Deloitte Haskins & Sells LLP

Chartered Accountants
7th Floor, Building 10, Tower B
DLF Cyber City Complex
DLF City Phase - II
Gurugram - 122 002
Haryana, India

Tel: +91 124 679 2000
Fax: +91 124 679 2012

INDEPENDENT AUDITOR'S REPORT

To The Members of Airtel Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Airtel Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its loss, total comprehensive loss, its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act ("SAs"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the Financial Statements and our auditor's report thereon.

- Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Deloitte Haskins & Sells LLP
Chartered Accountants

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the

Deloitte Haskins & Sells LLP
Chartered Accountants

- Company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of Company's internal financial controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matter as stated in (i)(vi) below for reporting related to requirements of Audit Trail.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified

Deloitte Haskins & Sells LLP Chartered Accountants

under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the company has not paid any managerial remuneration during the year and hence the provisions of section 197 read with Schedule V of the Act are not applicable to the Company.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the note 20 to the Financial Statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee,

Deloitte Haskins & Sells LLP Chartered Accountants

security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Based on our examination which included test checks, the Company has used various accounting and related softwares for maintaining its books of account wherein the audit trail (edit log) feature was not enabled throughout the year for the accounting and related softwares used by the Company for maintaining its books of accounts. Further, the Company has enabled audit trail (edit log) feature for part of the year in certain accounting and related softwares for maintaining its books of account and operated during such period. (Refer note 21 of the financial statements).

Further, during the course of our audit, we did not come across any instances of audit trail (edit log) feature being tampered with for aforesaid accounting and related softwares for the part of the year for which the audit trail feature was enabled and operating.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh

Nilesh H. Lahoti
(Partner)
(Membership No. 130054)
(UDIN:24130054BKFRKP5022)

Place: Gurugram
Date: May 14, 2024

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Financial Statements of Airtel Limited ("the Company") as at March 31, 2024 in conjunction with our audit of the Financial Statements of the Company as at and for the year ended on that date

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to Financial Statements based on the internal control with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Financial Statements.

Deloitte Haskins & Sells LLP
Chartered Accountants

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us , the Company has, in all material respects, an adequate internal financial controls with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2024, based on the criteria for internal financial control with reference to Financial Statements established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No.117366W/W-10018)

Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh H. Lahoti
(Partner)
(Membership No.130054)
(UDIN: 24130054BKFRKP5022)

Place: Gurugram
Date: May 14, 2024

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Airtel Limited

i. As the Company does not hold any property, plant and equipment, capital work-in-progress, right of use assets and intangible assets, reporting under clause 3(i) of the Order is not applicable.

ii. (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

iii. The Company has not provided any guarantee or security and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms. Limited Liability Partnerships or any other parties during the year. However, the Company has made investments in other companies during the year, in respect of which:

(a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause (iii)(a) of the Order is not applicable.

(b) The investments made during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) The Company has not provided any loans or advances in the nature of loans to any other entity during the year, and hence reporting under clause (iii)(c)(d)(e)(f) of the Order are not applicable.

iv. The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

vi. Having regard to the nature of the Company's business/ activities, reporting under clause (vi) of the Order is not applicable.

vii. In respect of statutory dues:

(a) Undisputed statutory dues, including Income-tax and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at March 31, 2024 for a period of more than six

Deloitte Haskins & Sells LLP
Chartered Accountants

months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues which have not been deposited as on March 31, 2024 on account of disputes, hence reporting under clause (vii)(b) of the Order is not applicable.

viii. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. In respect of its Borrowings,

(a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company did not have any associate or joint venture during the year. On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company did not have any associate or joint venture during the year. The Company has not raised loans during the year on the pledge of securities held in its subsidiary company.

x. In respect of its issued securities:

(a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) The Company has made private placement of optionally convertible debentures during the year. For such allotment of debentures, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013 and the funds raised have been, prima facie, applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of shares during the year.

xi. (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies

Deloitte Haskins & Sells LLP
Chartered Accountants

(Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with section 188 of the Companies Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards. The Company is a unlisted wholly owned subsidiary public company, hence the provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.

xiv. In our opinion, the Company was not required to have an internal audit system under section 138 of the Companies Act, 2013. Hence reporting under clause (xiv) of the Order is not applicable.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) During the year ended March 31, 2024, the Group does not have more than one CIC as a part of the group. Subsequent to the year end March 31, 2024, one of the group companies has been additionally classified as CIC.

xvii. The Company has incurred cash losses amounting to INR 171,870 during the financial year covered by our audit and INR 127,520 in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report which is not mitigated indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The Company was not having net worth of rupees five hundred crore or more, or turnover

Deloitte Haskins & Sells LLP Chartered Accountants

of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Deloitte Haskins & Sells LLP
Chartered Accountants

Nilesh H. Lahoti
(Partner)
(Membership No. 130054)
(UDIN:24130054BKFRKP5022)

Place: Gurugram
Date: May 14, 2024

Airtel Limited

Ind AS Financial Statements

March 31, 2024

Airtel Limited
Ind AS Financial Statements - March 31, 2024

Contents **Page No.**

1. Balance Sheet as of March 31, 2024 and March 31, 2023 1
2. Statement of Profit and Loss for the years ended March 31, 2024 and March 31, 2023 2
3. Statement of Changes in Equity for the years ended March 31, 2024 and March 31, 2023 3
4. Statement of Cash Flows for the years ended March 31, 2024 and March 31, 2023 4
5. Notes to Financial Statements 5

Airtel Limited
Balance Sheet
(All amounts are in thousands of Indian Rupee)

	Notes	As of March 31, 2024	As of March 31, 2023
Assets			
Non-current assets			
Investment in subsidiaries	5	348,499	-
Financial assets			
- Other financial assets	6	10	-
Income tax assets (net)		144,424	-
		492,933	**-**
Current assets			
Financial assets			
- Cash and cash equivalents	7	3,011	104
		3,011	104
Total Assets		**495,944**	**104**
Equity and liabilities			
Equity			
Equity share capital	8	100	100
Other equity		237,561	(318)
		237,661	**(218)**
Non-current liabilities			
Financial liabilities			
- Borrowings	10	257,643	-
		257,643	**-**
Current liabilities			
Financial liabilities			
- Borrowings	10	420	120
- Other financial liabilities	11	27	-
Other current liabilities	12	193	202
		640	**322**
Total liabilities		**258,283**	**322**
Total equity and liabilities		**495,944**	**104**

The accompanying notes 1 to 22 form an integral part of these Financial Statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W / W-100018

Nilesh H. Lahoti
Partner
Membership No. 130054

Date : May 14, 2024
Place : Gurugram

Deloitte Haskins & Sells LLP Chartered Accountants

For and on behalf of the Board of Directors of Airtel Limited

Soumen Ray
Director
DIN - 09484511
Place : Gurugram

Pankaj Tewari
Director
DIN - 08006533
Place : New Delhi

AIRTEL LIMITED

Airtel Limited
Statement of Profit and loss
(All amounts are in thousands of Indian Rupee; except per share data)

	Notes	For the year ended March 31, 2024	March 31, 2023
Income			
Revenue from operations		-	-
		-	-
Expenses			
Other expenses	13	145	127
		145	127
Loss before finance cost and tax		(145)	(127)
Finance costs	14	27	1
Loss before tax		(172)	(128)
Tax expense			
Current Tax		-	-
Defferd Tax		-	-
		-	-
Loss for the year		(172)	(128)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(172)	(128)
Loss per share (Face Value of Rs. 10 each)			
Basic	15	(17.2)	(12.8)
Diluted	15	(17.2)	(12.8)

The accompanying notes 1 to 22 form an integral part of these Financial Statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W / W-100018

Nilesh H. Lahoti
Partner
Membership No. 130054

Date : May 14, 2024
Place : Gurugram

Deloitte Haskins & Sells LLP Chartered Accountants

For and on behalf of the Board of Directors of
Airtel Limited

Soumen Ray
Director
DIN - 09484511
Place : Gurugram

Pankaj Tewari
Director
DIN - 08006533
Place : New Delhi

AIRTEL LIMITED

Airtel Limited
Statement of Changes in Equity
(All amounts are in thousands of Indian Rupee; unless stated otherwise)

Particulars	Equity share capital		Other equity			Total equity
	No. of shares (in '000)	Amount	Retained earnings	Common Control Reserve	Equity Component of Optionally Convertible Debentures	
As of April 1, 2022	10	100	(190)	-	-	(90)
Loss for the period	-	-	(128)	-	-	(128)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss	-	-	(318)	-	-	(218)
Issue of equity shares	-	-	-	-	-	-
As of March 31, 2023	**10**	**100**	**(318)**	**-**	**-**	**(218)**
As of April 1, 2023	**10**	**100**	**(318)**	-	-	**(218)**
Loss for the year	-	-	(172)	-	-	(172)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss	-	-	(490)	-	-	(390)
Common Control Transaction(refer note 2.5 and 4)	-	-	-	(144,075,465)	144,313,516	238,051
As of March 31, 2024	**10**	**100**	**(490)**	**(144,075,465)**	**144,313,516**	**237,661**

The accompanying notes 1 to 22 form an integral part of these Financial Statements.

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W / W-100018

Nilesh H. Lahoti
Partner
Membership No. 130054

Date : May 14, 2024
Place : Gurugram

Deloitte Haskins & Sells LLP Chartered Accountants

For and on behalf of the Board of Directors of Airtel Limited

Soumen Ray
Director
DIN - 09484511
Place : Gurugram

Pankaj Tewari
Director
DIN - 08006533
Place : New Delhi

AIRTEL LIMITED

Airtel Limited
Statement of Cash Flows
(All amounts are in thousands of Indian Rupee)

	For the year ended	
	March 31, 2024	**March 31, 2023**
Cash flow from operating activities:		
Loss before tax	(172)	(128)
Adjustments for:		
Finance Cost	27	-
Operating cash flows before changes in assets and liabilities	**(145)**	**(128)**
Changes in assets and liabilities :		
Other financial / non-financial liabilities	18	12
Other financial / non-financial assets	(10)	-
Net Cash used in operations before tax	(137)	(116)
Income taxes paid	(144,424)	-
Net cash used in operating activities (A)	(144,561)	(116)
Cash flow from investing activities:		
Investment in Subsidiary	(144,423,963)	-
Net cash used in investing activities (B)	(144,423,963)	-
Cash flow from financing activities:		
Proceeds from issue of optionally convertible debentures	144,571,158	-
Proceeds / Repayment of short term borrowings (Net)	300	120
Interest and other finance charges paid	(27)	-
Net cash generated from financing activities (C)	144,571,431	120
Net increase in cash & cash equivalents during the year(A+B+C)	2,907	4
Add: Cash and cash equivalents at beginning of year	104	100
Cash and cash equivalents at the end of the year(Refer Note 7)	3,011	104

The above Statement of Cash Flows has been prepared under the 'indirect method' as set out in Ind AS 7 'Statement of Cash flows'.

The accompanying notes 1 to 22 form an integral part of these Financial Statements

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W / W-100018

Nilesh H. Lahoti
Partner
Membership No. 130054

Date : May 14, 2024
Place : Gurugram

Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors of Airtel Limited

Soumen Ray
Director
DIN - 09484511
Place : Gurugram

Pankaj Tewari
Director
DIN - 08006533
Place : New Delhi

AIRTEL LIMITED

1. Corporate Information

Airtel Limited ('the Company') (CIN: U64200HR2021PLC093754) is domiciled and incorporated in India as a public limited company. The Company was incorporated to principally engaged in providing telecommunication services in India. The registered office of the Company is situated at Airtel Centre, Plot no. 16, Udyog Vihar, Phase – IV, Gurugram – 122015, Haryana.

The Company has not yet commenced its commercial operations.

2. Summary of material accounting policies

2.1 Basis of preparation

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

The Financial Statements are approved for issue by the Company's Board of Directors on May 14, 2024.

The Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial statements' and Division II of Schedule III (as amended) of the Act. Further, for the purpose of clarity, various items are aggregated in the Balance Sheet and Statement of Profit and Loss. Nonetheless, these items are disaggregated separately in the notes to the Financial Statements, where applicable or required.

All the amounts included in the Financial Statements are reported in thousands of Indian Rupee ('Rupee' or 'Rs.') and are rounded off to the nearest thousands, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.

The preparation of the said Financial Statements requires the use of certain critical accounting estimates and judgements. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas where estimates are significant to the Financial Statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 3.

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

Deloitte Haskins & Sells LLP
Chartered Accountants

AIRTEL LIMITED

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items.

Amendments to Ind AS

New amendments adopted during the year

MCA vide notification no. G.S.R. 242(E) dated March 31, 2023 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends following Ind AS (as applicable to the Company):

- Ind AS 103, Business Combinations
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 1, Presentation of Financial Statements
- Ind AS 12, Income Taxes
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are applicable for annual periods beginning on or after April 1, 2023, however these do not have material impact on the financial statement of the company.

Amendments to Ind AS issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

2.2 Basis of measurement

The Financial Statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified as fair value through profit or loss ('FVTPL') or fair value through other comprehensive income ('FVTOCI') which are measured at fair value.

2.3 Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or a liability can be transferred, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial instruments at fair values (either on a recurring or non-recurring basis).

The Company is required to classify the fair valuation method of the financial/ non-financial assets and liabilities, either measured or disclosed at fair value in the Financial Statements, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurement). Accordingly, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

2.4 Current versus non-current classification

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

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

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

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

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

2.5 Common Control Transaction

Transactions arising from transfers of assets / liabilities, interest in entities between entities that are under the common control, are accounted at their carrying amounts. The difference, between any consideration paid / received and the aggregate carrying amounts of assets / liabilities and interests in entities acquired / disposed (other than impairment, if any), is recorded as 'Common Control reserve' as part of other equity. The common control reserve will be transferred to retained earnings (distributable reserve) when the underlying asset/liability or interest in entities are sold to a third party (entity outside the scope of common control).

2.6 Financial instruments

a. Recognition, classification and presentation

The financial instruments are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the financial instrument.

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

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

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

The Company measures all the non-derivative financial liabilities at amortised cost.

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

b. Measurement – Non-derivative financial instruments

I. Initial measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at FVTPL, transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. All

Deloitte Haskins & Sells LLP
Chartered Accountants

AIRTEL LIMITED

financial liabilities are recognised initially at fair value, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Other transaction costs are expensed as incurred in the Statement of Profit and Loss.

The transaction price is generally the best evidence of the financial instrument's initial fair value. However, it is possible for an entity to determine that the instrument's fair value is not the transaction price. The difference between the transaction amount and the fair value (if any) is accounted for as follows:

- The difference is recognised as a gain or loss in the statement of Profit and Loss only if fair value is evidenced by a quoted price in an active market for an identical asset or liability (that is, a Level 1 input) or based on a valuation technique that uses only data from observable markets.
- In all other cases, an entity recognises the instrument at fair value and defers the difference between the fair value at initial recognition and the transaction price in the statement of financial position.

The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts

II. Subsequent measurement - financial assets

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

i. Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective-interest rate ('EIR') method (if the impact of discounting / any transaction costs is significant). Interest income from these financial assets is included in other income.

ii.Financial assets at fair value through OCI ('FVTOCI')

Equity investments which are not held for trading and for which the Company has elected to present the change in the fair value in OCI and debt instruments that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payment of principal and interest, are measured at FVTOCI.

Haskins & Sells LLP Deloitte Chartered Accountants

AIRTEL LIMITED

The changes in fair value are taken to OCI, except the impairment (on debt instruments), interest (basis EIR method), dividend and foreign exchange differences which are recognised in the Statement of Profit and Loss.

When the financial asset is derecognised, the related accumulated fair value adjustments in OCI as at the date of derecognition are reclassified from equity and recognised in the Statement of Profit and Loss. However, there is no subsequent reclassification of fair value gains and losses to Statement of Profit and Loss in case of equity instruments.

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

All financial assets that do not meet the criteria for amortised cost are measured at FVTPL. Interest (basis EIR method) income and dividend income from financial assets at FVTPL is recognised in the Statement of Profit and Loss within other income separately from the other gains / losses arising from changes in the fair value.

iv.Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month expected credit loss (ECL) is used to provide for impairment loss, otherwise lifetime ECL is used.

III. Subsequent measurement - financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant), except for contingent consideration and financial liability under option arrangements recognised in a business combination which is subsequently measured at FVTPL. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured. Interest related to the financial liability is recognised in profit or loss under finance cost. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

c. Derecognition

The financial assets are de-recognised from the Balance Sheet when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The financial liabilities are de-recognised from the Balance Sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The resultant impact of derecognition is recognised in the Statement of Profit and Loss.

2.7 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 OCI or directly in equity, in which case the related income tax is also recognised accordingly.

a. Current tax

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

Any interest related to accrued liabilities for potential tax assessments are not included in Income tax charge or (credit) but are rather recognised within finance costs.

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. The Company considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If the Company concludes it is probable that the taxation authority will accept an uncertain tax treatment, it determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

b. Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the Financial Statements. Deferred tax is also recognised in respect of carried

Deloitte Haskins & Sells LLP
Chartered Accountants

AIRTEL LIMITED

forward tax losses and tax credits. 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Company considers the projected future taxable income and tax planning strategies in making this assessment.

The unrecognised deferred tax assets / carrying amount of deferred tax assets are reviewed at each reporting date for recoverability and adjusted appropriately.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are off-set where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of cash and cash equivalents and subject to an insignificant risk of changes in value).

2.9 Equity share capital

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

2.10 Provisions

a. General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the said obligation, and the amounts of the said obligation can be reliably estimated.

Deloitte Haskins & Sells LLP
NHL
Chartered Accountants

AIRTEL LIMITED

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation (if the impact of discounting is significant), using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to unwinding of interest over passage of time is recognised within finance costs.

The Company is involved in various legal and taxation matters, and the matter are in legal course. Management, in consultation with legal, tax and other advisers, assesses the likelihood that a pending claim will succeed. The Company recognises a provision in cases where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations arising from such claims.

2.11 Borrowing cost

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

2.12 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS.

Basic EPS is computed by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is computed by adjusting, the profit for the year attributable to the shareholders and the weighted average number of shares considered for deriving Basic EPS, for the effects of all the shares that could have been issued upon conversion of all dilutive potential shares. The dilutive potential shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Further, the dilutive potential shares are deemed converted as at beginning of the period, unless issued at a later date during the period.

3. Key sources of estimation uncertainties and Critical judgements.

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

Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

3.1. Key sources of estimation uncertainties

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are discussed below:

a) Impairment reviews

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

b) Taxes

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

4. Significant transactions / new developments

i. During the year ended March 31, 2024, the Company has acquired 75.96% equity stake in Nxtra Data Limited, from Bharti Airtel Limited, holding company, against a consideration of Rs. 144,423,963. The transaction was recorded as a common control transaction and accordingly, the excess of consideration over the carrying value of investment amounting to Rs. 144,075,465 has been recognised in other equity as common control reserve.

ii. During the year ended March 31, 2024, the Company has issued 0.035% unsecured, optionally convertible debentures of Rs 10 each on private placement basis to Bharti Airtel Limited for a term of 10 years (Refer Note 17). As per terms, redemption and conversion can happen prior to maturity at the option of issuer with a fixed conversion ratio of 1:1. The OCDs are accounted as a compound financial instrument and accordingly the equity and debt portion is recognized separately. Interest on the debt portion is accrued and will be paid at the time of maturity/ redemption / conversion, whichever is earlier.

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

5. Investments

Non-Current

	As of	
	March 31, 2024	**March 31, 2023**
Investment carried at cost		
Investment in Subsidiaries		
Nxtra Data Limited : 9,017,857 Equity Shares of Rs 10 each (March 31, 2023: Nil)	348,499	-
	348,499	**-**

Details of significant investments in Subsidiaries, Associate and Joint venture are as below:

S.No	Name of the Subsidiaries	Place of incorporation	Principal activities	March 31, 2024	March 31, 2023
				% of shareholding	
1	Nxtra Data Limited	India	Business of data centre, managed services and sale of hardware	75.96	-

6. Other financial assets

Non-Current

	As of	
	March 31, 2024	**March 31, 2023**
Security deposits*	10	-
	10	**-**

* Includes deposit given to National Securities Depository Limited ('NSDL')

7. Cash and cash equivalents ('C&CE')

	As of	
	March 31, 2024	**March 31, 2023**
Balance with bank	3,011	104
	3,011	**104**

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

8. Equity Share capital

	As of	
	March 31, 2024	March 31, 2023
Authorised share capital		
10,000 (March 31, 2023 : 10,000) equity shares of Rs. 10 each	100	100
Issued, subscribed and fully paid-up share capital		
10,000 (March 31, 2023 : 10,000) equity shares of Rs. 10 each	100	100
	100	100

a. Reconciliation of the shares outstanding at the beginning and at the end of the year

	For the year ended			
	March 31, 2024		March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	10,000	100	10,000	100
Issued during the year	-	-	-	-
Outstanding at the end of the year	**10,000**	**100**	**10,000**	**100**

b. Rights, preferences and restrictions attached to Shares

The Company has only one class of equity shares having par value of Rs. 10 each. The holder of the equity share is entitled to dividend right and voting right in the same proportion as the capital paid-up on such equity share bears to the total paid-up equity share capital of the Company. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

c. Terms of conversion / redemption of OCDs

During the year ended March 31, 2024, the Company has issued 0.035% unsecured, optionally convertible debentures of Rs 10 each on private placement basis to Bharti Airtel Limited for a term of 10 years (Refer Note 17). As per terms, redemption and conversion can happen prior to maturity at the option of issuer with a fixed conversion ratio of 1:1.

(This space has been intentionally left blank)

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

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

	As of			
	March 31, 2024		March 31, 2023	
	No. of shares	% holding	No. of shares	% holding
Bharti Airtel Limited	10,000	95.00%	-	-
Xtelify Limited (formerly known as Airtel Digital Limited)	500	5.00%	10,000	100.00%

d. Shareholding of Promoters

Shares held by promoters as of March 31, 2024:

		As of				
		31-Mar-24		1-Apr-23		
S No.	Promoter Name	No. of shares	% of total shares	No. of shares	% of total shares	% Change during the year
1	Bharti Airtel Limited	9,500	95.00	-	-	95.00
2	Xtelify Limited (formerly known as Airtel Digital Limited)	500	5.00	10,000	100.00	(95.00)

Shares held by promoters as of March 31, 2023:

		As of				
		31-Mar-23		1-Apr-22		
S No.	Promoter Name	No. of shares	% of total shares	No. of shares	% of total shares	% Change during the year
1	Xtelify Limited (formerly known as Airtel Digital Limited)	10,000	100.00	10,000	100.00	-

9. Reserves and surplus

a) Retained earnings: Retained earnings represent the amount of accumulated earnings of the Company, gains / (losses) on common control transactions and any transfer from general reserve.

b) Common Control Reserve: The transaction arising out of transfer of investments between entities that are under common control are accounted at their carrying amounts. The difference between the consideration paid and the carrying amount is recorded in common control reserve. The common control reserve will be transferred to retained earnings (distributable reserve) when the underlying investment is sold to a third party (entity outside the scope of common control).

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

c) Equity Component of OCDs: The equity component is the residual amount after deducting the fair value of the financial liability component from the net proceeds of OCDs.

10. Borrowings

Non-current

	As of March 31, 2024	As of March 31, 2023
Liability component of 0.035% Optionally Convertible Debentures ('OCDs') (refer note 4(ii))	257,643	-
	257,643	**-**

Current

	As of March 31, 2024	As of March 31, 2023
Loan from parent Company (refer note 17)	447	120
	447	**120**
Less : Interest accured (refer note 11)	(27)	-
	420	**120**

The above borrowings are repayable on demand and carry an interest rate of 6 months' T-bill + 150 bps (March 31, 2023 : Repo rate + 100 bps).

Analysis of borrowings

The details given below are gross of debt origination cost

10.1 Repayment terms of borrowings

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

As of March 31, 2024

Borrowings	Interest rate	Frequency of installments	Number of installments outstanding per facility (range)	Within one year	Between one and two years	Between two and five years	Over five years
Liability component of OCDs	0.035%	on conversion / redemption	1	-	-	-	257,643
Loan from Parent Company	8.78%	on demand	1	420	-	-	-
				420	**-**	**-**	**257,643**

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

Borrowings	Interest rate	Frequency of instalments	Number of instalments outstanding per facility (range)	Within one year	Between one and two years	Between two and five years	Over five years
			As of March 31, 2023				
Loan from Parent Company	7.50%	on demand	1	120	-	-	-
				120	-	-	-

10.2 Interest rate and currency of borrowings

	Weighted average rate of interest	Total borrowings	Floating rate borrowings	Fixed rate borrowings
INR	7.0%	258,063	420	257,643
March 31, 2024		**258,063**	**420**	**257,643**

	Weighted average rate of interest	Total borrowings	Floating rate borrowings	Fixed rate borrowings
INR	7.5%	120	120	-
March 31, 2023		**120**	**120**	-

11. Other financial liabilities

	As of March 31, 2024	As of March 31, 2023
Interest accrued	27	-
	27	-

12. Other current liabilities

	As of March 31, 2024	As of March 31, 2023
Audit fees payable	116	116
Taxes Payable	13	22
Other payables*	64	64
	193	**202**

*includes incorporation charges payable.

(This space has been intentionally left blank)

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

13. Other expenses

	For the year ended	
	March 31, 2024	March 31, 2023
Audit fees	127	127
Legal and professional fees	18	-
Total	**145**	**127**

14. Finance costs

	For the year ended	
	March 31, 2024	March 31, 2023
Interest Expense	27	1
Total	**27**	**1**

15. Earnings per share

	For the year ended	
	March 31,2024	March 31,2023
Loss attributable to equity shareholders as per Statement of Profit and Loss (A)	(172)	(128)
Weighted average number of equity shares for calculation of basic earnings per share (B)	10	10
Weighted average number of equity shares for calculation of diluted earnings per share (C)	10	10
Equity shares of face value Rs. 10 per share		
1) Basic (A/B)	(17.2)	(12.8)
2) Diluted (A/C)	(17.2)	(12.8)

For the year ended March 31, 2024, OCDs were excluded from the calculation of diluted weighted average number of equity shares as their effect would have been anti-dilutive.

16. Deferred Tax

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and carry forward tax losses / credits (including capital losses) can be utilized. Since the Company has not commenced its commercial operations. Accordingly, the Company has not recognised deferred tax assets on such losses.

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

17. Related party disclosures

List of related parties

Parent Company

Bharti Airtel Limited (w.e.f March 22,2024)

Xtelify Limited (formerly known as Airtel Digital Limited) (upto March 21, 2024)

Ultimate Controlling entity

Bharti Enterprises (Holdings) Private Limited. It is held by private trust of Bharti Family, with Mr Sunil Bharti Mittal's family trust effectively controlling the said company

Subsidiary Company

Nxtra Data Limited (w.e.f March 22, 2024)

a. The summary of transactions with above mentioned parties is as follows:

	For the year ended	
	March 31, 2024	**March 31, 2023**
Transfer of equity shares		
Bharti Airtel Limited	95	-
Loan Taken		
Bharti Airtel Limited	1,200	120
Bharti Airtel Limited (for OCDs)	144,578,387	-
Repayment of Loan Taken		
Bharti Airtel Limited	900	-
Investment in Subsidiary		
Nxtra Data Limited	144,423,964	-

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

	As of	
	March 31, 2024	**March 31, 2023**
Bharti Airtel Limited	420	120
Bharti Airtel Limited (OCDs)	144,578,387	-

18. Financial and Capital risk

1. Financial risk

The business activities of the Company expose it to a variety of financial risks, namely market risks i.e interest rate risk and liquidity risk. The Company's risk management strategies focus on the unpredictability of these elements and seek to minimise the potential adverse effects on its financial performance through regular reviews by Company's senior management ('CSM'), in close co-ordination with the operating entities' internal / external experts subject to necessary supervision.

(i) Interest rate risk

As the Company does not have exposure to any floating-interest bearing assets, related cash inflows are not affected by changes in market interest rates.

The Company's interest rate risk arises mainly from borrowings.

Borrowings

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

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

(This space has been intentionally left blank)

AIRTEL LIMITED

Deloitte Haskins & Sells LLP
Chartered Accountants

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

Interest rate sensitivity of borrowings

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

	Increase / decrease (basis points)	Effect on loss before tax
For the year ended March 31,2024		
INR- borrowings	+100	(4.20)
	-100	4.20
For the year ended March 31,2023		
INR- borrowings	+100	(1.20)
	-100	1.20

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

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

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

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accordingly, as a prudent liquidity risk management measure, the Company closely monitors its liquidity position and deploys a robust cash management system.

Moreover, the Company's senior management regularly monitors the rolling forecasts of the entity's liquidity reserve (comprising of the amount of available un-drawn credit facilities and cash and cash equivalents) and the related requirements, to ensure they have sufficient cash on an on-going basis to meet operational needs while maintaining sufficient headroom at all times on its available un-drawn committed credit facilities, so that there is no breach of borrowings limits or relevant covenants on any of its borrowings. For details as to the borrowings, refer note 10.

Based on past performance and current expectations, the Company believes that the cash and cash equivalents, cash generated from operations and available undrawn credit facilities, will satisfy its working

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

capital needs, capital expenditure, investment requirements, commitments and other liquidity requirements associated with its existing operations, through at least the next twelve months.

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

	As of March 31, 2024						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings: Fixed Rate	257,643	-	-	-	-	257,643	257,643
Borrowings: Floating Rate	420	420	-	-	-	-	420
Other financial Liabilites	27	27	-	-	-	-	27
	258,090	447	-	-	-	257,643	258,090

	As of March 31, 2023						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings	120	120	-	-	-	-	-
	120	120	-	-	-	-	-

(iii) Reconciliation of liabilities whose cash flow movements are disclosed as part of financing activities in the Statement of Cash Flows:

For the year ended March 31, 2024

	April 1, 2023	Cash flows	Non-cash changes	March 31, 2024
Borrowings	120	257,943	-	258,063

For the year ended March 31, 2023

	April 1, 2022	Cash flows	Non-cash changes	March 31, 2023
Borrowings	-	120	-	120

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

2. Capital risk

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

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. The Company monitors capital using a gearing ratio calculated as below:

	As of	
	March 31, 2024	**March 31, 2023**
Borrowings	258,063	120
Less: Cash and cash equivalents	(3,011)	(104)
Net Debt (A)	**255,052**	**16**
Equity	237,661	(218)
Total capital (B)	**237,661**	**(218)**
Capital and Net Debt (A+B)	**492,712**	**(202)**
Gearing Ratio {A/(A+B)}	**52%**	**-8%**

(This space has been intentionally left blank)

Deloitte Haskins & Sells LLP
Chartered Accountants

AIRTEL LIMITED

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

19. Fair value of financial assets and liabilities

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

	Carrying Value as of		Fair Value as of	
	March 31, 2024	**March 31, 2023**	**March 31, 2024**	**March 31, 2023**
Financial Assets				
Amortised cost				
Cash & cash equivalents	3,011	104	3,011	104
Other financial assets	10	-	10	-
	3,021	**104**	**3,021**	**104**
Financial Liabilities				
Amortised cost				
Borrowings - Fixed Rate	257,643	-	257,643	-
Borrowings - Floating Rate	420	120	420	120
Other financial liabilities	27	-	27	-
	258,090	**120**	**258,090**	**120**

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

i. The carrying value of short-term borrowings, other current financial assets and liabilites approximate their fair value due to short- term maturities or where impact of discounting considered not to be material.

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

(This space has been intentionally left blank)

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

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

20. During the year March 31, 2024, the company has received funds from Bharti Airtel Limited ("funding party") with the understanding that company shall invest those funds in Nxtra Data Limited, the details of which are as below:

Date and amount of fund received by company from funding party with complete details:-

Name of the funding party	Registered address of the funding party	CIN	Relationship with the funding party	Date of OCDs	Amount
Bharti Airtel Limited	Airtel Center, Plot no. 16, Udyog Vihar, Phase – IV, Gurugram – 122015, Haryana.	L74899HR1995PLC095967	Parent Company	March 20, 2024	108,325,465
				March 21, 2024	36,098,498

Date and amount of fund further invested by company to ultimate beneficiaries with complete details

Name of the ultimate beneficiary	Registered address of the ultimate beneficiary	CIN	Relationship with the ultimate beneficiary	Date of Investment	Amount
Nxtra Data Limited	Bharti Crescent, 1, Nelson Mandela Road Vasant Kunj, Phase - II, South Delhi, New Delhi, 110070	U72200DL2013PLC254747	Subsidiary	March 20, 2024	108,325,465
				March 21, 2024	36,098,498

21. Audit Trail

MCA vide its notification number G.S.R. 206(E) dated March 24, 2021 (amended from time to time) in reference to the proviso to Rule 3 (1) of the Companies (Accounts) Amendment Rules, 2021, introduced the requirement w.e.f April 01, 2023, to only use such accounting software which has a feature of recording audit trail for every transaction in the Company.

The Company has assessed its IT applications considering the guidance provided in "Implementation guide on reporting on audit trail under rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised 2024 edition)" issued by the Institute of Chartered Accounts of India in February 2024. The Company has an IT environment which is adequately governed with General information technology controls (GITCs) for financial reporting process. The Company enabled audit trail feature, in a phased manner, in its ERP application which maintains the general ledger for financial reporting purposes. During such period, audit trail feature has operated effectively and there were no instances of audit trail feature being tampered with.

Deloitte Haskins & Sells LLP Chartered Accountants

AIRTEL LIMITED

22. Ratios

The Company has not yet commenced its commercial operations hence the analytical ratios are not applicable.

Deloitte Haskins & Sells LLP
Chartered Accountants

AIRTEL LIMITED