Airtel Digital Limited

Ind AS Financial Statements
March 31, 2023

Airtel Digital Limited

Ind AS Financial Statements – March 31, 2023

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Independent Auditor's Report

Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT

To The Members of Airtel Digital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Airtel Digital Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, 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 significant accounting policies and other explanatory information (herein 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, 2023, and its profit, total comprehensive income, 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 (SAs) specified under section 143(10) of the Act. 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 including annexures to 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.

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- 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.

- 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 statement 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 is 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 intends 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

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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 control 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 Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such 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 reportthat:

   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.

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c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and 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 under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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 it's 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 or entity, 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 it's knowledge and belief, no funds have been received by the Company from any person or

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entity, 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, 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. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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 H. Lahoti
(Partner)
(Membership No.130054)
(UDIN: 23130054BGYYXV3312)

Place: Gurugram
Date: May 16, 2023

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 to the members of Airtel Digital Limited 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 a financial statements of Airtel Digital Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company 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 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. 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 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.

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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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.

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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, 2023, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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: 23130054BGYYXV3312)

Place: Gurugram
Date: May 16, 2023

Deloitte
Haskins & Sells LLP

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 Digital Limited

i. In respect of Company's Property, Plant and Equipment and Intangible Assets: -

(a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and capital work-in-progress.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of property, plant and equipment and capital work-in-progress so to cover all the items once every 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties and hence reporting under clause (i)(c) of the Order is not applicable.

(d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

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 made any investments in, 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, and hence reporting under clause (iii) of the Order is not applicable.

iv. The Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) is not 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.

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vi. The maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.

vii. In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, Value Added Tax, cess 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. We have been informed that the provisions of the Employees' State Insurance and duties of excise is not applicable on the Company.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance Act, Income-tax, Sales Tax, Service Tax, duty of Custom, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.

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) Loans taken during the year (outstanding balance as at March 31, 2023 - Nil) were repayable on demand (refer note 17 to the financial statements). According to the information and explanations given to us, such loans and interest thereon were not demanded for repayment during the financial year. Considering the above, 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) 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 subsidiary. The Company does not have any joint venture or associate companies.

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

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Chartered Accountants

x. (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 shares during the year. For such allotment of shares, 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 (fully or partly or optionally) convertible debentures 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 (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. Provisions of section 177 of the Companies Act, 2013 are not applicable to the Company.

xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 2023.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its 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.

(d) The Group does not have more than one CIC as part of the group.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

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

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Chartered Accountants

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 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 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: 23130054BGYYXV3312)

Place: Gurugram
Date: May 16, 2023

Ind AS Financial Statements

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

	Notes	As of March 31, 2023	As of March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	5	390	20
Capital work-in-progress	5	132	314
Intangible assets	6	835	487
Intangible assets under development	6	362	266
Investment in subsidiary	7	0	0
Financial assets			
- Investments	9	0	0
Income tax assets		1,114	289
Other non-current assets	10	0	-
		2,833	1,376
Current assets			
Financial assets			
- Investments	9	546	-
- Trade receivables	11	1,621	1,008
- Cash and cash equivalents	12	3,617	25
- Other financial assets	13	1,567	1,202
Other current assets	10	175	207
		7,526	2,442
Total assets		10,359	3,818
Equity and liabilities			
Equity			
Equity share capital	14	2	1
Other equity		3,444	(2,674)
		3,446	(2,673)
Non-current liabilities			
Financial liabilities			
Provisions	16	42	43
		42	43
Current liabilities			
Financial liabilities			
Borrowings	17	-	2,529
Trade payables	18		
-total outstanding dues of micro enterprises and small enterprises		13	7
-total outstanding dues of trade payables other than micro enterprises and small enterprises		5,534	3,088
Other financial liabilities	19	194	277
Deferred revenue		173	196
Provisions	16	98	71
Other current liabilities	20	859	280
		6,871	6,448
Total liabilities		6,913	6,491
Total equity and liabilities		10,359	3,818

The accompanying notes 1 to 33 form an integral part of these Financial Statements.

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

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

Deloitte Haskins & Sells LLP Chartered Accountants

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram

Adarsh Nair
Director
DIN: 08903895
Place: New Delhi

Ajeeta Kahale
Director
DIN: 09478115
Place: New Delhi

Date : May 16, 2023

Airtel Digital Limited

Airtel Digital Limited
Statement of Profit and Loss
(All amounts are in millions of Indian Rupee; except per share data)

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	22	10,622	7,169
Other income		24	-
		10,646	**7,169**
Expenses			
Access charges		1,052	512
Content cost		4,517	3,378
Cost of sales		4	79
Employee benefits expense	23	1,851	1,192
Sales and marketing expenses	24	738	724
Other expenses	25	1,807	1,260
		9,969	**7,145**
Profit before depreciation, amortisation, finance costs, exceptional items and tax		**677**	**24**
Depreciation and amortisation expenses	26	364	330
Finance costs	27	184	3
Profit / (Loss) before exceptional items and tax		**129**	**(309)**
Exceptional items		-	-
Profit / (Loss) before tax		**129**	**(309)**
Tax expense			
Current tax	8	-	-
Deferred tax	8	-	-
		-	-
Profit / (Loss) for the year		**129**	**(309)**
Other Comprehensive Income			
Items not to be reclassified to profit or loss:			
- Re-measurement loss on defined benefit plans		(10)	(8)
Other comprehensive loss for the year		**(10)**	**(8)**
Total comprehensive income / (loss) for the year		**119**	**(317)**
Earning / (Loss) per share (Face value Rs. 10 each)			
Basic and diluted	29	1,425	(3,459)

The accompanying notes 1 to 33 form an integral part of these Financial Statements.

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

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

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram

Deloitte Haskins & Sells LLP Chartered Accountants

Adarsh Nair
Director
DIN: 08903895
Place: New Delhi

Ajeeta Kahale
Director
DIN: 09478115
Place: New Delhi

Date : May 16, 2023

Airtel Digital Limited

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

Particulars	Equity share capital		Other equity - Reserves and Surplus				Total equity
	No. of shares (in '000)	Amount	Securities premium	Retained earnings	Capital reserve	Total	
As of April 1, 2021	89	1	353	(2,744)	34	(2,357)	(2,356)
Loss for the year	-	-	-	(309)	-	(309)	(309)
Other comprehensive loss (net of tax)	-	-	-	(8)	-	(8)	(8)
Total comprehensive loss	-	-	-	(317)	-	(317)	(317)
As of March 31, 2022	89	1	353	(3,061)	34	(2,674)	(2,673)
Profit for the year	-	-	-	129	-	129	129
Other comprehensive loss (net of tax)	-	-	-	(10)	-	(10)	(10)
Issue of share capital	84	1	5,999			5,999	6,000
Total comprehensive income	84	1	5,999	119	-	6,118	6,119
As of March 31, 2023	173	2	6,352	(2,942)	34	3,444	3,446

The accompanying notes 1 to 33 form an integral part of these Financial Statements.

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

Nilesh H. Lahoti
Partner
Membership No: 130054
Place: Gurugram

Deloitte Haskins & Sells LLP Chartered Accountants

Date : May 16, 2023

Rs

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

Adarsh Nair
Director
DIN: 08903895
Place: New Delhi

Ajeeta Kahale
Director
DIN: 09478115
Place: New Delhi

Airtel Digital Limited

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

	For the year ended	
	March 31, 2023	**March 31, 2022**
Cash flows from operating activities		
Profit / (Loss) before tax	**129**	**(309)**
Adjustments for :		
Depreciation and amortisation expenses	364	330
Finance costs	184	3
Interest income	(3)	-
Net (gain) / loss on fair value through profit or loss (FVTPL) investments	(21)	17
Other non-cash items	12	28
Operating cash flow before changes in assets and liabilities	**665**	**69**
Changes in assets and liabilities		
Trade receivables	(622)	160
Trade payables	2,452	190
Provisions	16	35
Other financial and non financial liabilities	723	361
Other financial and non financial assets	(336)	205
Net cash from operations before tax	**2,898**	**1,020**
Income tax paid - net	(825)	(213)
Net cash from operating activities (a)	**2,073**	**807**
Cash flows from investing activities		
Purchase of property, plant and equipment and capital work-in-progress	(344)	(158)
Purchase of intangible assets and intangible assets under development	(747)	(479)
Purchase of investments (net)	(525)	-
Interest received	3	-
Net cash used in investing activities (b)	**(1,614)**	**(637)**
Cash flows from financing activities		
Proceeds from borrowings	3,512	9,526
Proceeds from issue of shares	3,585	-
Repayment of borrowings	(3,781)	(9,955)
Interest paid	(184)	-
Net cash from / (used in) financing activities (c)	**3,132**	**(429)**
Net increase / (decrease) in cash and cash equivalents during the year (a+b+c)	**3,592**	**(259)**
Cash and cash equivalents as at beginning of the year	25	284
Cash and cash equivalents as at end of the year (refer Note 12)	**3,617**	**25**

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 33 form an integral part of these Financial Statements.

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

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

Deloitte Haskins & Sells LLP
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Nilesh H. Lahoti
Partner
Membership No: 130054
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Director
DIN: 09478115
Place: New Delhi

Date : May 16, 2023

Rs

Airtel Digital Limited

1. Corporate information

Airtel Digital Limited ('the Company') (CIN -U74140HR2015PLC096027) , a public limited company domiciled and duly incorporated in India on January 13, 2015, under the provisions of the Companies Act, 2013 having registered office at Airtel Center, Plot No. 16, Udyog Vihar, Phase IV, Gurugram – 122015, India.

The main objective of the Company includes procurement, aggregation and provision of content services, platform usage, advertisement, Value Added Services (VAS) through Airtel IQ and sale of products to its customers.

2. Summary of significant accounting policies

2.1 Basis of preparation

These 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 relevant provisions of the Act.

The Financial Statements are approved for issue by the Company's Board of Directors on May 16, 2023.

The Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and Division II of Schedule III to the Act. Further, for the purpose of clarity, various items are aggregated in the Balance Sheet, Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows. 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 millions of Indian Rupee ('Rupee' or 'Rs.') and are rounded off to the nearest millions, 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.

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.

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New amendments adopted during the year

a. Amendments to Ind AS

MCA vide notification no. G.S.R. 255(E) dated March 23, 2022 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2022 which amends following Ind AS (as applicable to the Company):

- Ind AS 109, Financial Instruments
- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments are applicable for annual periods beginning on or after April 1, 2022, however, these do not have any material impact on the Financial Statements of the Company.

Amendments to Ind AS issued but not yet effective

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 102, Share-based Payments
– Ind AS 103, Business Combinations
– Ind AS 107, Financial Instruments: Disclosures
– Ind AS 109, Financial Instruments
– Ind AS 115, Revenue from Contracts with Customers
– 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. The Company has evaluated the amendments and the impact is not expected to be material.

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 (refer note 2.8) - which are measured at fair value.

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Fair value measurement

Fair value is the price at the measurement date, at which an asset can be sold or paid to transfer a liability, in an orderly transaction between market participants. The Company's accounting policies require, measurement of certain financial instruments at fair values (either on a recurring or non-recurring basis). Also, the fair values of financial instruments measured at amortised cost are required to be disclosed in the said Financial Statements.

The Company is required to classify the fair valuation method of the financial instruments, 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

2.3 Foreign currency transactions

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

Transactions in foreign currencies are initially recorded in the relevant functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement / settlement, recognised in the Statement of Profit and Loss. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevalent, at the date of initial recognition (in case they are measured at historical cost) or at the date when the fair value is determined (in case they are measured at fair value) – the resulting foreign exchange difference, on subsequent re-statement / settlement, recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or directly in equity.

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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 and cash equivalents 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.

2.5 Property, plant and equipment ('PPE')

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

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is derecognised from the Balance Sheet and cost of the new item of PPE is recognised. Further, in case the replaced part was not being depreciated separately, the cost of the replacement is used as an indication to determine the cost of the replaced part at the time it was acquired.
Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work-in-progress ('CWIP'), advances given towards acquisition of PPE outstanding at each Balance Sheet date are disclosed under other non- current assets.

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

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The management basis its past experience and technical assessment has estimated the useful lives, which is at variance with the life prescribed in Part C of Schedule II to the Act and has accordingly, depreciated the assets over such useful lives.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The Company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Years
Leasehold improvements	Period of lease or 10 years, whichever is less
Computer and Server	3 – 5
Furniture and fixtures and office equipments	2 – 5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, atleast as at each reporting date so as to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives, residual values and / or depreciation method are accounted prospectively, and accordingly the depreciation is calculated over the PPE's remaining revised useful life. The cost and the accumulated depreciation for PPE sold, scrapped, retired or otherwise disposed of are derecognised from the Balance Sheet and the resulting gains / (losses) are included in the Statement of Profit and Loss within other income / other expenses.

2.6 Intangible assets

Intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be measured reliably. The intangible assets are initially recognised at cost. These assets having finite useful life are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognised in profit or loss as incurred.

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

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

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Non-compete fee

Non-compete fee are amortised over the period of the agreement which ranges upto five years.

The useful lives and amortisation method are reviewed and adjusted appropriately, at least at each financial year end so as to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from these assets. The effect of any change in the estimated useful lives and / or amortisation method is accounted for prospectively, and accordingly the amortisation is calculated over the remaining revised useful life.

Further, the cost of intangible assets under development includes the amount of software / IT platform under development.

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 Statement of Profit and Loss when the asset is derecognised.

2.7 Impairment of non-financial assets

a. PPE and intangible assets

PPE (including CWIP) and intangible assets with definite lives, are reviewed for impairment, whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Intangible assets under development is tested for impairment, atleast annually and whenever circumstances indicate that it may be impaired.

For the purpose of impairment testing, the recoverable amount (that is, higher of the fair value less costs to sell and the value in use) is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets, in which case the recoverable amount is determined at the CGU level to which the said asset belongs. If such individual assets or CGU are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset / CGU exceeds their estimated recoverable amount and allocated on pro-rata basis.

Reversal of impairment losses

Impairment losses are reversed in the Statement of Profit and Loss and the carrying value is increased to its revised recoverable amount provided that this amount does not exceed the carrying value that would have been determined had no impairment loss been recognised for the said asset / CGU in previous years.

2.8 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.

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

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

The Company has classified all the non-derivative financial liabilities measured 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 fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All 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..

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 other comprehensive income ('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.

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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..

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 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.

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 ECL is used to provide for impairment loss, otherwise lifetime ECL is used.

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

III. Subsequent measurement - financial liabilities

Financial liabilities are subsequently measured at amortised cost using the EIR method (if the impact of discounting / any transaction costs is significant).

c. Derecognition

The financial assets are derecognised 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.

2.9 Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income or directly in equity, in which case the related income tax is also recognised accordingly.

a. Current tax

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

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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.

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 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.

Income tax assets and liabilities are offset 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 relate to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.10 Inventories

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing the inventories to

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its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and any deposits with original maturities of three months or less (that are readily convertible to known amounts of Cash and cash equivalents and subject to an insignificant risk of changes in value). However, for the purpose of the Statement of Cash Flows, in addition to above items, any bank overdrafts / cash credits that are integral part of the Company's cash management, are also included as a component of Cash and cash equivalents.

2.12 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.

2.13 Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution plans, defined benefit plans and compensated absences. The employee benefits are recognised in the year in which the associated services are rendered by the Company employees. Short-term employee benefits are recognised in Statement of Profit and Loss at undiscounted amounts during the period in which the related services are rendered.

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

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

c. Other long-term employee benefits

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

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

2.14 Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the relevant obligation (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.

2.15 Contingencies

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

2.16 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to customer at the consideration which the Company has received or expects to receive in exchange of those products or services, net of any taxes / duties and discounts.

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The Company assesses its revenue arrangements in order to determine if it is acting as a principal or as an agent by determining whether it has primary obligation, pricing latitude and exposure to inventory risk associated with the sale of goods / rendering of services.

In the said assessment, both the legal form and substance of the agreement are reviewed to determine each party's role in the transaction.

The main categories of revenue and the basis of recognition are as follows:

i) Service revenues

Service revenue mainly pertains to usage and subscription revenue from Wynk Music, Airtel Xstream and Airtel Thanks application and related advertisement revenue. It also pertains to revenue from value-added services through Airtel IQ.

a) Subscription revenue

Subscription revenue is recognised over subscription pack validity period.

b) Advertisement revenue

Advertisement revenue is recognised during the period campaign is live on the Application.

c) Revenue from Value-added services through Airtel IQ

Revenue from VAS through Airtel IQ is recognised based upon consumption/ usage.

ii) Sale of products

Sale of products consist revenue from sale of licence / solution which is recognised at a point in time, i.e., at the time of transfer of license/ solution to the customers.
Revenues in excess of invoicing are classified as unbilled revenue while invoicing / collection in excess of revenue are classified as deferred revenue / advance from customers.

iii) Interest income

The interest income is recognised using the EIR method. For further details, refer note 2.8.

2.17 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 loss 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

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

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions 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 period 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. Useful lives of PPE

As described at note 2.5 above, the Company reviews the estimated useful lives of PPE at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that the current useful lives of its PPE remain appropriate. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charges.

b. Useful life of internally generated intangible assets

As described at note 2.6 above, the Company reviews the estimated useful lives of Internally generated intangible assets at the end of each reporting period. After considering market conditions, industry practice, technological developments and other factors, the Company determined that Cost incurred towards development of internally generated intangible assets are expected to give future economic benefit over 3 years and thus amortised over this period. However, changes in economic conditions of the markets, competition and technology, among others, are unpredictable and they may significantly impact the useful lives and therefore the depreciation charges.

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c. Allowance for impairment of trade receivables

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

4. Significant transactions / new developments

i) The Board of Directors of Airtel Digital Limited in its meeting held on March 28, 2023 approved the conversion of outstanding unsecured loan (including interest) of Rs 2,414 availed from Bharti Airtel Limited into 33,981 equity shares, at Rs. 71,052 each (including securities premium of Rs 71,042). Further the Board of Directors also approved issuance of 50,464 Equity shares on a preferential / private placement basis to Parent Company, at Rs. 71,052 each (including securities premium of Rs 71,042) for cash considerations.

ii) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has issued draft of the Code on Social Security (Central) Rules, 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Company is assessing the impact of the Code and will record any related impact in the period in which the Code becomes effective.

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

5. Property, plant and equipment ('PPE')

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2023 and March 31, 2022:

	Computer equipments	Leasehold improvements	Office equipments	Furnitures and fixtures	Total
Gross Carrying Value					
As of April 1, 2021	**100**	**14**	**7**	**1**	**122**
Additions	11	-	2	-	13
Disposals / adjustment	-	-	(1)	-	(1)
As of March 31, 2022	**111**	**14**	**8**	**1**	**134**
As of April 1, 2022	**111**	**14**	**8**	**1**	**134**
Additions	399	20	10	3	432
Disposals / adjustments	-	-	(0)	-	(0)
As of March 31, 2023	**510**	**34**	**18**	**4**	**566**
Accumulated Depreciation					
As of April 1, 2021	**73**	**5**	**4**	**1**	**83**
Charge	28	1	3	0	32
Disposals / adjustments	-	-	(1)	-	(1)
As of March 31, 2022	**101**	**6**	**6**	**1**	**114**
As of April 1, 2022	**101**	**6**	**6**	**1**	**114**
Charge	54	3	4	1	62
Disposals / adjustments	-	-	(0)	-	(0)
As of March 31, 2023	**155**	**9**	**10**	**2**	**176**
Net carrying amount					
As of March 31, 2022	10	8	2	0	20
As of March 31, 2023	355	25	8	2	390

The carrying value of capital work-in-progress (CWIP) as of March 31, 2023 and March 31, 2022 is Rs. 132 and Rs. 314 respectively.

CWIP ageing schedule

As of March 31, 2023

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	123	9	-	0	132

As of March 31, 2022

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	314	-	-	-	314

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6. Intangible Assets

The following table presents the reconciliation of changes in the carrying value of intangibles assets for the year ended March 31, 2023 and March 31, 2022:

	Software			Non compete fee	Total
	Internally Genrated	Purchased	Total		
Gross carrying value					
As of April 1, 2021	609	138	747	361	1,108
Additions	304	15	319	-	319
Disposals / adjustments	4	(89)	(85)	(266)	(351)
As of March 31, 2022	**917**	**64**	**981**	**95**	**1,076**
As of April 1, 2022	**917**	**64**	**981**	**95**	**1,076**
Additions	637	14	651	-	651
Disposals / adjustments	-	-	-	-	-
As of March 31, 2023	**1,554**	**78**	**1,632**	**95**	**1,727**
Accumulated amortisation					
As of April 1, 2021	222	67	289	358	647
Amortisation	227	67	294	4	298
Disposals / adjustments	-	(89)	(89)	(267)	(356)
As of March 31, 2022	**449**	**45**	**494**	**95**	**589**
As of April 1, 2022	**449**	**45**	**494**	**95**	**589**
Amortisation	294	9	303	0	303
Disposals / adjustments	-	-	0	0	0
As of March 31, 2023	**743**	**54**	**797**	**95**	**892**
Net carrying value					
As of March 31, 2022	468	19	487	-	487
As of March 31, 2023	811	24	835	-	835

The carrying value of intangible assets under development as of March 31, 2023 and March 31, 2022 is Rs. 362 and Rs. 266 respectively, which primarily pertains to IT software and applications under development.

Intangible Assets under Development (IAUD) ageing schedule

As of March 31, 2023

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	356	6	0	-	362

As of March 31, 2022

	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	266	-	-	-	266

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7. Investment in subsidiary

Investment carried at cost	As of March 31, 2023	As of March 31, 2022
Airtel Limited : 10,000 equity shares of Rs. 10 each (March 31, 2022 - 10,000)	0	0

8. Income tax

The major components of income tax expense are:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	-	-
Deferred tax	-	-
Income tax (credit) / expense	-	-

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit / (Loss) before tax	129	(309)
Tax expense @ 25.168%	33	(78)
Effect of:		
Losses and deductible temporary difference against which no deferred tax asset recognised	(33)	78
Income tax (credit) / expense	-	-

In line with the accounting policy of the company, deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and carry forward tax losses can be utilised. Accordingly, the company has not recognised deferred tax assets in respect of carry forward business losses of Rs. 2,326 Mn and other temporary differences of Rs 191 Mn as of March 31, 2023 and and Rs. 2,330 Mn and Rs 377 Mn in March 31, 2022 respectively.

The expiry schedule of the above unrecognised losses is as follows:

Expiry date	As of March 31, 2023	As of March 31, 2022
Within one - three years	-	-
Within three - five years	449	-
Above five years	1,185	1,688
Unlimited	692	642
	2,326	**2,330**

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9. Investments

Non-current

	As of March 31, 2023	As of March 31, 2022
Investments at FVTPL		
Equity instrument (unquoted)	0	0
	0	**0**
Aggregate book value / market value of unquoted investments	0	0

Current

	As of March 31, 2023	As of March 31, 2022
Investments at FVTPL		
Mutual Fund (quoted)	546	-
	546	**-**

10. Other assets

Non - Current

	As of March 31, 2023	As of March 31, 2022
Prepaid expenses	0	-
Others	0	-
	0	-

Current

	As of March 31, 2023	As of March 31, 2022
Taxes recoverable *	72	122
Advance given to supplier (net)#	33	14
Prepaid expenses	65	63
Others** (refer note 28)	5	8
	175	**207**

* Taxes recoverable primarily include Goods & Services Tax ('GST').

\# Advances to suppliers are disclosed net of allowance of Rs. 41 and Rs. 85 as of March 31, 2023 and March 31, 2022 respectively.

** It includes employee receivables which principally consist of advances given for business purpose.

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11. Trade receivables

	As of March 31, 2023	As of March 31, 2022
Trade receivables considered good - unsecured*	1,768	1,146
Less: Allowances for doubtful receivables	(147)	(138)
	1,621	**1,008**

* Includes amount due from related parties (refer note 28)

Refer note 32(a) for credit risk.

The movement in allowances for doubtful receivables is as follows:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance	138	75
Additions	9	63
Closing balance	**147**	**138**

Trade receivables ageing schedule:

As of March 31, 2023

	Not due	Outstanding for following periods from due date of payment: Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1,371	280	46	54	3	14	1,768
Less: Allowance for doubtful receivables							(147)
Net trade receivables							**1,621**

As of March 31, 2022

	Not due	Outstanding for following periods from due date of payment: Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	493	567	41	31	7	7	1,146
Less: Allowance for doubtful receivables							(138)
Net trade receivables							**1,008**

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

	As of	
	March 31, 2023	March 31, 2022
Balances with banks		
- On current accounts	37	25
- Bank deposits with original maturity of 3 months or less	3,580	-
	3,617	**25**

13. Other financial assets

Current

	As of	
	March 31, 2023	March 31, 2022
Unbilled revenue* (refer note 22)	940	702
Interest accrued on fixed deposits	3	-
Others	0	-
Recoverable from related party (refer note 28)	624	500
	1,567	**1,202**

* Includes amount pertaining to related parties (refer note 28)

14. Equity share capital

	As of	
	March 31, 2023	March 31, 2022
Authorised shares		
1,90,000 (March 31, 2022 - 90,000) equity shares of Rs. 10 each	**2**	**1**
Issued, subscribed and fully paid-up shares		
173,731 (March 31, 2022 - 89,286) equity shares of Rs. 10 each	2	1
	2	**1**

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

	As of			
	March 31, 2023		March 31, 2022	
	No. of shares	Rs.	No. of shares	Rs.
At the beginning of the year	89,286	1	89,286	1
Issued during the year	84,445	1	-	-
Outstanding at the end of the year	**173,731**	**2**	**89,286**	**1**

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b. Terms / rights attached to equity shares

The Company has 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 remaining assets of the Company, after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders.

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

	As of			
	March 31, 2023		March 31, 2022	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs 10 each fully paid up				
Bharti Airtel Limited (Parent Company)*	173,725	100%	49,995	56.00%
Nettle Infrastructure Investments Limited*	-	-	39,286	44.00%

d. Shareholding of Promoters

		As of				
		April 1, 2022		March 31, 2023		
S No.	Promoter Name	No. of shares	% of total shares	No. of shares	% of total shares	% Change during the year
1	Bharti Airtel Limited*	49,995	56.00%	173,725	100%	44.00%

		As of				
		April 1, 2021		March 31, 2022		
S No.	Promoter Name	No. of shares	% of total shares	No. of shares	% of total shares	% Change during the year
1	Bharti Airtel Limited	49,995	56.00%	49,995	56.00%	-

*upon approval of Hon'ble National Company Law Tribunal, Chandigarh Bench, vide its order received on January 25, 2023 in certified copy, the composite scheme of arrangement between Nettle Infrastructure Investments Limited ('Nettle'), Telesonic Networks Limited ('Telesonic'), their respective shareholders and Bharti Airtel Limited (Airtel), under sections 230 to 232 along with other applicable provisions of the Companies Act, 2013 ('Scheme') for amalgamation of Nettle and Telesonic, wholly-owned subsidiaries, with Airtel has become effective from February 1, 2023, with an appointed date of April 1, 2022 in accordance with the Scheme

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Consequently, the erstwhile shareholding of 44.00% held by Nettle in the Company has been transferred to Bharti Airtel Limited and post-merger Bharti Airtel Limited now holds 100.00% in the Company.

15. Reserves and surplus

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

b) **Securities premium:** It is used to record premium on issue of equity shares. The same will be utilised in accordance with provisions of the Act.

c) **Capital reserve:** Capital reserve represent excess of cost of assets over amount paid for the assets acquired under common control.

16. Provisions

Non-current

	As of	
	March 31, 2023	**March 31, 2022**
Gratuity	41	42
Other employee benefit plan	1	1
	42	**43**

Current

	As of	
	March 31, 2023	**March 31, 2022**
Gratuity	38	18
Other employee benefit plan	60	46
Others	-	7
	98	**71**

Refer note 23 for movement of various employee benefits.

17. Borrowings

Current

	As of	
	March 31, 2023	**March 31, 2022**
Unsecured		
Loan from Parent Company* (refer note 28)	-	2,529
	-	**2,529**

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* During the year ended 31 March 2023, outstanding unsecured loan along with interest accured has been converted into equity shares on preferential/ private placement basis. The loan carried interest at 6% p.a. and was repayable on demand.

18. Trade payables

	As of	
	March 31, 2023	**March 31, 2022**
Dues to micro enterprises and small enterprises	13	7
Others*	5,534	3,088
	5,547	**3,095**

*It includes amount due to related parties (refer note 28).

Micro, Small & Medium Enterprises Development Act, 2006 ('MSMED Act, 2006') disclosure

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

Sr No	Particulars	For the year ended	
		March 31, 2023	**March 31, 2022**
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	13	7
2	The amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
3	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED ACT 2006.	-	-
4	The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED ACT 2006.	-	-

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Trade payables ageing schedule

As of March 31, 2023

	Unbilled	Not due	Outstanding for following periods from due				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Due to micro and small enterprises (A)	-	13	-	-	-	-	13
(ii) Others (B)	5,035	477	4	2	16	(0)	5,534
(iii) Disputed dues to micro and small enterprises (C)	-	-	-	-	-	-	-
(iv) Disputed dues – Others (D)	-	-	-	-	-	-	-
Total dues to micro and small enterprises (A+C)	-	13	-	-	-	-	13
Total others (B+D)	5,035	477	4	2	16	(0)	5,534

As of March 31, 2022

	Unbilled	Not due	Outstanding for following periods from due				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Due to micro and small enterprises (A)	-	2	5	-	-	0	7
(ii) Others (B)	2,971	77	3	31	4	2	3,088
(iii) Disputed dues to micro and small enterprises (C)	-	-	-	-	-	-	-
(iv) Disputed dues – Others (D)	-	-	-	-	-	-	-
Total dues to micro and small enterprises (A+C)	-	2	5	-	-	0	7
Total others (B+D)	2,971	77	3	31	4	2	3,088

19. Other financial liabilities

Current

	As of	
	March 31, 2023	March 31, 2022
Employee payables	109	99
Equipment supply payables	72	167
Others	13	11
	194	**277**

20. Other liabilities

Current

	As of	
	March 31, 2023	March 31, 2022
Taxes payable*	584	271
Advance from customers	273	-
Others (refer note 28)	2	9
	859	**280**

*Taxes payable mainly includes Goods and Services Tax and TDS payable.

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

21. Commitments

Capital Commitments

The Company has contractual commitments towards capital expenditure (net of related advance) of Rs. 61 and Rs. 309 as of March 31, 2023 and March 31, 2022 respectively.

22. Revenue from operations

	For the year ended	
	March 31, 2023	March 31, 2022
Service revenue	10,610	7,092
Sale of products	12	77
	10,622	**7,169**

Disaggregation of Revenue

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Major Product/ Services lines		
Subscription revenue	6,312	3,079
Advertisement revenue	1,887	1,939
Sale of licence / solution	12	77
Platform usage charges	490	494
VAS through Airtel IQ & others	1,921	1,580
	10,622	**7,169**
Timing of Revenue Recognition		
Products transferred at a point in time	12	77
Services transferred over time	10,610	7,092
	10,622	**7,169**

Contract Balancess

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

	As of	
	March 31, 2023	March 31, 2022
Unbilled Revenue (refer note 13)	940	702
Deferred Revenue	173	196

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

Significant changes in the unbilled revenue and deferred revenue balances during the year are as follows:

	For the year ended March 31, 2023	
	Unbilled Revenue	**Deferred Revenue**
Revenue recognised that was included in deferred revenue at the beginning of the year		196
Increase due to cash received, excluding amounts recognised as revenue during the year		173
Transfers from unbilled revenue recognised at the beginning of the period to receivables	702	

23. Employee benefits expense

	For the year ended	
	March 31, 2023	**March 31, 2022**
Salaries, wages and bonus	1,633	1,020
Defined benefit plan / other long term benefits	72	54
Contribution to provident and other funds	77	52
Staff welfare expenses	55	7
Others*	14	59
	1,851	**1,192**

*It mainly includes recruitments and training expenses.

The details of defined benefits obligations are as follows:

Movement in Obligations

	For the year ended			
	March 31, 2023		March 31, 2022	
	Gratuity	Compensated absences	Gratuity	Compensated absences
Obligation:				
Balance as at beginning of the year	60	46	35	28
Current service cost	32	27	26	23
Interest cost	4	3	2	2
Benefits paid	(24)	(18)	(24)	(17)
Transfers	(4)	(5)	13	10
Remeasurements	10	6	8	0
Present value of obligation	**78**	**59**	**60**	**46**
Current portion	37	59	18	46
Non-current portion	41	-	42	-

As of March 31, 2023, expected contributions for the next annual reporting period is Rs. 35.

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

Amount recognised in Other Comprehensive Income :

	For the year ended	
	March 31, 2023	March 31, 2022
Experience losses	14	7
(Gain) / Loss from change in demographic assumptions	(3)	2
Gain from change in financial assumptions	(1)	(1)
Remeasurement loss on defined benefit plans	**10**	**8**

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

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

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

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

	As of	
	March 31, 2023	March 31, 2022
Discount Rate	7.38%	7.20%
Rate of salary increase	7.00%	7.00%
Rate of attrition	40% to 60%	0% to 34%
Retirement age	58	58

Sensitivity analysis

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

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

	Change in assumption	As of	
		March 31, 2023 Gratuity	March 31, 2022 Gratuity
Discount Rate	+1%	(1)	(2)
	-1%	1	2
Salary Growth Rate	+1%	1	2
	-1%	(1)	(2)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The table below summarises the maturity profile of the Company' gratuity liability:

	As of	
	March 31, 2023	March 31, 2022
Within one year	38	18
Within one - three years	33	23
Within three - five years	8	10
Above five years	3	12
Weighted average duration (in years)	1.24	2.85

24. Sales and marketing expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Advertisement and marketing	410	420
Other selling and distribution expenses	308	304
Business promotion	20	-
	738	**724**

25. Other Expenses

	For the year ended	
	March 31, 2023	March 31, 2022
Legal and professional fees^	15	4
Repair and maintenance	126	62
Rent expenses	113	50
Customer care expenses	26	15
Telephone and postage	1	0
Provision for doubtful receivables	9	63
Rate and taxes	54	2
Travelling and conveyance	13	1
Provision for advances	3	(32)
Installation charges	49	0
Insurance expenses	8	0
Software and IT expenses	1,108	605
Collection & Recovery Charges	180	436
Other expenses*	102	54
	1,807	**1,260**

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Digital Limited Airtel

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

^Details of Auditor's remuneration (excluding GST) included in legal and professional fees.

	For the year ended	
	March 31, 2023	**March 31, 2022**
Audit fee	1	1
Reimbursement of expenses	0	0
	1	**1**

* Include Rs. Nil and Rs. 17 on account of impairment of investment for the year ended March 31, 2023 and March 31, 2022 respectively.

Additional information pertaining to Corporate Social Responsibility (CSR)

As per the requirements of section 135 of the Act, the Company is not required to spend any amount for the year ended March 31, 2023 and March 31, 2022 on Corporate Social Responsibility expenditure. Accordingly, the Company has not spent any amount for CSR during the year ended March 31, 2023 and March 31, 2022.

26. Depreciation and amortisation expenses

	For the year ended	
	March 31, 2023	**March 31, 2022**
Depreciation	61	32
Amortisation	303	298
	364	**330**

27. Finance costs

	For the year ended	
	March 31, 2023	**March 31, 2022**
Finance charges	182	0
Net foreign exchange loss	2	3
	184	**3**

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28. Related Party Transactions

The details of transactions with the related parties are as follows:

(a) The name of the related parties where control exits and / or with whom transaction have taken place during the year and description of relationship are:

List of Related Parties	**Relationship**
Bharti Airtel Limited	Parent company
Bharti Enterprises (Holding) Private Limited	Ultimate controlling entity
Airtel Limited	Subsidiary
Bharti Hexacom Limited	Fellow Subsidiary
Bharti Airtel Services Limited	Fellow Subsidiary
Bharti Telemedia Limited	Fellow Subsidiary
Nxtra Data Limited	Fellow Subsidiary
Airtel Payments Bank Limited	Associate of Parent company
Juggernaut Books Private Limited	Associate of Parent company
Beetel Teletech Limited (formerly known as Brightstar Telecommunication India Limited)*	Other related party
DEL MONTE FOODS PRIVATE LIMITED(formerly known as Fieldfresh Foods Private Limited)*	Other related party
Jersey Airtel Limited*	Other related party
Bharti Management Services Limited (formerly known as Bharti Axa General Insurance Company Limited)*	Other related party

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

(b) Transaction for the year ended March 31, 2023

Nature of Transactions	Bharti Airtel Limited	Bharti Hexacom Limited	Nxtra Data Limited	Bharti Telemedia Limited	Bharti Airtel Services Limited	Telesonic Networks Limited	Airtel Limited	Airtel Payments Bank Limited	Juggernaut Books Private Limited	Other related party
Rendering of services*	7,597	374		219	-	-	-	10	-	19
Receiving of services*	(1,200)	-	(12)	(117)	(1)	-	-	(183)	0	(0)
Purchase of assets	-	-	-	-	36	-	-	-	-	(0)
Investment	-	-	-	-	-	-	0	-	-	-
Employee settlement	(46)	-	-	1	-	-	-	(0)	-	-
Expenses incurred by the Company on behalf of Related Party	5,812	336	-	61	-	-	-	-	-	-
Expenses incurred by Related Party on behalf of Company	(594)	(54)	-	(16)	-	-	-	-	-	-
Loan taken	(3,512)	-	-	-	-	-	-	-	-	-
Interest expense on Loan	(156)									
Repayment of Loan taken	6,041	-	-	-	-	-	-	-	-	-

* Transactions are inclusive of taxes.

All the goods and services are provided to related parties based on arm's length pricing.

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(c) Transaction for the year ended March 31, 2022

Nature of Transactions	Bharti Airtel Limited	Bharti Hexacom Limited	Nxtra Data Limited	Bharti Telemedia Limited	Bharti Airtel Services Limited	Telesonic Networks Limited	Airtel Limited	Airtel Payments Bank Limited	Juggarnaut Books Private Limited	Other related party
Rendering of services*	4,647	271	15	249	(2)	7	-	4	-	11
Receiving of services*	(619)	-	(2)	(83)	(1)	-	-	(217)	0	(1)
Purchase of assets	-	-	-	-	(123)	-	-	-	-	-
Investment	-	-	-	-	-	-	0	-	-	-
Employee settlement	16	-	-	0	-	-	-	1	-	-
Expenses incurred by the Company on behalf of related party / (by related party on behalf of the Company)	526	(7)	-	(33)	-	-	-	-	-	-
Advance received / refund of security deposit given	-	0	-	3	-	-	-	-	-	-
Loan taken	(9,526)	-	-	-	-	-	-	-	-	-
Repayment of Loan taken	9,955	-	-	-	-	-	-	-	-	-

*Transactions are inclusive of taxes.

All the services are provided to related parties based on arm's length pricing.

(d) The outstanding balances are as follows:

Related Party balances for 2022-23

	Bharti Airtel Limited	Bharti Hexacom Limited	Bharti Telemedia Limited	Nxtra Data Limited	Bharti Airtel Services Limited	Airtel Lanka	Airtel Payments Bank Limited	Juggarnaut Books Private Limited	Other related party
As on March 31, 2023									
Trade receivables	1,034	48	-	26	4	-	1	-	1
Other financial liabilities	-	-	-	-	(5)	-	-	-	-
Trade payables	(1,011)	(1)	(82)	(8)	(1)	-	(8)	(1)	-
Other financial assets	1,150	51	18	-	-	0	10	-	-
Other non-financial assets		0	-	-	-	-	-	-	-
Other non-financial liabilities	(2)	-	(1)	(0)	-	-	-	-	-
As on March 31, 2022									
Current borrowings*	(2,529)	-	-	-	-	-	-	-	-
Trade receivables	251	19	0	4	2	-	1	-	4
Unbilled revenue	382	27	11	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	(36)	-	-	-	-
Trade payables	(389)	(10)	(85)	(3)	-	-	(17)	(1)	(0)
Other financial assets	477	19	4	-	-	-	-	-	-
Other non-financial assets	-	2	3	-	-	-	-	-	0
Other non-financial liabilities	(9)	-	-	(0)	-	-	-	-	-

* The Parent Company has agreed to ensure appropriate financial support comprising of un-drawn committed facilities only if and to the extent required by the Company.

Outstanding balance at year end is unsecured and settlement occurs in cash.

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29. Earnings per share ('EPS')

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

	For the year ended	
	March 31,2023	**March 31,2022**
Profit / (Loss) attributable to equity shareholders as per Statement of Profit and Loss (A)	129	(309)
Weighted average number of equity shares ('000) for calculation of basic earnings per share (B)	90	89
Weighted average number of equity shares ('000) for calculation of diluted earnings per share (C)	90	89
Equity shares of face value Rs. 10 per share		
1) Basic (A/B)	1,425	(3,459)
2) Diluted (A/C)	1,425	(3,459)

30. Segment Reporting

Based on the way the entity manages its operating business, and the manner in which resource allocation decisions are made, the entity has only one reportable segment for financial reporting purposes, being the content procurement and selling.

The Company's majority of revenue comes from one customer amounting to Rs. 6,615 and Rs. 3,775 for the year ended March 31, 2023 and March 31, 2022 respectively.

The Company is operating only in India. Thus, no disclosure concerning geographical areas is applicable to the Company.

31. Financial and capital risk

The Company is exposed to financial risks arising from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk and they are summarised below:

(a) *Credit risk*

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

The Company is exposed to credit risk mainly with respect to trade receivables.

Trade receivables

The trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to the Parent company and fellow subsidiaries. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk. The credit period provided by the Company to its customers (other than Group entities), generally ranges between 14-30 days.

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The Company's major revenue is generated from the Parent company and fellow subsidiaries. For details of trade receivables / revenue from related parties, refer note 28. Based on the industry practices and business environment in which the entity operates, management considers that the trade receivables are credit impaired if the payments are more than 90 days past due, except receivables from related parties.

The ageing analysis of trade receivables as of the reporting date is as follows:

	Neither past due nor impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade Receivables as of March 31, 2023	1,371	144	56	43	7	1,621
Trade Receivables as of March 31, 2022	493	382	89	27	17	1,008

Cash and cash equivalents are placed with reputed financial banks / institutions.

(b) 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 17.

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 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: -

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	As of March 31, 2023						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Trade payables	5,547	-	5,547	-	-	-	5,547
Other financial liabilities	194	-	194	-	-	-	194
	5,741	**-**	**5,741**	**-**	**-**	**-**	**5,741**

	As of March 31, 2022						
	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings	2,529	2,529	-	-	-	-	2,529
Trade payables	3,095	-	3,095	-	-	-	3,095
Other financial liabilities	277	-	277	-	-	-	277
	5,901	**2,529**	**3,372**	**-**	**-**	**-**	**5,901**

The following table provides the reconciliation of liabilities whose net cash flow movements are disclosed as part of financing activities of Statement of Cash Flows:

For the year ended March 31, 2023

	April 1, 2022	Cash flows	Non-cash changes	March 31, 2023
Borrowings	2,529	(269)	(2,260)	-

For the year ended March 31, 2022

	April 1, 2021	Cash flows	Non-cash changes	March 31, 2022
Borrowings	2,958	(429)	-	2,529

(c) Foreign currency risk

The foreign exchange risk of the Company arises from the generation of revenue and expenses incurred in foreign currencies.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's loss before tax to a reasonably possible change in the exchange rates against the functional currency of the Company, with all other variables held constant.

	Change in currency exchange rate	Effect on Profit / loss before tax	
		March 31, 2023	March 31, 2022
USD	+5%	(15)	(0)
	-5%	15	0

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(d) Capital Risk

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

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

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

	As of	
	March 31, 2023	**March 31, 2022**
Borrowings	-	2,529
Less: Cash and cash equivalents	(3,617)	(25)
Net Debt (A)	**(3,617)**	**2,504**
Equity	3,446	(2,673)
Total capital (B)	**3,446**	**(2,673)**
Capital and Net Debt (A+B)	**(171)**	**(169)**
Gearing Ratio {A/(A+B)}	**2115%**	**(1482%)**

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32. Fair value of financial assets and liabilities

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

	Level	Carrying Value (As of)		Fair Value (As of)	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Financial Assets					
FVTPL					
Investments - quoted	Level 1	546	-	546	-
Investments - unquoted	Level 2	0	0	0	0
Amortised cost					
Trade receivables		1,621	1,008	1,621	1,008
Cash & cash equivalents		3,617	25	3,617	25
Other financial assets		1,567	1,202	1,567	1,202
		7,351	**2,235**	**7,351**	**2,235**
Financial Liabilities					
Amortised cost					
Borrowings		-	2,529	-	2,529
Trade payables		5,547	3,095	5,547	3,095
Other financial liabilities		194	277	194	277
		5,741	**5,901**	**5,741**	**5,901**

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

i. The carrying value of trade receivables, trade payables, short-term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments or where impact of discounting considered not to be material.

ii. The fair value of investments is estimated by discounting future cash flows using discount rates applicable to the instruments with similar terms and on the basis of recent arm's length transaction in the entity by a third party.

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of the Level 2 financial assets / liabilities as of March 31, 2023 and March 31, 2022:

Financial assets / liabilities	Inputs used
Investments	Prevailing interest rates in market, future cashflows and on the basis of recent arm's length transaction in the entity by a third party

During the year ended March 31, 2023 and March 31, 2022, there were no transfers between Level 1 and Level 2 fair value measurements. None of the financial assets and financial liabilities are in Level 3.

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33. Ratios

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Reason for variance
Current Ratio - [no. of times]	Current Assets	Current Liabilites	1.10	0.38	189%	Improvement in Current assets due to higher cash & cash equivalents and increase in trade receivables
Debt-equity Ratio - [no. of times]*	Non-Current borrowings (+) current borrowings (-) cash and cash equivalents	Equity	(1.05)	(0.94)	(12%)	Not applicable
Debt service coverage ratio - [no. of times]	Profit before depreciation, amortisation, finance costs, exceptional items and tax	Interest expenses (+) principal repayments of long-term debt (+) payment of lease liabilities	3.72	-	100%	Increase is on account of increase in interest expenses during the year
Return on equity ratio - [no. of times]	Net Profit	Average Equity attributable to owners of the parent	0.33	0.12	172%	Improvement in ratio as equity has improved due to positive PAT and equity infusion
Trade receivables turnover ratio - [no. of days]	Average trade receivables	Revenue from operations / no of days for the period	45	57	(21%)	Not applicable
Net capital turnover ratio - [no. of times]	Revenue from operations	Working Capital	16.21	(1.79)	(1006%)	Revenue growth improvement and improvement in working capital due to higher cash
Net profit ratio (%)	Net Profit	Revenue from operations	1.21%	(4.3%)	(128%)	Business has returned positive PAT in comparison to negative PAT last year
Return on capital employed (%)	EBIT	Average Capital Employed#	(183.8%)	(411.3%)	(55%)	Business is generating positive EBIT as compared to last year hence ratio improved
Return on investment	Income generated from investments at FVTPL	Time weighted average investment at FVTPL	3.86%	0%	100%	Increase is on account of investment in mutual funds during the year

* excluding lease liabilities

\# Average Capital Employed= Average of Equity + Average of Net Debt

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