Bharti Telemedia Limited

Ind AS Financial Statements

March 2021

Bharti Telemedia Limited

Ind AS Financial Statements – March 2021

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Independent Auditor's Report

Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT

To The Members of Bharti Telemedia Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bharti Telemedia Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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 (hereinafter referred to as "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, 2021, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to the Board's Reports but does not include the financial statements and our auditor's report thereon.

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

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

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.

Management's Responsibility 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 , cash flows and changes in equity 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal financial 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 system 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 report that:

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

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 over financial reporting 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 over financial reporting.

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 has disclosed the impact of pending litigations on its financial position in its financial statements;

   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 Investor Education and Protection Fund by the Company.

Deloitte
Haskins & Sells LLP

2. As required by the Companies (Auditor's Report) Order, 2016 ("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)

Nilesh

Nilesh H. Lahoti
Partner
(Membership No. 130054)
(UDIN: 21130054AAAACB4396)

Place: Gurugram

Date: May 12, 2021

Ind AS Financial Statements

Bharti Telemedia Limited
Balance sheet
(All amounts are in millions of Indian Rupee)

	Notes	As of March 31, 2021	As of March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	6	25,924	22,636
Capital work-in-progress	6	3,212	2,578
Right-of-use assets	31	-	525
Intangible assets	7	5	22
Financial assets			
- Security deposits	8	9	9
Income tax assets (net)		352	250
Deferred tax assets (net)	9	7,155	6,140
Other non-current assets	10	2,098	1,137
		38,755	**33,297**
Current assets			
Financial assets			
- Investments	11	1,896	7,293
- Derivative instruments		2	122
- Security deposits	8	65	69
- Trade receivables	12	1,973	1,272
- Cash and cash equivalents	13	223	559
- Other bank balances	13	66	50
- Others	14	18	112
Other current assets	10	2,057	2,774
		6,300	**12,251**
Total assets		**45,055**	**45,548**
Equity and liabilities			
Equity			
Equity share capital	15	5,102	5,102
Other equity		(10,064)	(12,704)
		(4,962)	**(7,602)**
Non-current liabilities			
Financial liabilities			
- Borrowings	17	-	5,486
Deferred revenue	24	3,701	1,993
Provisions	18	81	65
		3,782	**7,544**
Current liabilities			
Financial liabilities			
- Borrowings	17	17	4,223
- Current maturities of long-term borrowings	17	-	2,913
- Lease liabilities		-	520
- Derivative instruments		72	-
- Trade payables	19		
-total outstanding dues of micro enterprises and small enterprises		100	39
-total outstanding dues of creditors other than micro enterprises and small enterprises		11,388	10,572
- Others	20	3,906	2,502
Deferred revenue	24	4,553	4,635
Provisions	18	18,927	17,314
Current tax liabilities (net)		761	11
Other current liabilities	21	6,511	2,877
		46,235	**45,606**
Total liabilities		**50,017**	**53,150**
Total equity and liabilities		**45,055**	**45,548**

The accompanying notes 1 to 34 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

For and on behalf of the Board of Directors of Bharti Telemedia Limited

Sunil Kumar Taldar
Managing Director & CEO
DIN: 03573298

Vani Venkatesh
Director
DIN: 08212186

Abhishek Maheshwari
Chief Financial Officer

Pankaj Tewari
Company Secretary

Place: **Gurugram**
Date: **May 12, 2021**

Bharti Telemedia 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, 2021	For the year ended March 31, 2020
Income			
Revenue from operations	24	30,562	29,238
Other income		192	267
		30,754	**29,505**
Expenses			
Content costs		476	405
License fee		3,231	2,948
Employee benefits expenses	25	1,253	1,195
Sales and marketing expenses		1,578	1,655
Other expenses	26	3,873	3,069
		10,411	**9,272**
Profit before depreciation, amortisation, finance costs, exceptional items and tax		**20,343**	**20,233**
Depreciation and amortisation expense	27	9,527	8,566
Finance costs	28	1,948	2,686
Profit before exceptional items and tax		**8,868**	**8,981**
Exceptional items (net)	23	4,735	(27)
Profit before tax		**4,133**	**9,008**
Tax expense / (credit)			
Current tax	9	2,438	1,749
Deferred tax	9	(948)	3,403
Total tax expense		**1,490**	**5,152**
Profit for the year		**2,643**	**3,856**
Other comprehensive income ('OCI')			
Items not to be reclassified to profit or loss:			
Re-measurement (loss) on defined benefit plans	25	(4)	(5)
Tax credit on above	9	1	1
Other comprehensive (loss) for the year		**(3)**	**(4)**
Total comprehensive income for the year		**2,640**	**3,852**
Earnings per share (Face value: Rs. 10 each)			
Basic and diluted	29	5.18	7.56

The accompanying notes 1 to 34 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

For and on behalf of the Board of Directors of Bharti Telemedia Limited

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Managing Director & CEO
DIN: 03573298

Vani Venkatesh
Director
DIN: 08212186

Abhishek Maheshwari
Chief Financial Officer

Pankaj Tewari
Company Secretary

Place: **Gurugram**
Date: **May 12, 2021**

Bharti Telemedia Limited
Statement of changes in equity
(All amounts are in millions of Indian Rupee; unless stated otherwise)

	Equity share capital		Other equity			
	No of shares (In '000)	**Amount**	**Capital reserve**	**Retained earnings (Reserve & Surplus)**	**Total**	**Total equity**
As of April 1, 2019	**510,200**	**5,102**	**10,617**	**(27,173)**	**(16,556)**	**(11,454)**
Profit for the year	-	-	-	3,856	3,856	3,856
Other comprehensive loss (net of tax)	-	-	-	(4)	(4)	(4)
Total comprehensive income	-	-	-	**3,852**	**3,852**	**3,852**
As of March 31, 2020	**510,200**	**5,102**	**10,617**	**(23,321)**	**(12,704)**	**(7,602)**
Profit for the year	-	-	-	2,643	2,643	2,643
Other comprehensive loss (net of tax)	-	-	-	(3)	(3)	(3)
Total comprehensive income	-	-	-	**2,640**	**2,640**	**2,640**
As of March 31, 2021	**510,200**	**5,102**	**10,617**	**(20,681)**	**(10,064)**	**(4,962)**

The accompanying notes 1 to 34 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)

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Chief Financial Officer

Pankaj Tewari
Company Secretary

Place: **Gurugram**
Date: **May 12, 2021**

Bharti Telemedia Limited
Cash flow statement
(All amounts are in millions of Indian Rupee; unless stated otherwise)

	For the year ended	
	March 31, 2021	March 31, 2020
Cash flows from operating activities		
Profit before tax	**4,133**	**9,008**
Adjustments for:		
Depreciation and amortisation expense	9,527	8,566
Finance costs	1,948	2,650
Interest income	(14)	(34)
Net gain on securities held for trading	(104)	(183)
Exceptional items (net)	4,735	(27)
Net Loss on sale of property, plant and equipment	3	1
Net Loss / (gain) on derivative financial instruments	312	(121)
Other non-cash items	120	152
Operating cash flow before changes in working capital	**20,660**	**20,012**
Changes in working capital		
Trade receivables	(763)	(993)
Trade payables	877	1,633
Provisions	231	1,807
Other financial and non-financial liabilities	1,229	(31)
Other financial and non-financial assets	(198)	3,849
Net cash generated from operations before tax	**22,036**	**26,277**
Income tax (paid) - net	(1,857)	(1,816)
Net cash generated from operating activities (a)	**20,179**	**24,461**
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,095)	(9,868)
Purchase of intangible assets	(2)	(7)
Redemption / (purchase) of current investments (net)	5,512	(7,110)
Interest received	15	34
Net cash used in investing activities (b)	**(6,570)**	**(16,951)**
Cash flows from financing activities		
Proceeds from borrowings	5,840	13,570
Repayment of borrowings	(16,849)	(17,097)
(Repayment) / proceeds from short-term borrowings (net)	(1,491)	-
Payment of lease liabilities	(657)	(1,170)
Interest and other finance charges paid	(671)	(1,388)
Net cash used in financing activities (c)	**(13,828)**	**(6,085)**
Net (decrease) / increase in cash and cash equivalents during the period (a+b+c)	**(221)**	**1,425**
Add : Cash and cash equivalents as at the beginning of the period	444	(981)
Cash and cash equivalents as at the end of the period (refer note 13)	**223**	**444**

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Ind AS 7 'Statement of Cash Flows'.

The accompanying notes 1 to 34 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

For and on behalf of the Board of Directors of Bharti Telemedia Limited

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Abhishek Maheshwari
Chief Financial Officer

Pankaj Tewari
Company Secretary

Place: **Gurugram**
Date: **May 12, 2021**

1. Corporate information

Bharti Telemedia Limited ('the Company') is domiciled and incorporated in India as a public limited Company. The registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The principal activities of the Company consist of setting up, operating and maintaining Direct-to-Home (DTH) Cable through digital and any other mode of broadcasting service and includes broadcasting of interactive and personalized content within India.

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 12, 2021.

The financial statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial Statements' and division II of schedule III of the Act, 2013. Further, for the purpose of clarity, various items are aggregated in the statement of profit and loss and balance sheet. Nonetheless, these items are dis-aggregated 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 Rupees ('Rupee' or 'Rs.') and are rounded to the nearest million, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.

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

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

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. Comparative figures have been re-grouped or reclassified, to confirm to such current period's grouping / classifications. There is no impact on equity or net loss due to these re-groupings / reclassifications.

New amendments adopted during the year

MCA vide notification no. G.S.R. 463 (E) dated July 24, 2020 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2020 which amends following Ind AS:

- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 116, Leases
- Ind AS 1, Presentation of Financial Statements
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 10, Events after the Reporting Period
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments are applicable for annual periods beginning on or after the April 1, 2020, however, these do not have material impact on the financial statements of the Company.

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 which are measured at fair value.

Fair value measurement

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

2.2 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 within finance costs. 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.

2.3 Current versus non-current classification

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

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

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

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

2.4 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. Where assets are installed on the premises of customers (commonly called Customer premise equipment – "CPE"), such assets continue to be treated as tangible assets as the associated risks and rewards remain with the Company and management is confident of exercising control over them.

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and any impairment losses. 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 de-recognised 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 separately as capital work in progress. 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 asset's carrying value or as a separate asset, as appropriate.

Depreciation on PPE is computed using the straight-line method over the estimated useful lives. The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Act and has accordingly, depreciated the assets over such useful life.

The Company has established the estimated range of useful lives for different categories of PPE as follows:

Categories	Years
Leasehold Improvement	Lease term or 10 years, whichever is less
Plant and equipment	
- Customer Premises Equipment	7
- Others	2-10
Computer	3
Office equipment	2 - 5
Furniture and Fixtures	5
Vehicles	5

The useful lives, residual values and depreciation method of PPE are reviewed, and adjusted appropriately, at least as at each financial year end 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 off are de-recognised from the balance sheet and the resulting gains / (losses) are included in the statement of profit and loss within other income / other expenses.

2.5 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 any impairment losses. Amortisation is computed using the straight-line method over the expected useful life of intangible assets.

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 or loss when the asset is derecognised.

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

a. Software

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

b. Licenses

DTH broadcasting services entry license fees has been initially capitalised at cost. Subsequently, it is measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in the statement of profit and loss on a straight-line basis over the unexpired period of the license commencing from the date of grant of Wireless Planning and Coordination license.

The revenue-share based fee on licenses is charged to the statement of profit and loss in the period such cost is incurred.

c. Other acquired intangible assets

Payment for the rights acquired for unlimited license access to various applications are recognised as other acquired intangibles. They are capitalised at the amounts paid and amortised on a straight line basis over the period of the agreements.

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

2.6 Impairment of non-financial assets

PPE, Right of Use (ROU) and Intangible assets

PPE (including CWIP), ROU (Right-of-use assets) 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. 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 Cash-Generating-Unit ('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. A CGU is the smallest unit identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

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 assets / CGU in previous years.

2.7 Financial instruments

a. Recognition, classification and presentation

The financial instruments are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the financial instrument.

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

The Company classifies its financial assets in the following categories: a) those to be measured subsequently at fair value 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

At initial recognition, the Company measures the non-derivative financial instruments (except off-market financial guarantee) at its fair value plus, in the case of financial instruments not at fair value through profit or loss, transaction costs. Otherwise transaction costs are expensed 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 profit or loss ('FVTPL')

All financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Interest (basis EIR method) income from financial assets at fair value through profit or loss 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.

iii. Impairment

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

Any off-market financial guarantees are amortised over the life of the guarantee and are measured at each reporting date at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

c. Measurement - derivative financial instruments

Derivative financial instruments are classified as financial instruments at fair value through profit or loss - Held for trading. Such derivative financial instruments are initially recognised at fair value. They are subsequently measured at their fair value, with changes in fair value being recognised in the statement of profit and loss within other income / other expense.

d. Derecognition

The financial liabilities are de-recognised from the balance sheet when the underlying obligations are extinguished, discharged, lapsed, cancelled, expires or legally released. The financial assets are de-recognised from the balance sheet when the rights to receive cash flows from the financial assets have expired, or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The difference in the carrying amount is recognised in statement of profit and loss.

2.8 Leases

The Company, at the inception of a contract, assesses the contract as, or containing, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether the contract involves the use of an identified asset, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and the Company has the right to direct the use of the asset.

Company as a lessee

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the Balance Sheet. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate (as the rate implicit in the lease cannot be readily determined). Lease liabilities include the net present value of fixed payments (including any in-substance fixed payments) and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including changes in the Company's assessment of whether it will exercise an extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero and there is a further reduction in the measurement of the lease liability.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs less any lease incentives received.

Subsequent to initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any impairment losses; and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying asset.

In the Balance Sheet, the right-of-use assets and lease liabilities are presented separately. In the statement of profit and loss, interest expense on lease liabilities are presented separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which are presented separately in the statement of profit or loss. In the statement of cash flows, cash payments for the principal portion of lease payments and the interest portion of lease liability are presented as financing activities, and short-term lease payments and payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability, if any, as operating activities.

When a contract includes lease and non-lease components, the Company allocates the consideration in the contract on the basis of the relative stand-alone prices of each lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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 non-current assets as income tax assets / under current liabilities as current tax liabilities.

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

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

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.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

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

Income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the balance sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when it relates to income tax levied by the same taxation authority and where there is an intention to settle the current income tax balances on net basis.

2.10 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.

2.11 Share capital

Ordinary shares are classified as equity when the Company has an un-conditional 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.

2.12 Employee benefits

The Company's employee benefits mainly include wages, salaries, bonuses, defined contribution plans, defined benefit plans, compensated absences and deferred compensation. 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 or 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 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 pre-defined formula.

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

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 income / (expense) are calculated by applying the above mentioned discount rate to the plan assets and defined benefit obligations. The net interest income / (expense) on the net defined benefit liability is recognised in the statement of profit and loss. However, the related re-measurements of the net defined benefit liability 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.

2.13 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 un-winding of interest over passage of time is recognised within finance costs.

2.14 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.

2.15 Revenue recognition

Revenue is recognised upon transfer of control of promised products or services to the 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, discounts and process waivers. In order to determine if it is acting as a principal or as an agent, the Company assesses whether it is primarily responsible for fulfilling the performance obligation and whether it controls the promised service before transfer to customers. In case the Company is principal, it records revenue on a gross basis. However, to the extent the Company's role is only to arrange for another entity to provide the goods or services, then the Company is an agent and records revenue at the net amount that it retains for its agency services.

When determining the consideration to which the Company is entitled for providing promised products or services via intermediaries, the Company assesses whether the intermediary is a principal or agent in the onward sale to the end customer. To the extent that the intermediary is considered a principal, the consideration to which the Company is entitled is determined to be that received from the intermediary. To the extent that the intermediary is considered an agent, the consideration to which the Company is entitled is determined to be the amount received from the customer.

a. Service revenue

The Company recognizes revenue from Commission and Incentive as it is earned, i.e., upon transfer of control of services being transferred over time. Network capacity fee (NCF), net of taxes collected from the customer, is recognized over the subscription pack validity period. Commission, Incentive and Network capacity fee (NCF) is presented as subscription revenue.

Customer Onboarding revenue, installation and Rental revenue is deferred over the average expected customer life.

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.

b. Multiple element arrangements

The Company has entered into certain multiple-element revenue arrangements which involve the performance of multiple services. At the inception of the arrangement, all the deliverables therein are evaluated to determine whether they represent distinct performance obligations. Total consideration related to the multiple element arrangements is allocated to each performance obligation based on their standalone selling prices.

c. Cost to obtain or fulfil a contract with customer

The Company incurs certain costs to obtain or fulfil contracts with customers viz intermediary commission, etc. Where based on company's estimate of historic average customer life derived from customer churn rate is longer than 12 months, such costs are deferred and are recognized over the average expected customer life.

2.16 Borrowing costs

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

2.17 Exceptional items

Exceptional items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

2.18 Earnings per share ('EPS')

The Company presents the Basic and Diluted EPS.

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

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

3. Key source 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 within the next financial year are discussed below.

a. Useful lives of Property, plant and equipment

As described at 2.4 above, the Company reviews the estimated useful lives of property, plant and equipment at 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, change in economic conditions of the market, competition and technology, among others, are unpredictable and they may significantly impact the useful lives of PPE and therefore the depreciation charge. Refer note 2.4 and note 6 for the estimated useful life and carrying value of property, plant and equipment respectively.

b. Taxes

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

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.

d. Contingent liability & Provision

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favourable to the Company. Management in consultation with the legal, tax and other advisers assess the likelihood that a pending claim will succeed. The Company has applied its judgement and has recognised liabilities based on whether additional amounts will be payable and has included contingent liabilities where economic outflows are considered possible but not probable.

3.2 Critical Judgement's in applying the Company's accounting policies

The critical judgement's which the management has made in the process of applying the Company's accounting policies and has the most significant impact on the amount recognised in the said financial statements, is discussed below:

Revenue recognition and presentation

The Company assesses its revenue arrangements in order to determine if it is acting as a principal or as agent by determining whether it has primary obligation basis pricing latitude and exposure to credit / inventory risks 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.

4. Significant transactions / new developments

a. 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 the Code becomes effective.

b. Pursuant to Telecom Regulatory Authority of India's tariff order in relation to broadcasting services, the Company had entered into revised agreements with the broadcasters. With effect from April 1, 2019, basis such revised agreements and the provisions of the new tariff order, the Company had re-assessed its performance obligations, extent of control over broadcasted content and various other responsibilities and liabilities. Consequently, the Company had considered network capacity fee and commission and incentives from broadcasters as to subscription services, as part of its revenue from operations. Further, the Telecom Regulatory Authority of India had implemented second amendment to the tariff order effective from March 1, 2020 and the Company had implemented the same to the extent is applicable and is in control of Company, as a distributor.

On March 31, 2021, Ministry of Information and Broadcasting (MIB) has granted provisional license for providing DTH services to the Company w.e.f April 1, 2021. As per the amended guidelines, amongst other conditions, the validity of license which will be issued subsequently, would be 20 years and the License fee (LF) prescribed is @8% of AGR, calculated by excluding GST from gross revenue and the LF is to be paid on quarterly basis to MIB.

c. During the previous year ended March 31, 2020, the Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019 to pay taxes at a lower rate subject to certain conditions and accordingly, the Company has recognised provision for income tax and measured its deferred tax assets basis the rate prescribed in said section.

5. 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 digital TV services. Accordingly, no further operating segment financial information is disclosed.

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

6. 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, 2021 and March 31, 2020:

	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer	Leasehold improvements	Total
Gross carrying value							
As of April 1, 2019	**84,930**	**6**	**5**	**48**	**174**	**112**	**85,275**
Additions / capitalization	10,345	-	-	2	66	4	10,417
Disposals / adjustments	(495)	(1)	-	(1)	-	-	(497)
As of March 31, 2020	**94,780**	**5**	**5**	**49**	**240**	**116**	**95,195**
As of April 1, 2020	**94,780**	**5**	**5**	**49**	**240**	**116**	**95,195**
Additions / capitalization	12,135	-	-	2	72	-	12,209
Disposals / adjustments	(424)	-	-	-	-	-	(424)
As of March 31, 2021	**106,491**	**5**	**5**	**51**	**312**	**116**	**106,980**
Accumulated depreciation							
As of April 1, 2019	**65,426**	**6**	**5**	**48**	**109**	**112**	**65,706**
Charge for the year	7,306	-	-	2	42	-	7,350
Disposals / adjustment	(495)	(1)	-	(1)	-	-	(497)
As of March 31, 2020	**72,237**	**5**	**5**	**49**	**151**	**112**	**72,559**
As of April 1, 2020	**72,237**	**5**	**5**	**49**	**151**	**112**	**72,559**
Charge for the year	8,856	-	-	2	60	-	8,918
Disposals / adjustment	(421)	-	-	-	-	-	(421)
As of March 31, 2021	**80,672**	**5**	**5**	**51**	**211**	**112**	**81,056**
Net carrying amount							
As of March 31, 2020	22,543	-	-	-	89	4	22,636
As of March 31, 2021	25,819	-	-	-	101	4	25,924

Plant and equipment includes gross block of Rs. 101,549 and Rs. 89,939 for March 31, 2021 and March 31, 2020 respectively, accumulated depreciation of Rs. 77,388 and Rs. 69,302 for March 31, 2021 and March 31, 2020 respectively of set up boxes and other related equipment's installed at customer premise.

The carrying value of capital work-in-progress as at March 31, 2021 and March 31, 2020 is Rs. 3,212 and Rs. 2,578 respectively, which mainly pertains to plant and equipment.

Disposal / adjustments primarily represents write off of non-recovery of CPE from churn customers.

7. Intangible assets

The following table presents the reconciliation of changes in the carrying value of intangible assets for the year ended March 31, 2021 and March 31, 2020:

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

	Software	Licenses	Other acquired intangible assets	Total
Gross carrying value				
As of April 1, 2019	**624**	**100**	**67**	**791**
Additions	20	-	-	20
As of March 31, 2020	**644**	**100**	**67**	**811**
As of April 1, 2020	**644**	**100**	**67**	**811**
Additions	2	-	-	2
As of March 31, 2021	**646**	**100**	**67**	**813**
Accumulated Amortisation				
As of April 1, 2019	**601**	**100**	**66**	**767**
Charge for the year	21	-	-	21
Disposals / adjustments	-	-	1	1
As of March 31, 2020	**622**	**100**	**67**	**789**
As of April 1, 2020	**622**	**100**	**67**	**789**
Charge for the year	19	-	-	19
As of March 31, 2021	**641**	**100**	**67**	**808**
Net Carrying Amount				
As of March 31, 2020	22	-	-	22
As of March 31, 2021	5	-	-	5

8. Security deposits

Non-Current

	As of	
	March 31, 2021	**March 31, 2020**
Security deposits - considered good*	9	9
Considered doubtful	2	2
Less: allowance for doubtful deposits	(2)	(2)
	9	**9**

* It mainly includes Security deposits given towards miscellaneous deposits. It also includes amount due from related party. Refer note 30.

Current

	As of	
	March 31, 2021	**March 31, 2020**
Security deposits	65	69
	65	**69**

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

9. Income taxes

	For the year ended	
	March 31, 2021	**March 31, 2020**
Current income tax		
- For the year	2,495	1,749
- Adjustments for prior periods	(57)	-
	2,438	1,749
Deferred tax		
- Origination and reversal of temporary differences	(948)	490
- Relating to change in tax rate	-	2,913
	(948)	3,403
Income tax charge	**1,490**	**5,152**

Statement of Other Comprehensive Income

Deferred tax related to items charged or credited to Other Comprehensive Income during the year:		
- Re-measurement (losses) on defined benefit plans	1	1
Deferred Tax charged to Other Comprehensive Income	**1**	**1**

The reconciliation between the amounts computed by applying the statutory income tax rate to the profit before tax and income tax expenses / (credit) is summarised below:

	For the year ended	
	March 31, 2021	**March 31, 2020**
Profit before tax	4,133	9,008
Tax expense @ 25.168%	1,040	2,267
Effect of:		
Tax deductible in respect of donation	-	(11)
Effect of changes in tax rate	-	2,913
Adjustments in respect to previous year	(57)	-
Items non deductible	507	(17)
Income tax charge	**1,490**	**5,152**

The analysis of deferred tax assets / (liabilities) is as follows:

	As of	
	March 31, 2021	**March 31, 2020**
Deferred tax asset		
Allowance for impairment of debtors / advances	119	99
Employee benefits	38	34
Fair valuation of financial assets / derivative instruments / other investments and unrealized exchange fluctuation	(2)	(21)
Depreciation on PPE and ROU / amortisation on Intangible Assets	5,873	5,693
Rates and Taxes	1,127	335
Net deferred tax asset	**7,155**	**6,140**

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

	For the year ended	
	March 31, 2021	**March 31, 2020**
Deferred tax income / (expense)		
Allowance for impairment of debtors / advances	20	5
Minimum Alternate Tax	-	(337)
Employee benefits	4	(7)
Fair valuation of financial assets / derivative instruments / other investments and unrealized exchange fluctuation	19	(21)
Depreciation on PPE and ROU / amortisation on Intangible Assets	144	(2,344)
Rates and Taxes	761	(699)
Net deferred tax income / (expense)	**948**	**(3,403)**

The movement in deferred tax assets / (liabilities) during the year is as follows:

	As of	
	March 31, 2021	**March 31, 2020**
Opening balance	**6,140**	**9,564**
Tax credit / (expense) recognised in statement of profit or loss	948	(3,403)
Tax (expense) during the period recognized in equity under Ind AS 116	-	(22)
Tax credit recognised in OCI	1	1
Adjustment in respect of previous year	66	-
Closing balance	**7,155**	**6,140**

Deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences.

10. Other assets

Non-current

	As of	
	March 31, 2021	**March 31, 2020**
Advance (net)*	12	79
Cost to obtain a contract with the customer (refer note 24)	2,079	1,044
Capital advances	1	4
Prepaid expenses	6	10
	2,098	**1,137**

* Represent payments made to various Government authorities under protest and are disclosed net of provision.

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

Current

	As of	
	March 31, 2021	**March 31, 2020**
Taxes recoverable@	1,237	2,232
Prepaid expenses	252	251
Cost to obtain a contract with the customer (refer note 24)	480	159
Advances to suppliers (net)*	60	121
Others#	28	11
	2,057	**2,774**

@ Taxes recoverable include Goods and Service tax ('GST') and customs duty.

* Advance to suppliers are disclosed net of provisions of Rs. 94 and Rs. 85 as of March 31, 2021 and March 31, 2020 respectively.

\# Primarily includes employee receivables.

11. Investments

	As of	
	March 31, 2021	**March 31, 2020**
Investments at FVTPL		
Mutual Funds	1,896	7,293
	1,896	**7,293**
Aggregate book / Market value of quoted Investments		
Current	1,896	7,293

12. Trade receivables

	As of	
	March 31, 2021	**March 31, 2020**
Trade receivables considered good- unsecured*	2,315	1,554
Less: Allowances for doubtful receivables	(342)	(282)
	1,973	**1,272**

* It includes amount due from related parties (refer note 30).

Refer note 32 (1) (iv) for credit risk

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

The movement in allowances for doubtful receivables is as follows

Allowance for doubtful receivables

	As of	
	March 31, 2021	**March 31, 2020**
Opening balance	282	179
Additions	60	103
Closing balance	**342**	**282**

13. Cash and cash equivalents

	As of	
	March 31, 2021	**March 31, 2020**
Balances with banks		
- On current accounts	73	59
- Bank deposits with original maturity of 3 months or less	150	500
	223	**559**

Other bank balances

	As of	
	March 31, 2021	**March 31, 2020**
Term deposits with bank	12	23
Margin money deposit*	56	30
	68	**53**
Interest accrued (refer note 14)	(2)	(3)
	66	**50**

For the purpose of the cash flow statement, Cash and cash equivalents comprise of following: -

	As of	
	March 31, 2021	**March 31, 2020**
Cash and cash equivalents as per balance sheet	223	559
Bank overdraft	-	(115)
	223	**444**

* Margin money deposits represents amount given as collateral for legal cases and / or bank guarantees for disputed matters.

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

14. Financial assets – Others

Current

	As of	
	March 31, 2021	**March 31, 2020**
Unbilled revenue	12	103
Interest accrued on deposits	2	3
Claims / other recoverable	4	6
	18	**112**

15. Equity Share capital

	As of	
	March 31, 2021	**March 31, 2020**
Authorised shares		
520,000,000 (March 31, 2020 - 520,000,000) equity shares of Rs 10 each	5,200	5,200
Issued, subscribed and fully paid-up shares		
510,200,000 equity shares of Rs 10 each	5,102	5,102
	5,102	**5,102**

a. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to cast one vote per share. 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. The distribution will be in proportion to the number of equity shares held by the shareholder.

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

	As of			
	March 31, 2021		**March 31, 2020**	
	No. of shares in '000	**% holding**	**No. of shares in '000**	**% holding**
Equity shares of Rs 10 each fully paid up				
Bharti Airtel Limited (Holding Company)	362,242	71.00%	260,202	51.00%
Nettle Infrastructure Investments Limited	147,958	29.00%	147,958	29.00%
Lion Meadow Investment Limited	-	-	102,040	20.00%

During the year ended March 31, 2021, Bharti Airtel Limited acquired 20% equity share capital of the Company from Lion Meadow Investment Limited.

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

16. Reserve and surplus

a) **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company and re-measurement differences on defined benefit plans.

b) **Capital Reserve:** Capital reserve represents the fair valuation impact of the off-market loans provided by the parent Company.

17. Borrowings

Non-current

	As of	
	March 31, 2021	**March 31, 2020**
Unsecured		
Term loans#	-	8,427
- from other parties		
	-	**8,427**
Less: Interest accrued (refer note 20)	-	(28)
Less: Current portion	-	(2,913)
	-	**5,486**

includes re-borrowable term loans of Rs. 512 as of March 31, 2020 which had daily prepayment flexibility.

Current

	As of	
	March 31, 2021	**March 31, 2020**
Unsecured		
Term loans	17	4,108
Bank overdraft	-	115
	17	**4,223**

(This space has been intentionally left blank)

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

17.1 Analysis of borrowings

The details given below are gross of debt origination cost.

17.1.1 Repayment terms of borrowings

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

	As of March 31 , 2021					
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)*	Within one year	Between one and two years	Between two and five years
Term loans	7.5% - 9.0%	One time	1-1	17	0	-
				17	**0**	**-**

	As of March 31 , 2020					
	Interest rate (range)	Frequency of installments	Number of installments outstanding per facility (range)*	Within one year	Between one and two years	Between two and five years
Term loans	8.45% - 8.70%	One time	1-1	4,108	-	512
	7.80% - 9.15%	Half yearly	5-6	2,913	3,224	1,750
Bank overdraft	8.70%	Payable on demand	NA	115	-	-
				7,136	**3,224**	**2,262**

*The installments amount due is equal / equated per se.

17.1.2 Interest rate and currency of borrowings

	Weighted average rate of Interest	Total Borrowings	Floating rate borrowiongs	Fixed rate borrowiongs
INR	7.51%	17	0	17
March 31, 2021		**17**	**0**	**17**
INR	8.58%	12,622	12,622	-
March 31, 2020		**12,622**	**12,622**	**-**

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

18. Provisions

Non-current

	As of	
	March 31, 2021	March 31, 2020
Provision for employee benefits		
Gratuity	75	61
Other employee benefit plans	6	4
	81	**65**

Current

	As of	
	March 31, 2021	March 31, 2020
Provision for employee benefits		
Gratuity	21	27
Other employee benefit plans	47	41
Other Provision		
Subjudice Matters@	18,778	17,078
Others*	81	168
	18,927	**17,314**

@ The movement of provision towards subjudice matters is as below:

Subjudice Matters

	For the year ended	
	March 31, 2021	March 31, 2020
Opening balance	17,078	14,031
Provision created during the year	1,700	3,047
	18,778	17,078

* Others includes provision for warranty.

Refer note 25 for movement of provision towards employee benefits.

19. Trade payables

	As of	
	March 31, 2021	March 31, 2020
Due to micro and small enterprises	100	39
Others*	11,388	10,572
	11,488	**10,611**

* It includes amount due to related parties (refer note 30).

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

Micro, small & medium enterprises development Act, 2006 ('MSMED') disclosure

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

Sr No	Particulars	March 31, 2021	March 31, 2020
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	100	39
2	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	434	115
3	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	Amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
5	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.	-	-

20. Financial liabilities - Others

Current	As of	
	March 31, 2021	March 31, 2020
Payables against capital expenditure	2,604	1,876
Employee payables	113	121
Interest accrued	-	28
Security deposit*	613	470
Others#	576	7
	3,906	**2,502**

* It pertains to deposits received from channel partners which are repayable on demand after adjusting the outstanding amount, if any.

It mainly includes refund payable to active / inactive customers / partners.

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

21. Other liabilities

Current

	As of	
	March 31, 2021	**March 31, 2020**
Taxes payable*	6,511	2,877
	6,511	**2,877**

* Taxes payable mainly pertains to Goods & services Tax and payable towards subjudice matters.

22. Contingent liabilities and commitments

(i) Contingent liabilities

Claims against the Company not acknowledged as debt:

	As of	
	March 31, 2021	**March 31, 2020**
Taxes, duties and other demands		
(under adjudication / appeal / dispute)		
- VAT / Sales tax / Service tax / GST	74	1,710
- Custom duty	3	-
- Entry tax	281	257
- Entertainment tax	7,674	6,977
- Other miscellaneous demands	-	8
	8,032	**8,952**

The category wise detail of the liability has been given below: -

a) VAT / Sales tax / Service tax / GST

The Department has raised the demand order treating the installation of customer premise equipment for provision of DTH services as sale transaction. During the year ended March 31, 2021, the Company has reassessed the position and accordingly recorded provision against the same. The other demand includes cases relating to the appropriateness of declarations made by the Company under relevant sales tax legislations, which were primarily procedural in nature.

The GST demand relates to procedural compliance in regard to e-way bills, differences in ITC claimed and as available over GST portal.

Service Tax demand includes demand raised for alleged non-submission of proper supporting invoices on which credit has been availed.

b) Entry tax

In certain states an entry tax is levied on receipt of material from outside the state. This position has been challenged by the Company in the respective states on the grounds that the specific entry tax is ultra vires the Constitution. Classification issues have been raised whereby, in view of the Company, the material proposed to be taxed is not covered under the specific category.

During the year ended March 31, 2017, the Hon'ble Supreme Court of India upheld the constitutional validity of entry tax levied by few States. However, Supreme Court did not conclude certain aspects such as present levies in each State is discriminatory in nature or not, leaving them open to be decided by regular benches of the Courts.

c) Entertainment tax

The contingent liability for entertainment tax comprises of cases for levying entertainment tax on activation charges and interest on disputed dues.

Guarantees

Guarantees outstanding as of March 31, 2021 and March 31, 2020 amounting to Rs. 2,505 and Rs. 1,583 respectively have been issued by banks and financial institutions on behalf of the Company. These guarantees include certain financial bank guarantees which have been given for subjudice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

(ii) Commitments

The Company has contractual commitments towards capital expenditure (net of related advances) of Rs. 9,291 and Rs. 6,397 as of March 31, 2021 and March 31, 2020 respectively.

23. Exceptional items

Exceptional item comprises the following:

i. For year ended March 31, 2021:
   a) Charge on account of re-assessment of regulatory levies and taxes of Rs. 4,735.

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

ii. For year ended March 31, 2020:

a) Credit of Rs. 2,812 due to re-assessment of levies based on recent judgment.

b) Charge of Rs. 1,104 on account of rates and taxes, largely paid under protest in earlier years, arising from a detailed management review in light of High Court judgements in multiple states.

c) Charge of Rs. 1,681 on account of licence fees and interest based on a recent judgment on a similar matter.

24. Revenue from operations

	For the year ended	
	March 31, 2021	March 31, 2020
Subscription revenue	26,133	24,234
Others*	4,429	5,004
	30,562	**29,238**

* Others includes revenue from activation, hosting and shifting services.

Timing of Revenue Recognition	**Digital TV Services**	
	March 31, 2021	**March 31, 2020**
Services transferred over time	30,562	29,238
	30,562	**29,238**

Contract Balances

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

	As of	
	March 31, 2021	**March 31, 2020**
Unbilled Revenue (refer note 14)	12	103
Deffered Revenue	8,254	6,628

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

	For the year ended March 31, 2021	
	Unbilled Revenue	**Deferred Revenue**
Revenue recognised that was included in deferred revenue at the beginning of the year	-	4,635
Increases due to cash received, excluding amounts recognised as revenue during the year	-	6,261
Transfers from unbilled revenue recognised at the beginning of the year to receivables	103	-

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

Cost to obtain or fulfil a contract with the customer

The Company has estimated that the historical average customer life is longer than 12 months and believes that its churn rate provides the best indicator or anticipated average customer life.

	For the year ended	
	March 31, 2021	March 31, 2020
Cost to obtain a contract with the customer		
Opening balance	1,203	-
Cost incurred and deferred	1,693	1,280
Less: Cost amortised	337	77
	2,559	**1,203**

25. Employee benefits expense

	For the year ended	
	March 31, 2021	March 31, 2020
Salaries, wages and bonus	1,099	1,030
Contribution to provident and other funds	52	55
Staff welfare expenses	57	65
Defined benefit plan / other long term benefits	38	35
Others	7	10
	1,253	**1,195**

Defined benefit plan

The details of defined benefit obligations are as follows:

	For the year ended			
	March 31, 2021		March 31, 2020	
	Gratuity	Compensated absence	Gratuity	Compensated absence
Obligation:				
Balance at the beginning of the year	87	41	75	36
Current service cost	19	13	15	10
Interest cost	6	3	6	3
Benefits paid	(17)	(7)	(17)	(8)
Transfers	(3)	-	3	1
Remeasurements	4	(3)	5	(1)
Present value of obligation	**96**	**47**	**87**	**41**
Current portion	21	47	26	41
Non-Current portion	75	-	61	-

As at March 31, 2021, expected contribution for the next annual reporting period is Rs. 23.

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

Amount recognized in other comprehensive income

	For the year ended	
	March 31, 2021	**March 31, 2020**
Experience losses	2	2
Losses / (gains) from change in demographic assumptions	2	(1)
Losses from change in financial assumptions	0	4
Remeasurements on liability	**4**	**5**

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, 2021	**March 31, 2020**
Discount rate	6.79%	6.90%
Rate of salary increase	7.50%	7.50%
Rate of attrition	16% - 27%	23% - 39%
Retirement age	58	58

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:

		For the year ended	
		March 31, 2021	**March 31, 2020**
	Change in assumption	**Gratuity**	**Gratuity**
Discount rate	+1%	(3)	(2)
	-1%	3	2
Salary growth rate	+1%	3	2
	-1%	(3)	(2)

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.

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

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

The table below summarizes the maturity profile and duration of the gratuity liability:

	As of	
	March 31, 2021	**March 31, 2020**
Within one year	21	27
Within one - three years	38	37
Within three - five years	24	20
Above five years	40	24
Weighted average duration (in years)	3.93	2.38

26. Other expenses

	For the year ended	
	March 31, 2021	**March 31, 2020**
Customer care expenses	949	1,139
Information technology expenses	165	355
Rates, fees and taxes	72	117
Collection and recovery charges	126	156
Communication, space segment and other charges	1,724	942
Travelling and conveyance	72	133
Provision for doubtful debts	62	116
Administrative expense	53	91
Charity and donation#	250	64
Net loss / (gain) on derivative financial instruments	312	(121)
Others*	88	77
	3,873	**3,069**

As per the requirements of section 135 of the Act, the Company was required to spend an amount of Rs. 113 and Rs. 64 for the year ended March 31, 2021 and March 31, 2020 on corporate social responsibility expenditure. During the year ended March 31, 2021 and March 31, 2020, the Company has spent in cash an amount of Rs. 250 and Rs. 64 towards PM Cares Fund and education and sanitation respectively.

* Others mainly include legal and professional charges (including auditor remuneration excluding goods and services tax), rent and provision for stock.

	For the year ended	
	March 31, 2021	**March 31, 2020**
Audit fee	4	4
Reimbursement of expenses	0	0
	4	**4**

27. Depreciation and amortization expense

	For the year ended	
	March 31, 2021	**March 31, 2020**
Depreciation (including on ROU)	9,508	8,545
Amortisation	19	21
	9,527	**8,566**

Depreciation includes net book value of customer premise equipment relating to churn customers fully charged during the year Rs. 1,923 (March 31, 2020 - Rs. 1,777).

28. Finance costs

	For the year ended	
	March 31, 2021	**March 31, 2020**
Finance costs		
Interest expenses	320	1,098
Interest expenses - Finance lease	14	93
Net exchange loss	60	107
Other finance charges*	1,554	1,388
	1,948	**2,686**

* It includes bank charges, trade finance charges and interest charges towards subjudice matters.

29. Earnings per share

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

	For the year ended	
	March 31, 2021	**March 31, 2020**
Profit attributable to equity shareholder as per statement of profit and loss (A)	2,643	3,856
Weighted average number of equity shares for calculation of basic / diluted EPS per share (in thousands) (B)	510,200	510,200
Earnings per share		
Equity share of face value Rs. 10 per share		
Basic and Diluted (A / B)	5.18	7.56

30. Related Party disclosure

(a) List of Related Parties

i. Holding Company
Bharti Airtel Limited

ii. Ultimate controlling entity
Bharti Enterprises (Holding) Private Limited. It is held by private trusts of Bharti family, with Mr. Sunil Bharti Mittal's family trust effectively controlling the said Company.

iii. Entity having significant influence over the Company
Nettle infrastructure investments Limited

iv. Other entities with whom transactions have taken place during the reporting year

a. Fellow Companies (subsidiaries / associates other than that of the Company)

Subsidiaries

Bharti Airtel Services Limited
Indus Towers Limited (Formerly known as Bharti Infratel Limited)
Bharti Hexacom Limited
Telesonic Networks Limited
Nxtra Data Limited
Airtel Digital Limited (formerly known as Wynk Limited)
Bharti Axa General Insurance Company Limited

Associates

Airtel Payments Bank Limited

b. Other related parties*

Bharti Land Limited
Bharti Realty limited
Bharti Realty Holdings limited
Bharti Foundation
Fieldfresh Foods Private Limited
Centum Learning Limited
Bharti Enterprises limited
Gourmet Investments Private limited

*'Other related parties' 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 practices.

v. Key management personnel ('KMP')
Sunil Kumar Taldar

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

(b) The outstanding balance of above mentioned related parties are as follows:

	Holding Company	Fellow subsidiaries	Associates	Other related parties
As of March 31, 2021				
Trade payables	(145)	(167)	(12)	(107)
Trade receivables*	-	64	-	75
Guarantees and collaterals taken on behalf of others (Including Performance guarantees)	46	-	-	-
As of March 31, 2020				
Trade payables	(337)	(139)	-	(28)
Trade receivables*	-	50	9	76

Outstanding balances at period end are un-secured and settlement occurs in cash.

* Trade Receivable includes security deposit of Rs. 74 and Other receivables of Rs. 21.

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

In the ordinary course of business, there are certain transactions among the group entities, and all these transactions are on arm length basis.

(c) The summary of transactions with the above mentioned parties is as follows:

	For the year ended							
	March 31, 2021				March 31, 2020			
	Holding Company	Fellow subsidiaries	Associates	Other related parties	Parent company	Fellow subsidiaries	Associates	Other related parties
Rendering of Services	66	23	3	2	56	23	3	5
Receiving of Services	373	153	53	29	440	102	50	34
Expenses incurred on behalf of others	31	43	-	-	36	3	1	-
Expenses incurred on behalf of the Company	670	8	-	62	803	10	3	56
Donation	-	-	-	-	-	-	-	28
Guarantees and collaterals taken on behalf of others (Including Performance guarantees)	(8)	-	-	-	-	-	-	-
Loan Taken / (Repayment)	-	-	-	-	(200)	-	-	-

The significant related party transactions are summarized below:

	For the year ended	
	March 31, 2021	March 31, 2020
Receiving of services		
Holding Company		
Bharti Airtel Limited	373	440
Expenses Incurred on behalf of the Company		
Holding Company	670	803
Bharti Airtel Limited		

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

(d) Transactions and balances with KMP's

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise. Remuneration to key management personnel were as follows:

	For the year ended	
	March 31, 2021	March 31, 2020
Short-term employee benefits	33	29
Performance linked incentive ('PLI')#	10	10
Post-employment benefit	2	2
Share-based payment	19	9
	64	**50**

Value of PLI considered above represents incentive at 100% performance level. However, same will be paid on the basis of actual performance parameters in next year. During the year ended March 31, 2021, PLI of Rs. 12 (March 31, 2020: Rs. 11) pertaining to previous year has been paid.

As the liabilities for the gratuity and compensated absences are provided on an actuarial basis, and calculated for the Company as a whole rather than each of the individual employees, the said liabilities pertaining specifically to KMP are not known and hence, not included in the above table.

31. Leases

Right-of-use assets ('ROU')

The following table presents the reconciliation of changes in the carrying value of ROU asset for the year ended March 31, 2021 and March 31, 2020:

	Building	Transponder	Total
Balance as at April 1, 2019	56	1,664	1,720
Addition during the year	-	-	-
Adjustments	-	-	-
Depreciation charge for the year	(56)	(1,139)	(1,195)
Balance as at March 31, 2020	-	**525**	**525**
Balance as at April 1, 2020	-	525	525
Addition during the year	-	-	-
Adjustments	-	64	64
Depreciation charge for the year	-	(589)	(589)
Balance as at March 31, 2021	-	-	-

Amounts recognised in profit or loss

	For year ended March 31, 2021	For year ended March 31, 2020
Interest on lease liabilities	14	93
Expenses relating to short-term leases	975	327
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	10	7

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

Amounts recognised in statement of cash flows

	For year ended March 31, 2021	For year ended March 31, 2020
Total cash outflow for leases	657	1170

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date.

	As of March 31, 2021	As of March 31, 2020
Not later than one year	-	538
Later than one year but not later than five years	-	-
Later than five years	-	-
Total	**-**	**538**

32. Financial and capital risk

1. Financial risk

The business activities of the Company expose it to a variety of financial risks, namely market risks (that is, foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimize the potential adverse effects on its financial performance.

The financial risk management for the Company is driven by the Company's senior management ('CSM'), in close co-ordination with the internal / external experts subject to necessary supervision. The Company does not undertake any speculative transactions either through derivatives or otherwise. The CSM are accountable to the Board of Directors and Audit Committee. They ensure that the Company's financial risk-taking activities are governed by appropriate financial risk governance frame work, policies and procedures. The BOD of the Company periodically reviews the exposures to financial risks, and the measures taken for risk mitigation and the results thereof.

(i) Foreign currency risk

Foreign exchange risk arises on all recognized monetary assets and liabilities, and any highly probable forecasted transactions, which are denominated in a currency other than the functional currency of the Company. Foreign exchange exposure mainly arises from trade payables and equipment supply payables denominated in foreign currencies.

Foreign currency sensitivity

The impact of foreign exchange sensitivity on profit for the year and other comprehensive income is given in the table below:

	Change in currency exchange rate	Effect on profit before tax	Effect on equity (OCI)
For the year ended March 31, 2021			
US Dollars	+5%	(71)	-
	-5%	71	-
For the year ended March 31, 2020			
US Dollars	+5%	(44)	-
	-5%	44	-

The sensitivity disclosed in the above table is mainly attributable to, in case of foreign exchange gains / (losses) on translation of USD denominated trade payables and equipment supply payables.

The above sensitivity analysis is based on a reasonably possible change in the underlying foreign currency against the respective functional currency while assuming all other variables to be constant.

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

(ii) Interest rate risk

As the Company does not have exposure to any floating-interest bearing assets, or any significant long-term fixed-interest bearing assets, its interest income and related cash inflows are not affected by changes in market interest rates. Consequently, the Company's interest rate risk arises mainly from borrowings.

Borrowings

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

The Company monitors the interest rate movement and manages the interest rate risk based on its risk management policies as considered appropriate and whenever necessary.

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

Interest rate sensitivity of borrowings

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

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax
For the year ended March 31, 2021		
INR - borrowings	+100	(0)
	-100	0
For the year ended March 31, 2020		
INR - borrowings	+100	(126)
	-100	126

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

The above sensitivity analysis is based on a reasonably possible change in the underlying interest rate of the Company's borrowings in Rs. while assuming all other variables to be constant.

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

(iii) Price risk

The Company invests its surplus funds in various mutual funds (debt fund, equity fund, liquid schemes and income funds etc.), short term debt funds, government securities and fixed deposits. In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.

(iv) 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 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 and derivative financial instruments.

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

Trade receivables

The Trade receivables of the Company are typically non-interest bearing un-secured and derived from sales made to a large number of independent customers. As the customer base is widely distributed both economically and geographically, there is no concentration of credit risk.

The Company uses a provision matrix to measure the expected credit loss of trade receivables, which comprise a very large numbers of small balances. Refer note 12 for details on the impairment of trade receivables. Based on the industry practices and the 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.

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

	Neither past due nor impaired (excluding unbilled)	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, 2021	35	1,158	242	504	34	1,973
Trade Receivables as of March 31, 2020	35	752	363	122	-	1,272

Financial instruments and cash deposits

The Company's treasury, in accordance with the board approved policy, maintains its cash and cash equivalents, deposits - with banks, having good reputation and past track record, and high credit rating. Similarly, counter-parties of the Company's other receivables carry either no or very minimal credit risk. Further, the Company reviews the credit-worthiness of the counter-parties (on the basis of its ratings, credit spreads and financial strength) of all the above assets on an on-going basis, and if required, takes necessary mitigation measures.

(v) 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. It maintains adequate sources of financing including debt, and overdraft from domestic banks at an optimised cost. It also enjoys strong access to domestic and international capital markets across debt and equity.

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

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 borrowing 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 un-drawn 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 summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments: -

	As of March 31, 2021						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings* #	17	-	17	-	-	-	**17**
Other financial liabilities#	3,906	613	3,293	-	-	-	**3,906**
Trade payables	11,488	-	11,488	-	-	-	**11,488**
Financial liabilities	**15,411**	**613**	**14,798**	-	-	-	**15,411**

	As of March 31, 2020						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings* #	12,622	115	5,739	1,685	3,533	2,320	**13,392**
Other financial liabilities#	2,502	470	2,032	-	-	-	**2,502**
Lease liabilities	520	-	450	70	-	-	**520**
Trade payables	10,611	-	10,611	-	-	-	**10,611**
Financial liabilities	**26,255**	**585**	**18,832**	**1,755**	**3,533**	**2,320**	**27,025**

* It includes contractual interest payment based on interest rate prevailing at the end of the reporting period.

Interest accrued has been included in interest bearing borrowings and excluded from other financial liabilities.

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

(vi) Reconciliation to liabilities whose cash flow movements are disclosed as part of financing activities.

			Non Cash Changes		
	April 1, 2020	Cash Flows	Interest Expenses	Others	March 31, 2021
Borrowings	12,507	(12,500)	-	10	17
Interest accrued	28	(671)	(643)	-	-

(vi) 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, which is net debt divided by total capital plus net debt.

Net debt is calculated as loans and borrowings less cash and cash equivalents.

	As of	
	March 31, 2021	March 31, 2020
Borrowings	17	12,622
Less: Cash and cash equivalents	223	559
Less: Term deposits with bank	12	23
Net debt	**(218)**	**12,040**
Equity	(4,962)	(7,602)
Total capital	**(4,962)**	**(7,602)**
Capital and net debt	**(5,180)**	**4,438**
Gearing ratio	**4%**	**271%**

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

33. 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, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Financial Assets					
Fair value through Profit or loss					
Derivatives					
- Forward contacts	Level 2	2	122	2	122
Investments	Level 1	1,896	7,293	1,896	7,293
Amortised cost					
Trade receivables		1,973	1,272	1,973	1,272
Cash and cash equivalents		223	559	223	559
Other bank balances		66	50	66	50
Other financial assets		92	190	92	190
		4,252	**9,486**	**4,252**	**9,486**
Financial liabilities					
Fair value through Profit or loss					
Derivatives					
- Forward contacts	Level 2	72	-	72	-
Amortised cost					
Borrowings - fixed rate		17	-	17	-
Borrowings - Floating rate		-	12,622	-	12,622
Trade payables		11,488	10,611	11,488	10,611
Lease liability		-	520	-	520
Other financial liabilities		3,906	2,502	3,906	2,502
		15,483	**26,255**	**15,483**	**26,255**

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

i. The carrying value of trade receivables, trade payables, short-term borrowings, floating-rate long term borrowings, other current financial assets and liabilities approximate their fair value mainly due to the short-term maturities of these instruments / being subject to floating-rates.

ii. The fair value of non-current financial assets / liabilities is estimated by discounting future cash flows using current rates applicable to instruments with similar terms, currency, credit risk and remaining maturities.

iii. The fair values of derivatives are estimated by using pricing models, wherein the inputs to those models are based on readily observable market parameters. The valuation models used by the Company reflect the contractual terms of the derivatives (including the period to maturity), and market-based parameters such as interest rates, foreign exchange rates, volatility etc. These models do not contain a high level of subjectivity as the valuation techniques used do not require significant judgement and inputs thereto are readily observable.

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

The following table describes the key inputs used in the valuation (basis discounted cash flow technique) of Level 2 financial assets / liabilities as of March 31, 2021 and March 31, 2020:

Financial assets / liablities	Inputs used
-Other financial assets / other financial liablilities	Prevailing interest rates in market, future payouts, interest rates

During the year ended March 31, 2021 and March 31, 2020, 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.

34. COVID – 19

To tackle the COVID-19 pandemic which has resulted in phased lock downs with restrictions imposed on movement of people and goods for a prolonged period, the Government is taking necessary steps including rolling out of vaccination to minimise the impact on the economy, and continuous monitoring of the evolving situation.

Broadcast and Cable Services have been mentioned as an "Essential" service as per the relevant government orders / notifications. Consequently, the Company formulated a robust Business Continuity Plan to ensure that its operations are not disrupted. The Company has considered a range of possible scenarios to understand potential outcomes on its business and plan appropriately.

For the year ended March 31, 2021, the Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets and company believes that the carrying amount of these assets will be recovered.

The Company has updated the foregoing assessment as at March 31, 2021 and there is no material impact on the financial statements for the year ended March 31, 2021.