revenue per Tower p.m. for December 31, 2019 was Rs 75,814 & September 30, 2019 was Rs. 71,669 and Sharing Revenue per Sharing Operator p.m. for December 31, 2019 was Rs. 40,049 & September 30, 2019 was Rs 37,662.

4.2 Human Resource Analysis

4.2.1 Bharti Infratel Consolidated

Parameters	Unit	Dec 31, 2019[2]	Sep 30, 2019[2]	Q-on-Q Growth	Dec 31, 2018	Y-on-Y Growth
Total On Roll Employees[1]	Nos	2,233	2,212	21	2,209	24
Number of Towers per Employee	Nos	42	42	-0.1%	42	1.0%
Personnel Cost per Employee per month	Rs	191,657	187,327	2.3%	186,738	2.6%
Revenue per Employee per month	Rs	5,508,716	5,495,329	0.2%	5,473,137	0.7%

1. Total On Roll Employees include proportionate consolidation of 42% of Indus Towers Employees.
2. Revenue per Employee per month for the period ended December 31, 2019 and September 30, 2019 are with impact of IND AS 116. Adjusted for the impact of IND AS 116 – Revenue per Employee p.m. for December 31, 2019 was Rs 5,402,990 & for September 30, 2019 was Rs 5,379,937.

4.2.2 Bharti Infratel Standalone

Parameters	Unit	Dec 31, 2019[1]	Sep 30, 2019[1]	Q-on-Q Growth	Dec 31, 2018	Y-on-Y Growth
Total On Roll Employees	Nos	1,234	1,224	10	1,227	7
Number of Towers per Employee	Nos	34	34	0.2%	33	2.6%
Personnel Cost per Employee per month	Rs	199,892	194,763	2.6%	193,139	3.5%
Revenue per Employee per month	Rs	4,518,308	4,547,190	-0.6%	4,679,903	-3.5%

1. Revenue per Employee per month for the period ended December 31, 2019 and September 30, 2019 are with impact of IND AS 116. Adjusted for the impact of IND AS 116 – Revenue per Employee p.m. for December 31, 2019 was Rs 4,435,804 & for September 30, 2019 was Rs 4,454,517.

4.2.3 Indus Towers

Parameters	Unit	Dec 31, 2019[1]	Sep 30, 2019[1]	Q-on-Q Growth	Dec 31, 2018	Y-on-Y Growth
Total On Roll Employees	Nos	2,379	2,353	26	2,339	40
Number of Towers per Employee	Nos	53	53	-0.3%	53	-0.4%
Personnel Cost per Employee per month	Rs	181,473	178,097	1.9%	178,703	1.6%
Revenue per Employee per month	Rs	6,731,608	6,671,881	0.9%	6,470,602	4.0%

1. Revenue per Employee per month for the period ended December 31, 2019 and September 30, 2019 are with impact of IND AS 116. Adjusted for the impact of IND AS 116 – Revenue per Employee p.m. for December 31, 2019 was Rs 6,597,096 & for September 30, 2019 was Rs 6,528,590.

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	Dec 31, 2019
Average Residual Service Contract Period	Yrs.	4.48
Minimum Lease Payment Receivable	Rs. Mn	376,309

Section 5

MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Key Industry Developments

1. National Digital Communications Policy

TRAI had issued the Consultation Paper on "Review of Scope of Infrastructure Providers Category- I (IP-I) Registration" to make recommendations to the Government for the encouragement and facilitation of sharing of passive as well as active infrastructure. All stakeholders had submitted their submissions and also participated in the Open House Discussion (OHD) held on 14 November, 2019. Based on the outcome of OHD and submissions made by various stakeholders, TRAI is in the process of finalizing the recommendations for submission to the Government.

2. Passive Infrastructure Sharing

DoT has issued advisory to TSPs on November 18, 2019 regarding sharing of their In-building Infrastructure (IBS, OFC & other cables, duct etc.) with other TSPs in all existing Government / public buildings/ places like Airport, Railway Stations, Bus Terminals, Metro Stations/ Lines, Hospitals etc as per the terms and conditions of their respective licenses. This should enable faster access to IBSs by all TSPs and likely to improve indoor coverage. TRAI Recommendation on allowing IP-I entities to offer passive IBS infrastructure is still pending at DoT.

3. 5G Trial licenses

DoT issued guidelines in August 2019 regarding issuance of trial licenses especially for 5G technologies in the following categories - (a) Experimental and Technology Trial License (b) Manufacturing and Testing License (c) Demonstration License. As per media reports, TSPs have filed their 5G trial application with DoT in the 2nd week of January 2020. Airtel and Vodafone Idea have partnered with Huawei, ZTE, Ericsson and Nokia and RJIO has partnered with Samsung. The 5G spectrum for trial will be issued shortly.

4. AGR Update

The Hon'ble Supreme Court in its judgment dated 24 October 2019 ('SC AGR Judgement') held that the definition of Gross Revenue under Clause 19 of the Unified Access Services License (UASL) concurring with the view of the DoT that all telecom revenues should form part of the AGR for the purposes of determining the license fee. Further by way of a Supplementary Order Dated October 24, 2019, the Hon'ble Supreme Court directed the affected parties to pay the dues payable within 90 days from the date of the SC AGR Judgement. The telecom operators filed a Review Petition before the Hon'ble Supreme Court and the same has been rejected in January 2020. Further, the telecom operators have also filed an application for modification of the Supplementary Order before the Hon'ble Supreme Court of India, which has been directed to be listed for hearing in the week commencing January 27, 2020 vide order dated January 21, 2020. The exact date of listing is still awaited by the operators. The matter is also included in the Independent Auditor's Report on Consolidated Financial Results under Emphasis of Matter.

5. Interconnection Usage Charges (IUC) Update

TRAI vide its amendment dated December 17, 2019 regarding Interconnection Usage Charges Regulation has deferred implementation of Bill and Keep (BAK) regime for a period of one year. Now the BAK will become effective from 01.01.2021 and for wireless to wireless domestic calls, termination charge would continue to remain as Re.0.06 (paise six only) per minute up to December 31, 2020.

6. Floor Pricing update

TRAI has issued consultation paper on tariff issues of Telecom Services on December 17, 2019 to deliberate and decide on the fixation of floor tariff for telecom services. TRAI vide this paper has sought inputs from various stakeholders including costing models to determine floor tariffs.

7. Consultation Paper on Enabling Unbundling of Different Layers Through Differential Licensing

TRAI has issued Pre-Consultation Paper on "Enabling Unbundling of Different Layers Through Differential Licensing" on December 9, 2019 in line with the one of the strategies as 'reforming the licensing and regulatory regime to catalyse Investments and Innovations and promote Ease of Doing Business' under National Digital Communications Policy (NDCP), 2018. Enabling unbundling of different layers (e.g. infrastructure, network, services and application layer) through differential licensing is one of the action plans for fulfilling the strategy. Last date for submission of comments was January 27, 2020.

8. **Bharti Airtel update**

Bharti Airtel QIP and FCCBs Issuance :

Bharti Airtel has announced the successful fund raising exercise through Qualified Institutional Placement (QIP) and Foreign Currency Convertible Bonds (FCCBs). The Company raised USD 2 billion through QIP and USD 1 billion through FCCBs.

9. **RJIO update**

Update on Investment by Brookfield in Tower Infrastructure Trust of Reliance

Further to earlier disclosures, Reliance Industries has announced, Reliance Industrial Investments and Holdings Limited (RIIHL), a wholly-owned subsidiary of Reliance Industries Limited (RIL), has entered into binding agreements with Brookfield Infrastructure Partners L.P. (Brookfield Infrastructure), and its institutional partners, for an investment of Rs. 25,215 crore in the units to be issued by the Tower Infrastructure Trust (Trust) in accordance with the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014. At the Closing of the Transaction, the Trust will own 100% of the issued and paid up equity share capital of Reliance Jio Infratel Private Limited (RJIPL). Closing of the transaction is subject to certain regulatory approvals, which are expected shortly.

5.2 Key Company updates

1. **Awards and Recognition**

Legal Team of Bharti Infratel Limited was adjudged and has been awarded as “Best Legal Team of the year, 2019 – Telecom” by Indian National Bar Association (INBA) on the 70th Constitution Day of India (26th November 2019).

2. **Infratel – Indus Merger update**

During the last year, Bharti Infratel Limited and Indus Towers Limited 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). Approval of Department of Telecommunications for FDI is awaited. The Scheme shall become effective on the date on which certified copy of the order of Hon'ble NCLT is filed with Registrar of Companies upon fulfilment/ waiver of other conditions prescribed in the Scheme. The long stop date for the Scheme was October 24, 2019. Since, the requisite Government approvals were not received and conditions precedent could not be completed, the Board of Directors had extended the long stop date till December 24, 2019 and further extended till February 24, 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.

3. **Resignation of CFO**

S. Balasubramanian has been stepped down as the Chief Financial Officer (CFO) of the Company w.e.f. the close of business hours on December 5, 2019. His replacement is yet to be finalized.

4. **Interim Dividend**

In its meeting held on December 10, 2019, the Board of Directors declared a second interim dividend of Rs 2.75 per equity share for the financial year 2019-20, which has been paid in the quarter ended December 31, 2019. The Company had earlier paid an interim dividend of Rs.3.65 per equity share during the quarter ended September 30, 2019, thus taking the cumulative dividend to Rs.6.40 per equity share for the financial year 2019-20.

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.

Effective April 1, 2019 being the transition date, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly comparatives for the periods prior to and the year ended March 31, 2019 have not been retrospectively adjusted. Refer Section-D for comparable financial results excluding impact of IND AS 116.

Key Highlights – For the quarter ended December 31, 2019

- **Consolidated Revenues at Rs 36,733 Mn**
- **Consolidated EBITDA at Rs 18,831 Mn**
- **Consolidated Profit before tax at Rs 10,688 Mn**
- **Operating Free Cash Flow (OFCF) at Rs 11,814 Mn**
- **Adjusted Fund from Operations (AFFO) at Rs 14,761 Mn**

5.3.1 Financial & Operational Performance

Bharti Infratel Consolidated

Quarter Ended December 31, 2019

Tower and Co-Location base & additions

As of December 31, 2019, Bharti Infratel owned and operated 41,471 towers with 76,322 co-locations in 11 telecommunication Circles while Indus operated 125,649 towers with 232,924 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 94,244 towers and 174,150 co-locations in India as of December 31, 2019.

Co-locations churn during the quarter ended December 31, 2019 on consolidated and standalone basis are 1,149 and 471 respectively. There are 2,798 co-locations on consolidated basis as of December 31, 2019 which are billed during the quarter and actual exits have not happened. Net co-locations increased during the quarter on consolidated and standalone basis are 744 and 146 respectively.

For the quarter ended December 31, 2019, Bharti Infratel and Indus had average sharing factors of 1.85 and 1.85 per tower.

Revenues[1] 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 December 31, 2019 was Rs 36,733 million. Adjusted for without Ind AS 116, consolidated revenue from operations was Rs 36,028 million down by 1% on Y-o-Y basis.

Revenue from Operations includes exit charges amounting to Rs 1,053 million and Rs 2,895 million recognized in financials for the quarter and nine months Ended December 31, 2019 as per accounting policy.

Operating Expenses

Our consolidated total expenses for the quarter ended December 31, 2019 were Rs 17,902 million, or 49% of our consolidated revenues from operations. The largest component of our consolidated expenses during this period was power and fuel, amounting to Rs 13,672 million. The other key expenses incurred by us during the quarter ended December 31, 2019 were repair & maintenance (operations and maintenance costs of the network) of Rs 1,775 million and employee benefits expenses of Rs 1,177 million.

Adjusted for without Ind AS 116, consolidated total expenses for the quarter were Rs 21,100 million.

EBITDA[1], EBIT[1] & Finance Cost

For the quarter ended December 31, 2019, the Group had an EBITDA of Rs 18,831 million and EBITDA margin of 51.3%. Adjusted for without Ind AS 116, EBITDA of Rs 14,928 million down by 1% on Y-o-Y basis & EBITDA margin for the quarter of 41.4%.

During the quarter ended December 31, 2019, the Group had depreciation and amortization expenses of Rs 7,036 million or 19% of our consolidated revenues.

Adjusted for without Ind AS 116, depreciation and amortization expenses of Rs 4,908 million.

The resultant EBIT for the quarter ended December 31, 2019 was Rs 11,736 million. Adjusted for without Ind AS 116, EBIT was Rs 9,961 million.

The net finance cost for the quarter ended December 31, 2019 was Rs 1,384 million. Adjusted for without Ind AS 116, net finance cost was Rs 170 million.

Profit before Tax (PBT)

Our consolidated profit before tax for the quarter ended December 31, 2019 was Rs 10,688 million, or 29.1% of our consolidated revenues. Adjusted for without Ind AS 116, PBT was Rs 10,127 million down by 2% on Y-o-Y basis.

Profit after Tax (PAT)

The net income for the quarter ended December 31, 2019 was Rs 7,987 million or 21.7% of our consolidated revenues. Adjusted for Ind AS 116, net income was Rs 7,570 million up by 17% on Y-o-Y basis.

Our consolidated total tax expense (net of tax effect on long term capital gains / loss) for the quarter ended December 31, 2019 was Rs 2,701 million, or 7% of our consolidated revenues.

Effective April 1, 2019, the Group has not recognised any deferred tax charge during the period ended December 31, 2019 on undistributed profits of its Joint Venture Company. Further, deferred tax liability as on March 31, 2019 amounting to Rs 1,778 million which was hitherto being recongnised had been reversed in respect of dividend distribution tax on undistributed profits of its Joint Venture Company in the quarter ended June 30, 2019.

Capital Expenditure, Operating Free Cash Flow[1] & Adjusted Fund from Operations (AFFO) [1]

For the quarter ended December 31, 2019, the Group incurred capital expenditure of Rs 3,942 million. The Operating free cash flow during the quarter was Rs 11,814 million up by 8% on Y-o-Y basis. Adjusted for without Ind AS 116, Operating free cash flow was Rs 10,986 million up by 1% on Y-o-Y basis.

The Adjusted Fund from Operations (AFFO) during the quarter was Rs 14,761 million up by 3% on Y-o-Y basis. Adjusted for without Ind AS 116, AFFO was Rs 13,933 million down by 3% on Y-o-Y basis.

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

Return on Capital Employed (ROCE)

ROCE as at the period ended December 31, 2019 stands at 25.8%.

5.4 Bharti Infratel Consolidated Three Line Graph[1]

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

The parameters considered for the three-line graph are:

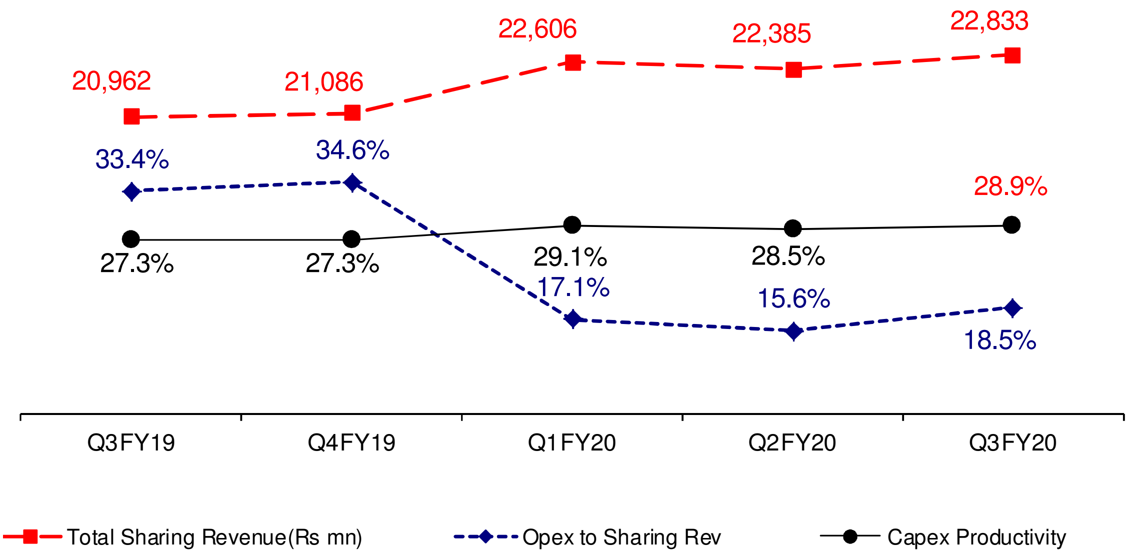
1. **Total Sharing revenue -** i.e. service revenue accrued during the respective period

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.

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



1. Three line figures for the period ended Jun 30, 2019 onwards are not comparable with the adoption of IND AS 116 effective April 1, 2019. Adjusted for the impact of IND AS 116 – Sharing Revenue was Rs 22,128 mn, Opex to Sharing Rev was 33.6 % and Capex Productivity was 28.0 % for December 31, 2019.

Section 6

STOCK MARKET HIGHLIGHTS

6.1 General Information

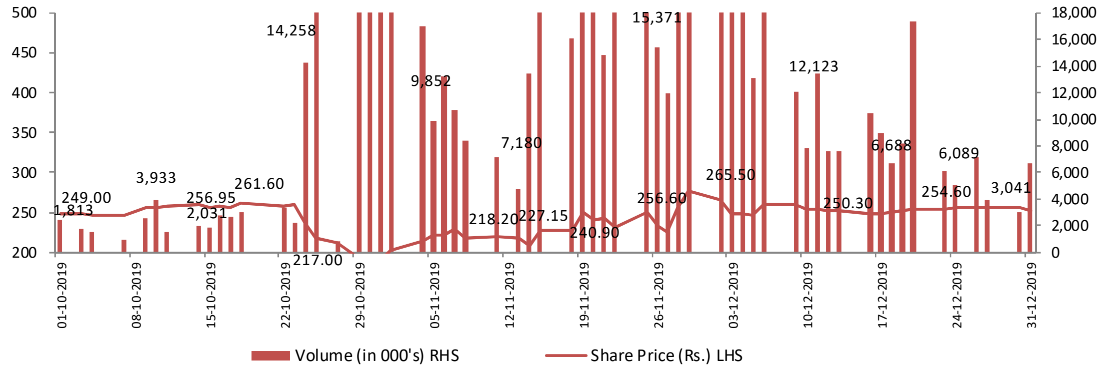
Shareholding and Financial Data	Unit	Quarter Ended Dec 31, 2019
Code/Exchange		534816/BSE
Bloomberg/Reuters		BHIN:IN/BHRI.NS
No. of Shares Outstanding (31/12/19)	Mn Nos	1,849.61
Closing Market Price - NSE (31/12/19)	Rs /Share	252.50
Combined Average Daily Volume (NSE & BSE)	Nos in Mn/day	13.80
Combined Average Daily Value (NSE & BSE)	Rs bn /day	3.29
Market Capitalization	Rs bn	467
Book Value Per Equity Share	Rs /share	69.85
Market Price/Book Value	Times	3.61
Enterprise Value	Rs bn	520
PE Ratio	Times	14.34
Enterprise Value/ EBITDA	Times	6.82

6.2 Summarized Shareholding pattern as of December 31, 2019

Category	Number of Shares	%
Promoter & Promoter Group		
Indian	989,780,979	53.51%
Foreign	-	-
Sub-Total	**989,780,979**	**53.51%**
Public Shareholding		
Institutions	847,529,537	45.82%
Non-Institutions	11,761,423	0.64%
Sub-Total	**859,290,960**	**46.46%**
Non-promoter Non-public shareholding		
Indian (Held by Bharti Infratel Employees' Welfare Trust)	536,307	0.03%
Foreign	-	-
Sub-Total	**536,307**	**0.03%**
Total	**1,849,608,246**	**100%**

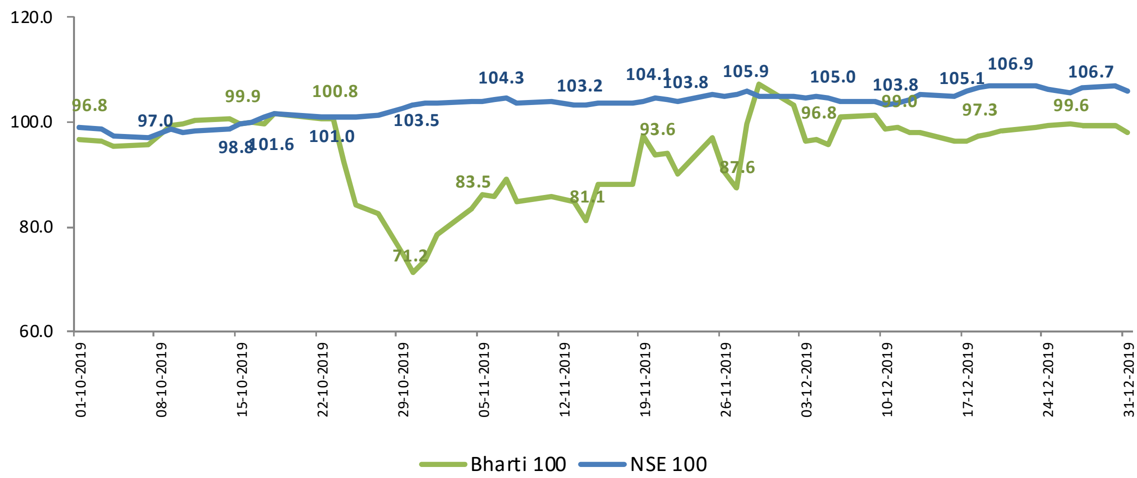
6.3 Bharti Infratel daily stock price (NSE) and volume (BSE & NSE Combined) movement

Volume and Share Price Data (October 01, 2019 - December 31, 2019)



6.4 Comparison of Bharti Infratel with Nifty

Sensex & NSE Comparison with Bharti Infratel (October 01, 2019 - December 31, 2019)



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

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec-19[1]	Dec-18	Y-on-Y growth	Dec-19[1]	Dec-18	Y-on-Y growth
Income						
Revenue from Operations	36,733	36,402	1%	110,228	109,820	0%
Other income	336	460	-27%	1,336	1,626	-18%
	37,069	**36,862**	**1%**	**111,564**	**111,446**	**0%**
Expenses						
Power and fuel	13,672	14,274	-4%	41,444	43,012	-4%
Rent	-	3,050	-100%	-	9,424	-100%
Employee expenses	1,278	1,242	3%	3,702	3,693	0%
Repairs and maintenance	1,775	1,931	-8%	5,132	6,118	-16%
Other expenses	1,177	777	51%	2,742	2,180	26%
	17,902	**21,274**	**-16%**	**53,020**	**64,427**	**-18%**
Profit before depreciation and amortization, finance cost, finance income, charity and donation, exceptional items and tax	**19,167**	**15,588**	**23%**	**58,544**	**47,019**	**25%**
Finance Costs	2,154	772	179%	6,457	2,260	186%
Finance Income	(770)	(1,373)	44%	(2,697)	(3,588)	25%
Charity and Donation	59	87	-32%	698	292	139%
Depreciation and Amortization Expense	7,352	6,063	21%	23,043	17,719	30%
Less: adjusted with general reserve in accordance with the Scheme	(316)	(336)	6%	(1,129)	(978)	-15%
Profit before exceptional items and tax	**10,688**	**10,375**	**3%**	**32,172**	**31,314**	**3%**
Exceptional items	-	-		-	357	-100%
Profit before tax	**10,688**	**10,375**	**3%**	**32,172**	**30,957**	**4%**
Income Tax expense						
Current tax	2,514	3,554	-29%	7,707	13,112	-41%
Deferred tax[2]	187	337	-45%	(2,027)	(1,017)	-99%
Total income tax expense	**2,701**	**3,891**	**-31%**	**5,680**	**12,095**	**-53%**
Profit for the period	**7,987**	**6,484**	**23%**	**26,492**	**18,862**	**40%**
Other comprehensive income/(loss)	(1)	7	-114%	(119)	-22	-441%
Total comprehensive income for the year, net of tax	**7,986**	**6,491**	**23%**	**26,373**	**18,840**	**40%**
Earnings per equity share (nominal value of share Rs 10 each)						
Basic (Rs.)	4.32	3.51	23%	14.33	10.20	40%
Diluted (Rs.)	4.32	3.51	23%	14.33	10.20	40%

1. With the adoption IND AS 116, effective April 1, 2019, the results for the quarter and nine months ended December 31, 2019 are not comparable with previous period. Refer Section-D for comparable financial results excluding impact of IND AS 116.
2. Effective April 1, 2019, the Group has not recognised any deferred tax charge during the period ended December 31, 2019 on undistributed profits of its Joint Venture Company.

7.1.2 Consolidated Statement of Balance Sheet

Amount in Rs mn

Particulars	As at	
	Dec 31, 2019[2]	March 31, 2019
Assets		
Non-current assets		
Property, plant and equipment	122,079	125,611
Right of Use Assets[1]	50,480	-
Capital work-in-progress	1,692	2,485
Intangible assets	261	260
Financial Assets		
Investments	16,758	18,424
Other Financial Assets	5,469	4,988
Income Tax Assets (net)	3,573	3,219
Deferred tax assets (net)	110	-
Other non - Current assets	5,321	3,320
	205,743	**158,307**
Current assets		
Financial assets		
Investments	35,625	29,549
Trade receivables	23,763	14,883
Cash and cash equivalents	564	1,357
Other Bank Balance	17	14
Other Financial assets	12,306	15,017
Other Current Assets	2,827	3,369
	75,102	**64,189**
Total assets	**280,845**	**222,496**
Equity and Liabilities		
Equity		
Equity Share capital	18,496	18,496
Other Equity	110,707	126,749
Equity attributable to equity holders of the parent	**129,203**	**145,245**
Non-current liabilities		
Financial Liabilities		
Lease Liabilities[1]	56,691	-
Other Financial Liabilities	3,309	5,750
Borrowings	1,400	4,714
Provisions	7,559	7,014
Deferred tax liability	-	6,153
Other non - Current liabilities	2,073	2,781
	71,032	**26,412**
Current liabilities		
Financial Liabilities		
Borrowings	39,092	18,778
Trade and Other payables	19,053	20,991
Lease Liabilities[1]	9,219	-
Other financial liabilities	4,803	5,117
Other Current Liabilities	7,616	5,501
Provisions	363	304
Current Tax Liabilities (Net)	464	148
	80,610	**50,839**
Total liabilities	**151,642**	**77,251**
Total equity and liabilities	**280,845**	**222,496**

1. These line items were introduced with the adoption of Ind AS 116 effective April 1, 2019.
2. With the adoption IND AS 116, effective April 1, 2019, the results as of December 31, 2019 are not comparable with previous period.

7.2 Schedules to Financial Statements

7.2.1 Schedule of Revenue from Operations

Amount in Rs mn

Particulars	Quarter Ended		Nine Months Ended	
	Dec-19	Dec-18	Dec-19	Dec-18
Rent[1]	22,833	20,962	67,824	64,152
Energy and other reimbursements	13,900	15,440	42,404	45,668
Revenue	**36,733**	**36,402**	**110,228**	**109,820**

1. Rent for the quarter ended December 31, 2019 includes Rs 705mn towards Rent Equalization Reserve on adoption of IND AS 116 effective April 1, 2019. Adjusted for without Ind AS 116 rent for quarter and nine months Ended December 31, 2019 was Rs 22,128mn and Rs 65,532mn respectively.

7.2.2 Schedule of Operating Expenses

Amount in Rs mn

Particulars	Quarter Ended		Nine Months Ended	
	Dec-19	Dec-18	Dec-19	Dec-18
Power and fuel	13,672	14,274	41,444	43,012
Rent[1]	-	3,050	-	9,424
Employee expenses	1,278	1,242	3,702	3,693
Repairs and maintenance	1,775	1,931	5,132	6,118
Other expenses	**1,177**	**777**	**2,742**	**2,180**
-Other network expenses	191	40	420	309
-Others	986	737	2,322	1,871
Expenses	**17,902**	**21,274**	**53,020**	**64,427**

1. Rent for the period ended December 31, 2019 excludes charges of Rs 3,303 mn on adoption of IND AS 116 effective April 1, 2019. Adjusted for without IND AS 116, rent for quarter and nine months Ended December 31, 2019 was Rs 3,303mn and Rs 9,686mn respectively.

7.2.3 Schedule of Depreciation & Amortization

Amount in Rs mn

Particulars	Quarter Ended		Nine Months Ended	
	Dec-19	Dec-18	Dec-19	Dec-18
Depreciation of tangible assets[1]	6,991	5,695	21,774	16,632
Amortization of intangible assets	45	32	140	109
Depreciation and Amortization	**7,036**	**5,727**	**21,914**	**16,741**

1. Depreciation and Amortisation for the period of December 31, 2019 includes Amortization of 'Right of Use Assets' of Rs 2,128mn on adoption of IND AS 116 effective April 1, 2019. Adjusted for without IND AS 116, Depreciation & Amortization for quarter and nine months ended December was Rs 4,908 mn and Rs 15,582 mn respectively.

7.2.4 Schedule of Finance Cost (Net)

Amount in Rs mn

Particulars	Quarter Ended		Nine Months Ended	
	Dec-19	Dec-18	Dec-19	Dec-18
Finance Income	(770)	(1,373)	(2,697)	(3,588)
Finance Cost	941	772	2,808	2,260
Finance cost (Net) without lease obligation	**171**	**(601)**	**111**	**(1,328)**
Add: Interest on lease obligation	1,213	-	3,649	-
Finance cost (Net)	**1,384**	**(601)**	**3,760**	**(1,328)**

7.2.5 Schedule of Tax Expenses (Net)

Amount in Rs mn

Particulars	Quarter Ended		Nine Months Ended	
	Dec-19	Dec-18	Dec-19	Dec-18
Current tax	2,514	3,554	7,707	13,112
Deferred tax	187	(35)	(251)	(2,302)
DDT Written Back[1]	-	372	(1,776)	1,285
Income Tax Expenses	**2,701**	**3,891**	**5,680**	**12,095**

1. Effective April 1, 2019, the Group has not recognised any deferred tax charge during the period ended December 31, 2019 on undistributed profits of its Joint Venture Company. Further, deferred tax liability as on March 31, 2019 amounting to Rs 1,778 mn which was hitherto being recongnised 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

Amount in Rs mn

Particulars	Quarter Ended	Nine Months Ended
	Dec-19	Dec-19
Total Income to Revenue		
Total Income as per IND AS	**37,069**	**111,564**
Less: Other Income	336	1,336
Revenue	**36,733**	**110,228**

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

Amount in Rs mn

Particulars	Quarter Ended	Nine Months Ended
	Dec-19	Dec-19
EBITDA (Including Other Income) to EBITDA		
EBITDA (Incl. Other Income) as per IND AS	**19,167**	**58,544**
Less: Other Income	336	1,336
EBITDA	**18,831**	**57,208**

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

Amount in Rs mn

Particulars	Quarter Ended	Nine Months Ended
	Dec-19	Dec-19
EBIT (Including Other Income) to EBIT		
EBIT (Incl. Other Income) as per IND AS	**12,072**	**35,932**
Less: Other Income	336	1,336
EBIT	**11,736**	**34,596**

d) Derivation of Operating Free Cash Flow from EBITDA

Amount in Rs mn

Particulars	Quarter Ended	Nine Months Ended
	Dec-19	Dec-19
EBITDA to Operating Free Cash Flow		
EBITDA	**18,831**	**57,208**
Less: Repayment of Lease Liabilities	3,075	9,420
Adjusted EBITDA	**15,756**	**47,788**
Less: Capex	3,942	13,105
Operating Free Cash Flow	**11,814**	**34,683**

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

Amount in Rs mn

Particulars	Quarter Ended	Nine Months Ended
	Dec-19	Dec-19
Adjusted EBITDA to Adjusted Fund From Operations		
Adjusted EBITDA	**15,756**	**47,788**
Less: Maintenance & General Corporate Capex	995	3,721
Adjusted Fund From Operations(AFFO)	**14,761**	**44,067**

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

Amount in Rs mn

Particulars	As at Dec 31, 2019	As at March 31, 2019
Total Debt (Long Term and Short Term Borrowings)	106,402	23,492
Less: Cash and Cash Equivalents & Current and non-current Investments (including fixed deposits)	52,964	49,344
Net Debt / (Net Cash) with Lease Liabilities	**53,438**	**(25,852)**
Less: Lease Obligation	65,910	-
Net Debt / (Net Cash) without Lease Liabilities	**(12,472)**	**(25,852)**

g) Calculation of Capital Employed

Amount in Rs mn

Particulars	As at Dec 31, 2019	As at March 31, 2019
Shareholder's Equity	129,203	145,245
Add:Net Debt / (Net Cash) with Lease Liabilities	53,438	(25,852)
Capital Employed	**182,641**	**119,394**

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]				
	Dec-19[4]	Sep-19[4]	Jun-19[4]	Mar-19	Dec-18
Revenue[1]	36,733	36,376	37,119	36,003	36,402
Energy Cost	13,672	14,036	13,736	13,373	14,274
Other Operating Expenses	4,230	3,491	3,855	7,290	7,000
EBITDA[1]	18,831	18,849	19,528	15,340	15,128
EBITDA / Total revenues[2]	*51.3%*	*51.8%*	*52.6%*	*42.6%*	*41.6%*
EBIT[1]	11,736	11,330	11,530	9,413	9,314
Other Income	336	349	651	408	460
Finance cost (Net)	1,384	1,251	1,125	(243)	(601)
Profit before tax	10,688	10,428	11,056	10,064	10,375
Income Tax Expense	2,701	793	2,186	3,988	3,891
Profit after tax	7,987	9,635	8,870	6,076	6,484
Capex	3,942	4,967	4,196	3,748	4,078
Operating Free Cash Flow[1]	11,814	10,798	12,072	11,542	10,926
Adjusted Fund From Operations (AFFO)[1]	14,761	14,390	14,915	14,365	14,356
Cumulative Investments	316,242	315,241	312,295	309,890	308,504

	Dec-19[4]	Sep-19[4]	Jun-19[4]	Mar-19	Dec-18
As a % of Revenue[2]					
Energy Cost	37.2%	38.6%	37.0%	37.1%	39.2%
Other Operating Expenses	11.5%	9.6%	10.4%	20.2%	19.2%
EBITDA	51.3%	51.8%	52.6%	42.6%	41.6%
Profit before tax	29.1%	28.7%	29.8%	28.0%	28.5%
Profit after tax	21.7%	26.5%	23.9%	16.9%	17.8%

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 confirm to current period classifications.
4. With the adoption IND AS 116, effective April 1, 2019, the results for the quarter ended June 30, 2019 onwards are not comparable with previous period. Refer Section-D for comparable financial results excluding impact of IND AS 116.

8.2 Based on Statement of Financial Position

Amount in Rs mn

Parameters	As at				
	Dec-19[1&2]	Sep-19[1&2]	Jun-19[1&2]	Mar-19	Dec-18
Shareholder's Equity	129,203	127,677	127,560	145,245	139,505
Net Debt / (Net Cash) with Lease Liabilities	53,438	52,490	49,952	(25,852)	(22,157)
Capital Employed = Shareholder's Equity + Net Debt / (Net Cash) with Lease Liabilities	182,641	180,167	177,512	119,393	117,348

Parameters	Dec-19[1&2]	Sep-19[1&2]	Jun-19[1&2]	Mar-19	Dec-18
Return on Capital Employed Pre Tax[2]	25.8%	25.7%	26.1%	31.8%	33.1%
Return on Shareholder's Equity Pre Tax[2]	32.4%	32.6%	33.6%	26.1%	27.4%
Return on Shareholder's Equity Post tax[2]	26.7%	28.1%	26.9%	15.8%	16.4%
Net Debt / (Net Cash) with Lease Liabilities to EBITDA[2]	0.70	0.68	0.64	(0.43)	(0.36)
Asset Turnover ratio	73.55%	72.38%	79.31%	85.07%	84.36%
Interest Coverage ratio (times)[2]	15.21	16.15	17.36	19.85	21.55
Net debt / (Net Cash) to Funded Equity (Times)	0.41	0.41	0.39	(0.18)	(0.16)
Per share data (for the period)					
Earnings Per Share - Basic (in Rs)	4.32	5.21	4.80	3.29	3.51
Earnings Per Share - Diluted (in Rs)	4.32	5.21	4.80	3.29	3.51
Book Value Per Equity Share (in Rs)	69.9	69.0	69.0	78.5	75.4
Market Capitalization (Rs. bn)	467	476	494	580	479
Enterprise Value (Rs. bn)	520	528	544	554	457

1. Figure and ratios for the period ended June 30, 2019 onwards are not comparable due to adoption of IND AS 116 effective April 1, 2019.
2. With the adoption of IND AS 116 effective from April 1, 2019 definition for key ratios – 'Net debt / (Net Cash) with Lease Liabilities to EBITDA', 'Interest coverage ratio', 'Return on Capital employed Pre Tax' and 'Return on Shareholder's Equity Pre Tax / Post Tax' have been revised. Ratios for period June 30, 2019 onwards are based on revised definition and are not comparable with previous period. Refer Section 13 - Glossary for previous and revised definitions.

8.3 Operational Performance

8.3.1 Bharti Infratel Consolidated[2]

Parameters	Unit	Dec-19[3]	Sep-19[3]	Jun-19[3]	Mar-19	Dec-18
Total Towers[1]	Nos	94,244	93,421	92,632	92,277	92,301
Total Co-locations[1]	Nos	174,150	173,406	173,247	172,724	174,449
Key Indicators						
Average Sharing Factor	Times	1.85	1.86	1.87	1.88	1.89
Closing Sharing Factor	Times	1.85	1.86	1.87	1.87	1.89
Sharing Revenue per Tower p.m.	Rs	81,113	80,210	81,503	76,159	75,775
Sharing Revenue per Sharing Operator p.m.	Rs	42,987	42,160	42,591	39,685	39,262

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 1,149 basis exit notices received. However as at December 31, 2019, there are cumulative 2,798 co-locations for which though the exit notices have been received but actual exits have not happened.
3. Sharing Revenue per Tower / Sharing Operator for the quarter ended June 30, 2019 onwards are with impact of IND AS 116. Adjusted for impact of IND AS 116 - Sharing Revenue per Tower p.m. for December 31, 2019 was Rs 78,608 & September 30, 2019 was Rs. 77,469 and Sharing Revenue per Sharing Operator p.m. for December 31, 2019 was Rs. 41,660 & September 30, 2019 was Rs 40,719.

8.3.2 Bharti Infratel Standalone

Parameters	Unit	Dec-19[1]	Sep-19[1]	Jun-19[1]	Mar-19	Dec-18
Total Towers	Nos	41,471	41,050	40,636	40,388	40,192
Total Co-locations	Nos	76,322	76,176	76,119	76,341	77,693
Key Indicators						
Average Sharing Factor	Times	1.85	1.86	1.88	1.91	1.95
Closing Sharing Factor	Times	1.84	1.86	1.87	1.89	1.93
Sharing Revenue per Tower p.m.	Rs	84,593	87,669	85,917	82,460	83,040
Sharing Revenue per Sharing Operator p.m.	Rs	45,018	46,095	44,623	42,143	41,632

1. Sharing Revenue per Tower / Sharing Operator for the quarter ended June 30, 2019 onwards are with impact of IND AS 116. Adjusted for impact of IND AS 116 - Sharing Revenue per Tower p.m. for December 31, 2019 was Rs 82,135 & September 30, 2019 was Rs. 84,896 and Sharing Revenue per Sharing Operator p.m. for December 31, 2019 was Rs. 43,710 & September 30, 2019 was Rs 44,637.

8.3.3 Indus Towers

Parameters	Unit	Dec-19[1]	Sep-19[1]	Jun-19[1]	Mar-19	Dec-18
Total Towers	Nos	125,649	124,692	123,799	123,546	124,069
Total Co-locations	Nos	232,924	231,500	231,256	229,483	230,372
Key Indicators						
Average Sharing Factor	Times	1.86	1.86	1.86	1.86	1.85
Closing Sharing Factor	Times	1.85	1.86	1.87	1.86	1.86
Sharing Revenue per Tower p.m.	Rs	78,357	74,373	78,061	71,283	70,237
Sharing Revenue per Sharing Operator p.m.	Rs	41,392	39,082	40,989	37,716	37,354

1. Sharing Revenue per Tower / Sharing Operator for the quarter ended June 30, 2019 onwards are with impact of IND AS 116. Adjusted for impact of IND AS 116 - Sharing Revenue per Tower p.m. for December 31, 2019 was Rs 75,814 & September 30, 2019 was Rs. 71,669 and Sharing Revenue per Sharing Operator p.m. for December 31, 2019 was Rs. 40,049 & September 30, 2019 was Rs 37,662.

8.3.4 Human Resource Analysis

8.3.4.1 Bharti Infratel Consolidated

Parameters	Unit	Dec-19[2]	Sep-19[2]	Jun-19[2]	Mar-19	Dec-18
Total On roll Employees[1]	Nos	2,233	2,212	2,201	2,222	2,209
Number of Towers per employee	Nos	42	42	42	42	42
Personnel Cost per employee per month	Rs	191,657	187,327	178,456	183,673	186,738
Revenue per employee per month	Rs	5,508,716	5,495,329	5,594,693	5,415,858	5,473,137

1. Total On-Roll Employees include proportionate consolidation of 42% of Indus Towers Employees.
2. Revenue per Employee per month for the quarter ended June 30, 2019 onwards are with impact of IND AS 116. Adjusted for the impact of IND AS 116 – Revenue per Employee p.m. for December 31, 2019 was Rs 5,402,990 & for September 30, 2019 was Rs 5,379,937.

8.3.4.2 Bharti Infratel Standalone

Parameters	Unit	Dec-19[1]	Sep-19[1]	Jun-19[1]	Mar-19	Dec-18
Total On roll Employees	Nos	1,234	1,224	1,220	1,235	1,227
Number of Towers per employee	Nos	34	34	33	33	33
Personnel Cost per employee per month	Rs	199,892	194,763	186,830	197,942	193,139
Revenue per employee per month	Rs	4,518,308	4,547,190	4,682,417	4,534,525	4,679,903

1. Revenue per Employee per month for the quarter ended June 30, 2019 onwards are with impact of IND AS 116. Adjusted for the impact of IND AS 116 – Revenue per Employee p.m. for December 31, 2019 was Rs 4,435,804 & for September 30, 2019 was Rs 4,454,517.

8.3.4.3 Indus Towers

Parameters	Unit	Dec-19[1]	Sep-19[1]	Jun-19[1]	Mar-19	Dec-18
Total On roll Employees	Nos	2,379	2,353	2,335	2,351	2,339
Number of Towers per employee	Nos	53	53	53	53	53
Personnel Cost per employee per month	Rs	181,473	178,097	168,011	165,837	178,703
Revenue per employee per month	Rs	6,731,608	6,671,881	6,731,974	6,517,074	6,470,602

1. Revenue per Employee per month for the quarter ended June 30, 2019 onwards are with impact of IND AS 116. Adjusted for the impact of IND AS 116 – Revenue per Employee p.m. for December 31, 2019 was Rs 6,597,096 & for September 30, 2019 was Rs 6,528,590.

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				
		Dec-19	Sep-19	Jun-19	Mar-19	Dec-18
Energy Cost Indicators						
Energy Cost Per Tower per month	Rs	48,569	50,294	49,523	48,302	51,600
Energy Cost Per Colocation per month	Rs	25,740	26,436	25,880	25,169	26,736

8.5 Other Than Energy Cost Analysis

Parameters	Unit	For the Quarter Ended				
		Dec-19[1]	Sep-19[1]	Jun-19[1]	Mar-19	Dec-18
Other Than Energy Cost						
Cost Per Tower per month	Rs	15,027	12,509	13,899	26,329	25,302
Cost per Colocation per month	Rs	7,964	6,575	7,263	13,720	13,110

1. Other than Energy Cost per Tower / Colocation for the quarter ended June 30, 2019 onwards are with impact of IND AS 116. Adjusted for impact of IND AS 116 – Other than Energy Cost per Tower p.m. for December 31, 2019 was Rs 26,388, September 30, 2019 was Rs. 24,063 and Other than Energy Cost per Colocation p.m. for December 31, 2019 was Rs. 13,985, September 30, 2019 was Rs 12,648.

8.6 Revenue and Cost Composition

Parameters	Unit	For the Quarter Ended				
		Dec-19[1]	Sep-19[1]	Jun-19[1]	Mar-19	Dec-18
Revenue Composition						
Service Revenue	%	62%	62%	61%	59%	58%
Energy and other reimbursements	%	38%	38%	39%	41%	42%
Total		**100%**	**100%**	**100%**	**100%**	**100%**
Opex Composition						
Power and fuel	%	76%	80%	78%	65%	67%
Rent	%	0%	0%	0%	15%	14%
Employee benefits expenses	%	7%	7%	7%	6%	6%
Repair and maintenance expenses	%	10%	11%	9%	9%	9%
Other expenses	%	**7%**	**2%**	**7%**	**5%**	**4%**
-Other network expenses	%	1%	1%	0%	2%	0%
-Others	%	6%	1%	7%	3%	3%
Total		**100%**	**100%**	**100%**	**100%**	**100%**

1. With the adoption IND AS 116, effective April 1, 2019, the results for the quarter ended June 30, 2019 onwards are not comparable with previous period.

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

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec 31, 2019[1]	Dec 31, 2018	Y-on-Y growth	Dec 31, 2019[1]	Dec 31, 2018	Y-on-Y growth
Income						
Revenue from Operations	16,672	17,332	-4%	50,609	51,504	-2%
Other income	173	263	-34%	901	829	9%
	16,845	**17,595**	**-4%**	**51,510**	**52,333**	**-2%**
Expenses						
Power and fuel	6,016	6,369	-6%	17,806	19,515	-9%
Rent	-	835	-100%	0	2,571	-100%
Employee benefit expenses	737	715	3%	2,139	2,184	-2%
Repairs and maintenance	729	742	-2%	1,796	2,490	-28%
Other expenses	528	422	25%	1,338	1,058	26%
	8,010	**9,083**	**-12%**	**23,079**	**27,818**	**-17%**
Profit before depreciation and amortisation, finance costs, finance income, charity and donation, share of profit of joint venture and tax	**8,835**	**8,512**	**4%**	**28,431**	**24,515**	**16%**
Depreciation and Amortization Expense	3,198	2,748	16%	9,655	8,417	15%
Less: adjusted with general reserve in accordance with the scheme of arrangement with bharti airtel limited	(101)	(102)	1%	(303)	(306)	1%
	3,097	2,646	17%	9,352	8,111	15%
Finance Costs	884	161	449%	2,330	397	487%
Finance Income	(681)	(1,349)	50%	(2,507)	(3,457)	27%
Charity and Donation	-	34	-100%	586	118	397%
Profit before share of profit of joint venture and tax	**5,535**	**7,020**	**-21%**	**18,670**	**19,346**	**-3%**
Share of profit of joint venture	3,852	2,177	77%	11,360	7,533	51%
Profit/(loss) before exceptional items and tax	**9,387**	**9,197**	**2%**	**30,030**	**26,879**	**12%**
Profit before tax	**9,387**	**9,197**	**2%**	**30,030**	**26,879**	**12%**
Income tax expense :						
Current tax	1,322	2,198	-40%	4,442	9,132	-51%
Deferred tax	78	515	-85%	(904)	(1,115)	19%
Total income tax expense	**1,400**	**2,713**	**-48%**	**3,538**	**8,017**	**-56%**
Profit for the period	**7,987**	**6,484**	**23%**	**26,492**	**18,862**	**40%**
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)	4	(3)		-7	2	
(ii) Share of Profit/(Loss) in OCI of a joint venture	(5)	(1)		(14)	(3)	
Items that will be re-classified to profit and Loss						
(iii) Fair Value changes on Financial Assets through OCI (Net of Tax)	-	11		(98)	(21)	
Other comprehensive income/(loss) for the period (net of tax)	**(1)**	**7**		**(119)**	**(22)**	
Total comprehensive income for the period (net of tax)	**7,986**	**6,491**	**23%**	**26,373**	**18,840**	**40%**
Earnings per equity share (nominal value of share Rs 10 each)						
Basic (Rs.)	4.32	3.51	23%	14.33	10.20	40%
Diluted (Rs.)	4.32	3.51	23%	14.33	10.20	40%

1. With the adoption IND AS 116, effective April 1, 2019, the results for the quarter and nine months Ended December 31, 2019 are not comparable with previous period.

9.1.2 Statement of Balance Sheet

Amount in Rs mn

Particulars	As at	
	Dec 31, 2019[2]	March 31, 2019
Assets		
Non-current assets		
Property, plant and equipment	50,944	53,251
Right of use asset[1]	15,890	0
Capital work-in-progress	600	1,180
Intangible assets	138	71
Investment in joint venture	55,050	51,085
Financial assets		
Investment	16,758	18,424
Other Financial Assets	1,511	1,361
Income tax assets (net)	1,147	1,137
Deferred tax assets (net)	1,315	159
Other non - Current assets	2,863	1,837
	146,216	**128,505**
Current assets		
Financial assets		
Investment	35,457	29,549
Trade receivables	12,543	5,509
Cash and cash equivalents	146	3
Other Bank Balance	17	14
Other Financial Assets	977	5,210
Other Current Assets	2,367	2,515
	51,507	**42,800**
Total assets	**197,723**	**171,305**
Equity and Liabilities		
Equity		
Equity Share capital	18,496	18,496
Other Equity	110,757	126,820
Equity attributable to equity holders of the parent	**129,253**	**145,316**
Non-current liabilities		
Financial Liabilities		
Lease Liabilities[1]	19,282	-
Other Financial Liabilities	1,422	2,430
Provisions	2,934	2,723
Deferred tax liabilities	-	1,776
Other non-current liabilities	906	1,308
	24,544	**8,237**
Current liabilities		
Financial Liabilities		
Borrowings	25,199	57
Trade and Other payables	8,573	10,833
Lease liabilities[1]	2,098	0
Other Financial Liabilities	2,146	2,177
Other Current Liabilities	5,641	4,397
Provisions	160	140
Current tax liability (net)	109	148
	43,926	**17,752**
Total liabilities	**68,470**	**25,989**
Total equity and liabilities	**197,723**	**171,305**

1. These line items were introduced with the adoption of Ind AS 116 effective April 1, 2019.
2. With the adoption IND AS 116, effective April 1, 2019, the results as of December 31, 2019 are not comparable with previous period.

9.1.3 Cash Flow

Amount in Rs mn

Particulars	Nine Months Ended Dec 31, 2019	Nine Months Ended Dec 31, 2018
Cash flows from operating activities		
Profit before taxation	30,030	26,879
Adjustments for -		
Depreciation and amortization expense	9,352	8,111
Finance income	(2,510)	(3,567)
Finance Costs	2,330	353
Dividend income	-	11,261
Share of profits in joint venture	(11,360)	(7,533)
Gain/loss on disposal of property, plant & equipment	(286)	(517)
Provision for doubtful trade receivables	207	50
Others	(391)	(229)
Operating profit before working capital changes	**29,452**	**34,808**
Changes in Trade Receivables	(7,245)	(3,263)
Changes in Trade Payables	(4,304)	(225)
Changes in other current liabilities	1,244	826
Changes in Other Non Current Assets	(22)	(8)
Changes in Other Long Term Financial Liabilities	(1,280)	(12)
Changes in Long Term Provisions	10	23
Changes in Short Term Provisions	20	4
Changes in Other Financial Assets	3,837	(626)
Changes in Other Long Term Financial Assets	(112)	(59)
Changes in Other Financial Liabilities	(44)	(81)
Changes in Other Non Current Liabilities	(285)	(3)
Changes in other current assets	145	(125)
Cash generated from operations	**21,416**	**31,259**
Income tax paid (net of refunds)	(5,626)	(5,580)
Contribution towards CSR		
Net Cash flow from operating activities (A)	**15,790**	**25,679**
Cash flows from investing activities		
Purchase of property, plant & equipment	(5,690)	(7,277)
Capital work-in-progress	100	-
Proceeds from sale of property, plant & equipment	809	915
Investment in Bonds	-	(800)
Investment in Commercial paper/ certificate of deposits	-	(3,898)
Investment in Mutual Funds	(57,862)	(56,790)
Proceeds from fixed deposit (net)	-	(5)
Proceeds from bank deposits (net)	3	5
Proceeds from sale of Mutual Funds	43,164	85,223
Loan repaid by trust	-	15
Proceeds from redemption of Commercial paper	-	250
Proceeds from sale of bonds	2,938	1,000
Proceeds from sale of non convertible debenture	-	1,000
Proceeds from sale of government securities	9,470	-
Proceeds from exercise of stock options	-	4
Interest received	819	1,467
Net Cash flow (used in) investing activities (B)	**(6,249)**	**21,109**
Cash flows from financing activities		
Interest - others	(801)	18
Proceeds from borrowings	25,199	4,000
Repayment of borrowings	-	(4,015)
Dividend paid	(25,701)	(39,752)
Repayment of Leasehold Obligations	(2,753)	-
Tax on dividend paid	(5,285)	(8,177)
Net Cash flow (used in) financing activities (C)	**(9,341)**	**(47,926)**
Net (decrease) / increase in cash and cash equivalents during the period (A+B+C)	**200**	**(1,138)**
Cash and cash equivalents at the beginning of the period	(54)	308
Cash and cash equivalents at the end of the period	**146**	**(830)**

Amount in Rs mn

Particulars	Nine Months Ended	
	Dec 31, 2019	Dec 31, 2018
Cash and cash equivalents		
Balances with banks		
- on current accounts	146	3
Bank Overdraft	-	(833)
Total cash and cash equivalents	**146**	**(830)**
Other bank balances		
Fixed deposits		
- Deposits with original maturity for more than 3 months but less than 12 months	17	9
Total cash and bank balances	**163**	**(821)**

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

Amount in Rs mn

Particulars	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)	
	Dec-19[1]	Dec-18	Dec-19[1]	Dec-18	Dec-19[1]	Dec-18	Dec-19[1]	Dec-18
Income								
Revenue from operations	16,672	17,332	20,068	19,082	(7)	(12)	36,733	36,402
Other income	173	263	163	197	-	-	336	460
Total Income	**16,845**	**17,595**	**20,231**	**19,279**	**(7)**	**(12)**	**37,069**	**36,862**
Power and fuel	6,016	6,369	7,656	7,905	-	-	13,672	14,274
Rent	-	835	-	2,215	-	-	-	3,050
Employee expenses	737	715	541	527	-	-	1,278	1,242
Repairs and maintenance	729	742	1,046	1,189	-	-	1,775	1,931
Other expenses	528	422	649	355	-	-	1,177	777
Intersegmental expense	-	-	7	12	(7)	(12)	-	-
Total Expense	**8,010**	**9,083**	**9,899**	**12,203**	**(7)**	**(12)**	**17,902**	**21,274**
Profit/(Loss) before share of profit of a joint venture, Depreciation, Finance cost , Exceptional items and tax	**8,835**	**8,512**	**10,332**	**7,076**	**-**	**-**	**19,167**	**15,588**
Finance Costs	884	161	1,270	611	-	-	2,154	772
Finance Income	(681)	(1,349)	(89)	(24)	-	-	(770)	(1,373)
Depreciation and Amortization Expense	3,097	2,646	3,939	3,081	-	-	7,036	5,727
Charity & Donation	-	34	59	53	-	-	59	87
Profit/(Loss) before share of profit of a joint venture, Exceptional items and tax	**5,535**	**7,020**	**5,153**	**3,355**	**-**	**-**	**10,688**	**10,375**
Share of profits in Joint Venture	3,852	2,177	-	-	(3,852)	(2,177)	-	-
Profit/(loss) before exceptional items and tax	**9,387**	**9,197**	**5,153**	**3,355**	**(3,852)**	**(2,177)**	**10,688**	**10,375**
Exceptional items	-	-	-	-	-	-	-	-
Profit/(loss) before tax	**9,387**	**9,197**	**5,153**	**3,355**	**(3,852)**	**(2,177)**	**10,688**	**10,375**
Tax expense	1,400	2,713	1,301	1,178	-	-	2,701	3,891
Profit for the period	**7,987**	**6,484**	**3,852**	**2,177**	**(3,852)**	**(2,177)**	**7,987**	**6,484**
Other comprehensive income/ (loss)	(1)	7	(5)	(1)	5	1	(1)	7
Total comprehensive income for the period	**7,986**	**6,491**	**3,847**	**2,176**	**(3,847)**	**(2,176)**	**7,986**	**6,491**

* Eliminations/adjustments represent elimination of intersegment transactions and adjustment for share of profits in JV.
1. With the adoption IND AS 116, effective April 1, 2019, the results for the quarter and nine months Ended December 31, 2019 are not comparable with previous period.

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/ Adjustment (C)		Proforma Consolidated Statement of Balance Sheet (Proportionate Consolidation Method) D = (A+B+C)	
	Dec 31, 2019[1]	Mar 31, 2019	Dec 31, 2019[1]	Mar 31, 2019	Dec 31, 2019[1]	Mar 31, 2019	Dec 31, 2019[1]	Mar 31, 2019
SEGMENT ASSETS								
Non-current assets								
Property, plant and equipment	50,944	53,251	71,185	72,432	(50)	(72)	122,079	125,611
Right of use asset	15,890	-	34,590	-			50,480	-
Capital work-in-progress	600	1,180	1,092	1,305	-	-	1,692	2,485
Intangible assets	138	71	123	189	-	-	261	260
Investment in joint ventures	55,050	51,085	-	-	(55,050)	(51,085)	-	-
Financial assets	-	-	-	-			-	-
Investment	16,758	18,424	-	-	-	-	16,758	18,424
Other Financial Assets	1,511	1,361	3,958	3,627	-	-	5,469	4,988
Income tax Assets (Net)	1,147	1,137	2,426	2,082	-	-	3,573	3,219
Deferred tax Assets (Net)	1,315	159	-	-	(1,205)	(159)	110	-
Other non - Current assets	2,863	1,837	2,458	1,483	-	-	5,321	3,320
Current assets								
Financial assets								
Investment	35,457	29,549	168	-	-	-	35,625	29,549
Trade receivables	12,543	5,509	11,239	9,405	(19)	(31)	23,763	14,883
Cash and cash equivalents	146	3	418	1,354	-	-	564	1,357
Other Bank Balances	17	14	-	-	-	-	17	14
Other Financial Assets	977	5,210	11,329	9,807	-	-	12,306	15,017
Other Current Assets	2,367	2,515	460	854	-	-	2,827	3,369
Total Assets	**197,723**	**171,305**	**139,446**	**102,538**	**(56,324)**	**(51,347)**	**280,845**	**222,496**
SEGMENT LIABILTIES								
Equity								
Equity Share capital	18,496	18,496	1	1	(1)	(1)	18,496	18,496
Other Equity	110,757	126,820	55,049	51,085	(55,099)	(51,156)	110,707	126,749
Equity attributable to equity holders of the parent	**129,253**	**145,316**	**55,050**	**51,086**	**(55,100)**	**(51,157)**	**129,203**	**145,245**
Non-current liabilities								
Financial Liabilities								
Lease Liabilities	19,282	-	37,409	-	-	-	56,691	-
Other Financial Liabilities	1,422	2,430	1,887	3,320	-	-	3,309	5,750
Borrowings	-	-	1,400	4,714	-	-	1,400	4,714
Provisions	2,934	2,723	4,625	4,291	-	-	7,559	7,014
Deferred tax liabilities	-	1,776	1,205	4,536	(1,205)	(159)	-	6,153
Other non-Current liabilities	906	1,308	1,167	1,473	-	-	2,073	2,781
Current liabilities								
Financial Liabilities								
Short-term borrowings	25,199	57	13,893	18,721	-	-	39,092	18,778
Trade payables	8,573	10,833	10,499	10,189	(19)	(31)	19,053	20,991
Lease Liabilities	2,098	-	7,121	-			9,219	-
Other financial Liabilities	2,146	2,177	2,657	2,940	-	-	4,803	5,117
Other Current Liabilities	5,641	4,397	1,975	1,104	-	-	7,616	5,501
Provisions	160	140	203	164	-	-	363	304
Current tax liability (net)	109	148	355	-	-	-	464	148
Total liabilities	**197,723**	**171,305**	**139,446**	**102,538**	**(56,324)**	**(51,347)**	**280,845**	**222,496**

1. With the adoption IND AS 116, effective April 1, 2019, the results as of December 31, 2019 are not comparable with previous period.

Section D

Reconciliation between Proforma Financials results with impact of IND AS 116 to financial results without impact of IND AS 116

Section 11

Reconciliation between Proforma Financials results with impact of IND AS 116 to financial results without impact of IND AS 116

11.1 Summary of Proforma Consolidated Financial Statements

11.1.1.Summarized Consolidated Statement of Operations (net of inter-company eliminations) for the Quarter Ended

Amount in Rs mn, except ratios

Particulars	Quarter Ended Dec 31, 2019			Dec-18	Y-on-Y Growth
	With Impact of IND AS 116	Impact of IND AS 116	Without Impact of IND AS 116		
Revenue[1]	36,733	(705)	36,028	36,402	-1%
EBITDA[1]	18,831	(3,903)	14,928	15,128	-1%
EBITDA Margin	51.3%		41.4%	41.6%	
EBIT[1]	11,736	(1,775)	9,961	9,314	7%
Other Income	336	-	336	460	-27%
Finance cost (Net)	1,384	(1,214)	170	-601	128%
Profit before tax	10,688	(561)	10,127	10,375	-2%
Income tax Expense	2,701	(144)	2,557	3,891	-34%
Profit after Tax	7,987	(417)	7,570	6,484	17%
Capex	3,942	-	3,942	4,078	-3%
Operating Free Cash Flow[1]	11,814	(828)	10,986	10,926	1%
Adjusted Fund From Operations (AFFO)[1]	14,761	(828)	13,933	14,356	-3%
Cumulative Investments	316,242	-	316,242	308,504	3%

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

11.1.2.Summarized Consolidated Statement of Operations (net of inter-company eliminations) for Nine Months Ended

Amount in Rs mn, except ratios

Particulars	Nine Months Ended Dec 31, 2019				Y-on-Y Growth
	With Impact of IND AS 116	Impact of IND AS 116	Without Impact of IND AS 116	Dec-18	
Revenue[1]	110,228	(2,291)	107,937	109,820	-2%
EBITDA[1]	57,208	(11,848)	45,360	45,393	0%
EBITDA Margin	51.9%		42.0%	41.3%	
EBIT[1]	34,596	(5,516)	29,080	28,360	3%
Other Income	1,336	-	1,336	1,626	-18%
Finance cost (Net)	3,760	(3,649)	111	-1,328	108%
Profit before exceptional items and tax	32,172	(1,867)	30,305	31,314	-3%
Exceptional items	-	-	-	357	-100%
Profit before tax	32,172	(1,867)	30,305	30,957	-2%
Income tax Expense[2]	5,680	(1,037)	4,643	12,095	-62%
Profit after Tax[2]	26,492	(830)	25,662	18,862	36%
Capex	13,105	-	13,105	14,213	-8%
Operating Free Cash Flow[1]	34,683	(2,428)	32,255	30,824	5%
Adjusted Fund From Operations (AFFO)[1]	44,067	(2,428)	41,639	41,687	0%
Cumulative Investments	316,242	-	316,242	308,504	3%

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

11.1.3. Summarized Statement of Consolidated Financial Position

Amount in Rs. Mn

Particulars	As at Dec 31, 2019			As at	
	With impact of IND AS 116	Impact of IND AS 116	Without impact of IND AS 116	Mar 31, 2019	Apr 1, 2019[1]
Shareholder's Fund					
Share capital	18,496	-	18,496	18,496	18,496
Other Equity	110,707	9,481	120,188	126,749	117,297
Total Equity	**129,203**	**9,481**	**138,684**	**145,245**	**135,793**
Liabilities					
Non-current liabilities	71,032	(53,491)	17,541	26,412	84,972
Current liabilities	80,610	(7,573)	73,037	50,839	51,368
Total liabilities	**151,642**	**(61,064)**	**90,578**	**77,251**	**136,340**
Total Equity and liabilities	**280,845**	**(51,583)**	**229,262**	**222,496**	**272,133**
Assets					
Non-current assets	205,743	(52,531)	153,212	158,307	207,944
Current assets	75,102	948	76,050	64,189	64,189
Total assets	**280,845**	**(51,583)**	**229,262**	**222,496**	**272,133**

1. Balance sheet as at April 1, 2019 represents closing balance sheet as at March 31, 2019 adjusted for Ind AS 116 opening transition impact.

11.2 Summarised Statement of Proforma Group Consolidation- Statement of Operations

11.2.1 Bharti Infratel Standalone (Quarter Ended December 31, 2019)

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended Dec 31, 2019			Dec-18	Y-on-Y Growth
	With impact of IND AS 116	Impact of IND AS 116	Without impact of IND AS 116		
Revenue[1]	16,659	(304)	16,355	17,325	-6%
EBITDA[1]	8,663	(1,167)	7,496	8,261	-9%
EBITDA Margin	*52.0%*		*45.8%*	*47.7%*	
EBIT[1]	5,568	(594)	4,974	5,582	-11%
Other Income	173	-	173	263	-34%
Finance cost (Net)	199	(371)	(172)	(1,188)	86%
Profit before tax	5,542	(224)	5,318	7,033	-24%
Income tax expense	1,401	(58)	1,343	2,344	-43%
Profit after Tax	4,141	(166)	3,975	4,689	-15%
Capex	1,592	-	1,592	1,892	-16%
Operating Free Cash Flow[1]	6,207	(303)	5,904	6,318	-7%
Adjusted Fund From Operations (AFFO)[1]	7,261	(303)	6,958	7,789	-11%
Cumulative Investments	151,313	-	151,313	148,475	2%

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

11.2.2 Bharti Infratel Standalone (Nine Months Ended December 31, 2019)

Amount in Rs mn, Except Ratios

Particulars	Nine Months Ended Dec 31, 2019			Dec-18	Y-on-Y Growth
	With impact of IND AS 116	Impact of IND AS 116	Without impact of IND AS 116		
Revenue[1]	50,572	(1,003)	49,569	51,471	-4%
EBITDA[1]	27,530	(3,599)	23,931	23,713	1%
EBITDA Margin	*54.4%*		*48.3%*	*46.1%*	
EBIT[1]	17,617	(2,057)	15,560	15,489	0%
Other Income	901	-	901	12,090	-93%
Finance cost (Net)	(189)	(1,008)	(1,197)	(3,060)	61%
Profit before tax	18,707	(1,050)	17,657	30,639	-42%
Income tax expense	5,305	(828)	4,477	6,739	-34%
Profit after Tax	13,402	(221)	13,181	23,900	-45%
Capex	5,784	-	5,784	7,367	-21%
Operating Free Cash Flow[1]	19,154	(1,007)	18,147	16,185	12%
Adjusted Fund From Operations (AFFO)[1]	22,987	(1,007)	21,980	21,639	2%
Cumulative Investments	151,313	-	151,313	148,475	2%

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

11.2.3 Indus Consolidation (Quarter Ended December 31, 2019)

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended Dec 31, 2019			Dec-18	Y-on-Y Growth
	With impact of IND AS 116	Impact of IND AS 116	Without impact of IND AS 116		
Revenue[1]	20,068	(401)	19,667	19,082	3%
EBITDA[1]	10,169	(2,724)	7,445	6,879	8%
EBITDA Margin	*50.7%*		*37.9%*	*36.0%*	
EBIT[1]	6,171	(1,177)	4,994	3,745	33%
Other Income	163	-	163	197	-17%
Finance cost (Net)	1,181	(839)	342	587	-42%
Profit before exceptional items and tax	5,153	(338)	4,815	3,355	44%
Exceptional items	-	-	-	-	
Profit before tax	5,153	(338)	4,815	3,355	44%
Income tax expense	1,301	(88)	1,213	1,178	3%
Profit after Tax	3,852	(250)	3,602	2,177	65%
Capex	2,346	-	2,346	2,403	-2%
Operating Free Cash Flow[1]	5,616	(517)	5,099	4,640	10%
Adjusted Fund From Operations (AFFO)[1]	7,505	(517)	6,988	6,578	6%
Cumulative Investments	165,053	-	165,053	160,174	3%

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

11.2.4 Indus Consolidation (Nine Months Ended December 31, 2019)

Amount in Rs mn, Except Ratios

Particulars	Nine Months Ended Dec 31, 2019			Dec-18	Y-on-Y Growth
	With impact of IND AS 116	Impact of IND AS 116	Without impact of IND AS 116		
Revenue[1]	59,647	(1,287)	58,360	58,350	0%
EBITDA[1]	29,678	(8,223)	21,455	21,707	-1%
EBITDA Margin	*49.8%*		*36.8%*	*37.2%*	
EBIT[1]	17,004	(3,453)	13,551	12,903	5%
Other Income	435	-	435	797	-45%
Finance cost (Net)	3,937	(2,629)	1,308	1,732	-24%
Profit before exceptional items and tax	13,502	(824)	12,678	11,968	6%
Exceptional items	-	-	-	357	-100%
Profit before tax	13,502	(824)	12,678	11,611	9%
Income tax expense	2,142	(210)	1,932	4,078	-53%
Profit after Tax	11,360	(614)	10,746	7,533	43%
Capex	7,317	-	7,317	6,795	8%
Operating Free Cash Flow[1]	15,545	(1,407)	14,138	14,717	-4%
Adjusted Fund From Operations (AFFO)[1]	21,093	(1,407)	19,686	20,075	-2%
Cumulative Investments	165,053	-	165,053	160,174	3%

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

Section E

Key Accounting Policies and Glossary

Section 12

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 ('Airtel') and Airtel holds 33.57% shares in the Company. Nettle Infrastructure Investments Limited, Wholly owned Subsidiary of Airtel also holds 19.94% shares in the Company as on December 31, 2019.

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 will be accounted for on receipt of regulatory and other approvals. 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). Approval of Department of Telecommunications for FDI is awaited. The Scheme shall become effective on the date on which certified copy of the order of Hon'ble NCLT is filed with Registrar of Companies upon fulfilment/ waiver of other conditions prescribed in the Scheme. The long stop date for the Scheme was October 24, 2019. Since, the requisite Government approvals were not received and conditions precedent could not be completed, the Board of Directors had extended the long stop date till December 24, 2019 and further extended till February 24, 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.

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 January 30, 2020.

a) 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, 2019. 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.

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 December 31, 2019	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%	1

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.

2. 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 Improvement	Period of Lease or 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 within other income when the asset is derecognized.

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

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

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

Group as a Lessor

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

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

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 a 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 comprises cash at banks and on 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 share based payment reserves. 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 are 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.

Effective April 1, 2018, the Group has applied Ind AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework to depict timing and amount of revenue to be recognised. The Group has adopted Ind AS 115 using cumulative effect method, where any effect arising upon application of this standard is recognised as at the date of initial application (i.e April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the interim statement of profit and loss is not restated - i.e. the comparative information continues to be reported under previous standards on revenue i.e Ind AS 18 and Ind AS 11. There was no impact on adoption of Ind AS 115 to the financial statements of the Group. 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 payment 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 do 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 assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3. 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 Company, 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 reserve.

(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, 2020	After March 31,2020
Decrease in Depreciation	995	1,690

(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.

a) 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.

b)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.

4. 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 13

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)	Till for the period ended March 31, 2019, 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. From the period ended June 30, 2019, 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	Till for the period ended 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. From the period ended June 30, 2019 onwards it is computed by dividing year till date EBITDA by year till date finance cost (net) for that relevant period.
IRU	Indefeasible right to use
Lease Liabilities	"Lease Liabilities" represents the present value of the future lease payments over the lease terms of lease agreements with the landlords.
Lease Rent Equalization	It represents the effect of fixed escalations (as per the terms of lease agreements with landlords) recognized on straight line basis over the fixed, non-cancellable term of the agreement, as applicable
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	Till for the period ended March 31, 2019, 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. From the period ended June 30, 2019, onwards 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	Till for the period ended March 31, 2019, for the full year computations, ROCE is computed by dividing the sum of EBIT for the period by average (of opening and closing) capital employed. For the quarterly computations, 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 period ended June 30, 2019 onwards 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	Till for the period ended March 31, 2019, for the full year computations, ROE (Pre Tax) is computed by dividing the sum of Profit before tax for the period by average (of opening and closing) equity shareholders' funds. For the quarterly computations, 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 period ended June 30, 2019 onwards 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)	Till for the period ended March 31, 2019, for the full year computations, ROE (Post Tax) is computed by dividing the sum of Profit after tax for the period by average (of opening and closing) equity shareholders' funds. For the quarterly computations, 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 period ended June 30, 2019 onwards 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 <u>Regulatory Terms</u>

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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