

**BHARTI AIRTEL SERVICES LIMITED**  
**Ind AS Financial Statements**

**March 31, 2022**

**BHARTI AIRTEL SERVICES LIMITED**  
**Ind AS Financial Statements – March 31, 2022**

**Contents**

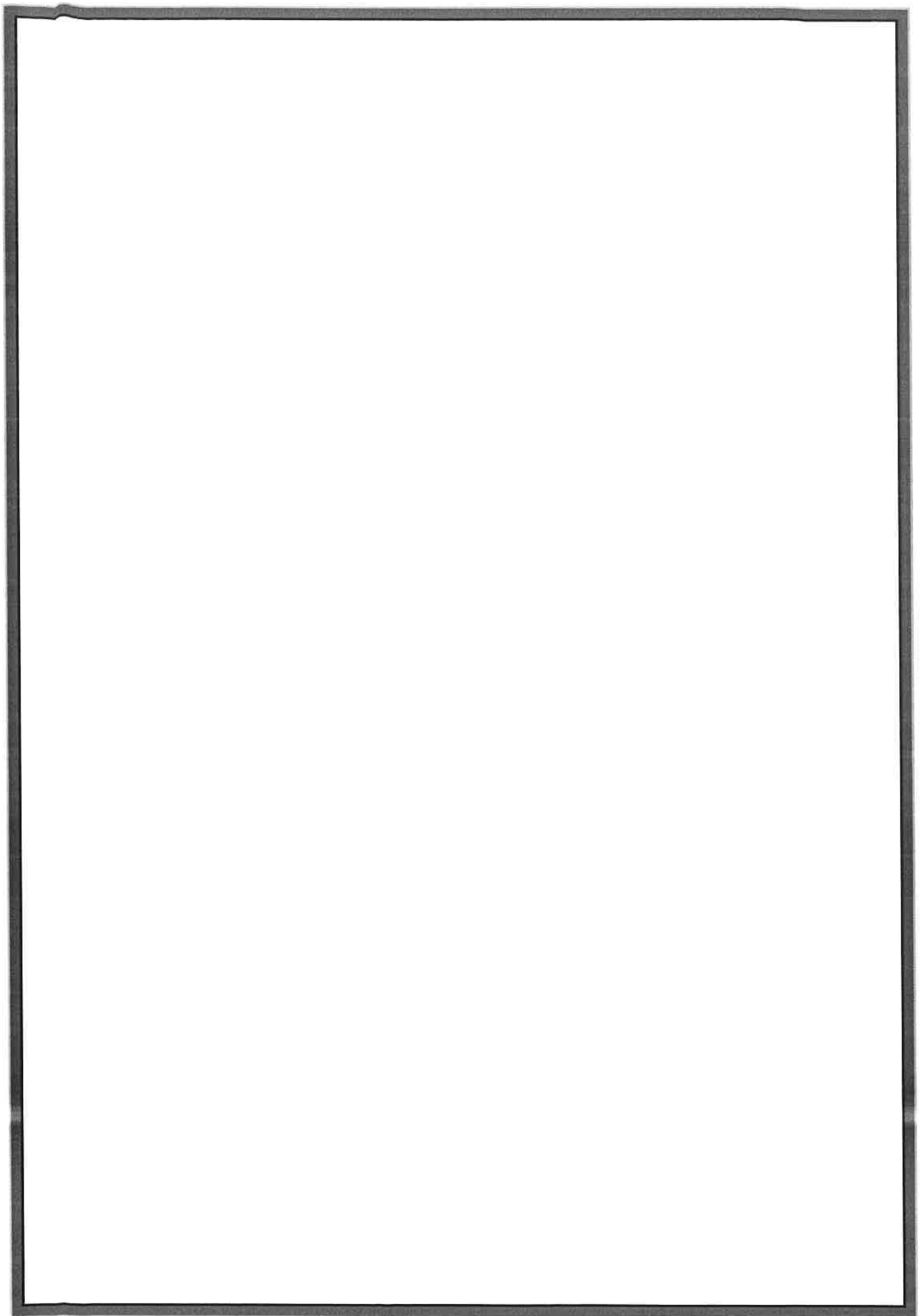
**Page No.**

**1) Independent Auditor's Report**

**2) Ind AS Financial Statements**

- Balance Sheet as of March 31, 2022 and March 31, 2021	1
- Statement of Profit and Loss for the year ended March 31, 2022 and March 31, 2021	2
- Statement of Changes in Equity for the year ended March 31, 2022 and March 31, 2021	3
- Statement of Cash Flows for the year ended March 31, 2022 and March 31, 2021	4
- Notes to the Financial Statements	5

## **Independent Auditor's Report**



## INDEPENDENT AUDITOR'S REPORT

### To The Members of **BHARTI AIRTEL SERVICES LIMITED** Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying Financial Statements of **BHARTI AIRTEL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, 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 the "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its Profit, total comprehensive Income, its changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing 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 Board of Director's report including annexures, but does not include the Financial Statements and our auditor's reports 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.



# Deloitte Haskins & Sells LLP

## **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, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of Company's internal financial controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



# Deloitte Haskins & Sells LLP

- 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 books of account.
  - d) In our opinion, the aforesaid Financial Statements comply with 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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.



# Deloitte Haskins & Sells LLP

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the company has not paid any managerial remuneration during the current, accordingly provisions of section 197 read with schedule V of the Act are not applicable to the company.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company 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; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv.
    - (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Act.





# Deloitte Haskins & Sells LLP

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

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Nilesh Lahoti**  
Partner  
(Membership No. 130054)  
(UDIN: 22130054ALKKYL2140)

Place: Gurugram  
Date: June 22, 2022

# Deloitte Haskins & Sells LLP

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **BHARTI AIRTEL SERVICES LIMITED** ("the Company") as at March 31, 2022 in conjunction with our audit of the Financial Statements of the Company as at and for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

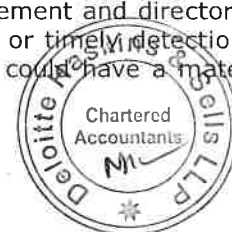
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable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

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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



# Deloitte Haskins & Sells LLP

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



A handwritten signature in black ink that appears to read "Nilesh".

**Nilesh Lahoti**  
Partner  
(Membership No. 130054)  
(UDIN: 22130054ALKKYL2140)

Place: Gurugram  
Date: June 22, 2022

# Deloitte Haskins & Sells LLP

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

(i) In respect of Company's Property, Plant and Equipment:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right of use assets.
- (b) As the Company does not hold any intangible assets, reporting under clause assets 3(i)(a)(B) of the Order is not applicable.
- (c) The Company, except for customer premises equipment, has a program of verification of property, plant and equipment to cover all the items once every 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment and capital work-in progress were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (d) With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment and capital work-in progress and according to the information and explanations given to us and based on the examination of the property tax receipts, utility bills for building constructed, registered sale deed / transfer deed / conveyance deed or court orders approving schemes of arrangements / amalgamations provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for as provided below.

Description of property	As at the Balance sheet date (Amount in Rs. million)		Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not being in Company's name
	Gross Carrying Value	Carrying value in the Financial Statement				
Land	44	44	Bharti Telcom Limited	No	Held since April 01, 2001	Agreement to sale of the property (land amounting 44 Mn and building gross block 25 Mn) has been executed by Bharti Telecom Ltd in favour of Bharti Airtel Services Ltd and company is in process to transfer of title deed.
Building	25	25	Bharti Telcom Limited	No	Held since April 01, 2001	Agreement to sale of the property (land amounting 44 Mn and building gross block 25 Mn) has been executed by Bharti Telecom Ltd in favour of Bharti Airtel Services Ltd and company is in process to transfer of title deed.



# Deloitte Haskins & Sells LLP

- (e) The Company has not revalued any of its property, plant and equipment, right of use. The Company does not have any intangible assets .
- (f) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)(a) The inventories, except for those lying with third parties, were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions on the basis of security of current assets, and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- (iv) According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) To the best of our knowledge and as explained to us, the maintenance of cost records has not been specified for the activities of the Company by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) In respect of statutory dues:
  - (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Duty of custom, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Duty of custom, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:



# Deloitte Haskins & Sells LLP

Name of the Statutes	Nature of the dues	Period to which the amount relates	Forum where dispute is pending	Disputed amount (Rs in million) *
Income Tax Act, 1961	Income Tax	2002-2003	Assessing Officer	19
Income Tax Act, 1961	Income Tax	2017-2018	CIT(A)	28
Income Tax Act, 1961	Income Tax	2014-2015	Commissioner Income Tax Appeals	5
UPVAT Act, 2008	VAT	2004-2005	Assistant Commissioner	0
The Gujarat VAT Act, 2003	VAT	2008-2009	Deputy Commissioner	1
The Kerala VAT Act, 2003	VAT	2013-2014	Deputy Commissioner Appeals	0
Telangana VAT Act, 2005	VAT	2013-2014	Telangana Appellate Tribunal	5
Goods and Services Tax Act, 2017	Jharkhand GST	2018-2019	Assistant Commissioner	1
Finance Act, 1994 (Service tax)	Service Tax	2008-2012	Customs Excise and Service Tax Appellate Tribunal	155
The Karnataka VAT Act, 2003	Sales Tax	2010-11	Deputy Commissioner	0
The Karnataka VAT Act, 2003	Sales Tax	2010-11	Karnataka Appellate Tribunal	1
The Gujarat VAT Act, 2003	Sales Tax	2008-2009	Deputy Commissioner	0
Haryana Tax on Entry of Goods Into Local Areas Act, 2008	Entry tax	2000-2003	Tribunal	14
Delhi VAT Act, 2004	VAT	2014-15	Objection hearing authority	0

The above-mentioned figures represent the total disputed cases without any assessment of Probable, Possible and Remote, as done in case of Contingent Liabilities. Of the above cases, total amount deposited in respect of Income Tax is Rs. 19 million, Goods and Services Tax Act, 2017 is Rs. 0 million, Sales Tax is Rs. 4 million and Entry Tax and other Local Area/Body Taxes is Rs. 11 million.

\*Amount appearing as '0' are less than half a million

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.



# Deloitte Haskins & Sells LLP

- (d) On an overall examination of the Financial Statements of the Company, the funds raised on short-term basis have, prima facie, not been used during the year for long-term purpose by the Company .
- (e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause (ix)(e) and (f) of the Order is not applicable.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report) and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2022.
- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its directors or directors of it's holding company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (b) The Parent Group has more than one CIC as part of the Parent Group. There are 2 CIC forming part of the Parent Group.



# Deloitte Haskins & Sells LLP

- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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



A handwritten signature in black ink that reads "Nilesh" with a long horizontal line extending to the right.

**Nilesh Lahoti**  
(Partner)  
(Membership No.130054)  
(UDIN: 22130054ALKKYL2140)

Place: Gurugram  
Date: June 22, 2022



**Ind AS Financial Statements**

**Bharti Airtel Services Limited**  
**Balance Sheet**  
*(All amounts are in millions of Indian Rupee)*

	Notes	As of	
		March 31, 2022	March 31, 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	102	389
Capital work-in-progress	5	36	53
Right-of-use assets	29	2	6
Investments	6	47	47
<b>Financial assets</b>			
- Other financial assets	7	2,068	1
Income tax assets (net)		297	69
Deferred tax assets (net)	8	229	372
Other non-current assets	9	123	149
		<b>2,904</b>	<b>1,086</b>
<b>Current assets</b>			
Inventories	10	2,263	501
<b>Financial assets</b>			
- Trade receivables	11	2,819	1,140
- Cash and cash equivalents	12	70	200
- Other bank balances	12	1	1
- Other financial assets	7	743	249
Other current assets	9	1,796	760
		<b>7,692</b>	<b>2,851</b>
<b>Total assets</b>		<b>10,596</b>	<b>3,937</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	13	1	1
Other equity		1,164	485
		<b>1,165</b>	<b>486</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
- Lease liabilities		-	1
- Other financial liabilities	18	2	2
Deferred revenue	21	56	36
Provisions	16	29	22
		<b>87</b>	<b>61</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	15	4,657	1,635
- Lease liabilities		3	7
- Trade payables			
-total outstanding dues of micro enterprises and small enterprises	17	422	17
-total outstanding dues of creditors other than micro enterprises and small enterprises	17	3,451	902
- Other financial liabilities	18	497	559
Deferred revenue	21	61	70
Provisions	16	13	17
Current tax liabilities (net)		33	61
Other current liabilities	19	207	122
		<b>9,344</b>	<b>3,390</b>
<b>Total liabilities</b>		<b>9,431</b>	<b>3,451</b>
<b>Total equity and liabilities</b>		<b>10,596</b>	<b>3,937</b>

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

Place: Gurugram



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

*Pankaj Tewari*

Pankaj Tewari  
Director

DIN : 08006533

Place: New Delhi

*Soumen Ray*

Soumen Ray  
Director

DIN : 09484511

Place: Gurugram

Date: June 22, 2022



**Bharti Airtel Services 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, 2022	March 31, 2021
<b>Income</b>			
Revenue from operations	21	9,446	5,045
Other income		952	268
		<b>10,398</b>	<b>5,313</b>
<b>Expenses</b>			
Cost of goods sold	22	7,336	2,896
Installation and maintenance expenses		824	1,153
Employee benefits expense	23	308	209
Sales and marketing expenses		18	19
Other expenses	24	468	233
		<b>8,954</b>	<b>4,510</b>
<b>Profit before depreciation, finance costs and tax</b>		<b>1,444</b>	<b>803</b>
Depreciation expense	5 & 29	144	209
Finance costs	25	12	3
<b>Profit before tax</b>		<b>1,288</b>	<b>591</b>
<b>Tax expense</b>			
Current tax	8	40	154
Deferred tax	8	119	(44)
		<b>159</b>	<b>110</b>
<b>Profit for the year</b>		<b>1,129</b>	<b>481</b>
<b>Other Comprehensive Income</b>			
Items not to be reclassified to profit or loss:			
- Re-measurement (loss) / gain on defined benefit plans	23	(0)	3
- Tax (credit) / charge	8	(0)	1
<b>Other comprehensive income for the year</b>		<b>(0)</b>	<b>2</b>
<b>Total comprehensive income for the year</b>		<b>1,129</b>	<b>483</b>
<b>Earnings per share (Face value of Rs.10/- each)</b>			
Basic and Diluted	26	11,287	4,810

The accompanying notes 1 to 34 form an integral part of these Financial Statements.

As per our report of even date

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

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No: 117366W / W-100018)



**Nitesh H. Lahoti**

Partner

Membership No: 130054

Place: Gurugram





**Pankaj Tewari**

Director

DIN : 08006533

Place: New Delhi



**Soumen Ray**

Director

DIN : 09484511

Place: Gurugram

Date: June 22, 2022



**Bharti Airtel Services Limited**  
**Statement of Changes in Equity**

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

	Equity share capital		Other equity - Reserves and Surplus	Total equity
	No. of shares (in '000')	Amount	Retained earnings	
<b>As of April 1, 2020</b>	<b>100</b>	<b>1</b>	<b>2</b>	<b>3</b>
Profit for the year	-	-	481	481
Other Comprehensive Income (net of tax)	-	-	2	2
<b>Total comprehensive income</b>	-	-	<b>483</b>	<b>483</b>
<b>As of March 31, 2021</b>	<b>100</b>	<b>1</b>	<b>485</b>	<b>486</b>
Profit for the year	-	-	1,129	1,129
Other comprehensive loss (net of tax)	-	-	(0)	(0)
<b>Total comprehensive income</b>	-	-	<b>1,129</b>	<b>1,129</b>
Dividend paid	-	-	(450)	(450)
<b>As of March 31, 2022</b>	<b>100</b>	<b>1</b>	<b>1,164</b>	<b>1,165</b>

The accompanying notes 1 to 34 form an integral part of these Financial Statements.

As per our report of even date

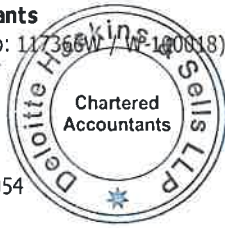
**For Deloitte Haskins & Sells LLP**  
**Chartered Accountants**

(Firm's Registration No: 117366W / W-140018)

**Nilesh H. Lahoti**  
**Partner**

Membership No: 130054

Place: Gurugram



**For and on behalf of the Board of Directors of Bharti Airtel Services Limited**

*(Handwritten signature of Pankaj Tewari)*

**Pankaj Tewari**  
**Director**

DIN : 08006533

Place: New Delhi

*(Handwritten signature of Soumen Ray)*

**Soumen Ray**  
**Director**

DIN : 09484511

Place: Gurugram

**Date:** June 22, 2022



**Bharti Airtel Services Limited**  
**Statement of Cash Flows**  
*(All amounts are in millions of Indian Rupee)*

	For the year ended	
	March 31, 2022	March 31, 2021
<b>Cash flows from operating activities</b>		
Profit before tax	1,288	591
<b>Adjustments for:</b>		
Depreciation expense	144	209
Finance costs	12	3
Foreign exchange gain (net)	(8)	(9)
Interest income	(35)	(2)
Dividend income	(897)	(236)
Loss on sale of business	118	-
Other non-cash items	99	141
<b>Operating cash flow before changes in assets and liabilities</b>	<b>721</b>	<b>697</b>
<b>Changes in assets and liabilities</b>		
Trade receivables	(1,901)	53
Trade payables	2,977	394
Inventories	(1,783)	(149)
Provisions	(4)	22
Other financial and non financial assets	(3,643)	(139)
Other financial and non financial liabilities	(90)	92
<b>Net cash (used in) / generated from operations before tax</b>	<b>(3,723)</b>	<b>970</b>
Income tax paid	(272)	(20)
<b>Net cash (used in) / generated from operating activities (a)</b>	<b>(3,995)</b>	<b>950</b>
<b>Cash flows from investing activities</b>		
Purchase / (sale) of property, plant and equipment	45	(70)
Proceeds from sale of business (refer note 4(i))	334	-
Dividend income	897	236
Interest received	35	2
<b>Net cash generated from investing activities (b)</b>	<b>1,311</b>	<b>168</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(5)	(5)
Proceeds from borrowings	15,349	5,719
Dividend paid	(450)	-
Repayments of borrowings	(12,326)	(6,680)
Interest and other finance charges paid	(14)	(3)
<b>Net cash used in financing activities (c)</b>	<b>2,554</b>	<b>(969)</b>
<b>Net (decrease) / increase in cash and cash equivalents during the year (a + b + c)</b>	<b>(130)</b>	<b>149</b>
Add : Cash and cash equivalents as at the beginning of the year	200	51
<b>Cash and cash equivalents as at the end of the year (refer note 12)</b>	<b>70</b>	<b>200</b>

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: 117266W-7-W-100018)



**Nitesh H. Lahoti**  
**Partner**

Membership No: 130054

Place: Gurugram



**For and on behalf of the Board of Directors of Bharti Airtel Services Limited**



**Pankaj Tewari**  
**Director**

DIN : 08006533

Place: New Delhi



**Soumen Ray**  
**Director**

DIN : 09484511

Place: Gurugram

**Date:** June 22, 2022



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

**1. Corporate information**

Bharti Airtel Services Limited ('the Company') is domiciled and incorporated in India as a public limited company on December 5, 1997. The registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110070, India.

The Company is primarily engaged in selling and rental of hardware for internet business, telecommunication equipment, handsets and allied services.

**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 accounting principles generally accepted in India.

The Financial Statements are approved for issue by the Company's Board of Directors on June 22, 2022.

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

All the amounts included in the Financial Statements are reported in millions of Indian Rupee ('Rupees' or 'Rs.') and are rounded off 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 judgments. It also requires the management to exercise judgement in the process of applying the Company's accounting policies. The areas where estimates are significant to the Financial Statements, or areas involving a higher degree of judgement or complexity, are disclosed in note 3.

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



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

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.

**New amendments adopted during the year**

**a) Amendments to Ind AS**

MCA vide notification no. G.S.R. 419(E) dated June 18, 2021 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2021 which amends following Ind AS (as applicable to the Company):

- Ind AS 116, Leases
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 27, Separate Financial Statements
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 38, Intangible Assets
- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- Ind AS 12, Income Taxes
- Ind AS 16, Property, Plant and Equipment

The amendments are applicable for annual periods beginning on or after the April 1, 2021, however, these do not have material impact on the Financial Statements of the Company.

**b) Amendments to Schedule III Division II**

MCA vide notification dated March 24, 2021, has amended disclosure requirements to Division II of Schedule III to the Act. The amendments are applicable from April 1, 2021.

**Amendments to Ind AS issued but not yet effective**

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

- Ind AS 103, Business Combinations
- Ind AS 109, Financial Instruments
- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The amendments are applicable for annual periods beginning on or after April 1, 2022. The Company has evaluated the amendments and the impact is not expected to be material.





**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

**2.2 Basis of measurement**

The Financial Statements have been prepared on the accrual and going concern basis, and the historical cost convention except where the Ind AS requires a different accounting treatment. The principal variations from the historical cost convention relate to financial instruments classified as fair value through profit or loss.

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

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

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

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

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

**2.3 Foreign currency transactions**

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

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences, on subsequent re-statement / settlement, recognised in the Statement of Profit and Loss. Non-monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the date of initial recognition (in case they are measured at historical cost) or at





**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

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.

#### **2.4 Current versus non-current classification**

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

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

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

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

#### **2.5 Property, plant and equipment ('PPE')**

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

Subsequent to initial recognition, PPE are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of PPE are required to be replaced at regular intervals, the Company recognises such parts as separate component of assets. When an item of PPE is replaced, then its carrying amount is 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.



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

Cost of assets not ready for intended use, as on the balance sheet date, is shown 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 lives, which is at variance with the life prescribed in Part C of Schedule II to the Act and has accordingly, depreciated the assets over such useful life. Freehold land is not depreciated as it has unlimited useful life.

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

<b>Categories</b>	<b>Years</b>
Building	20
Plant and machinery	2 – 10
Computers	3
Furniture and Fixtures	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 is 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 derecognised from the Balance Sheet and the resulting gains / losses are included in the Statement of Profit and Loss within other expenses / other income.



## **2.6 Impairment of non-financial assets**

### **Property, plant and equipment & Rights-of-use assets ('ROU')**

PPE (including CWIP) and ROU 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.

### **Reversal of impairment losses**

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

## **2.7 Financial instruments**

### **a. Recognition, classification and presentation**

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

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

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

The Company classifies its financial assets in the following categories: a) those to be measured subsequently at 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 financial liabilities measured at amortised cost.



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

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 – financial instruments**

**I. Initial measurement**

At initial recognition, the Company measures the non-derivative financial instruments 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 FVTPL. Interest (basis EIR method) and dividend income from financial assets at FVTPL is recognised in the Statement of Profit and Loss within other income separately from the other gains / losses arising from changes in the fair value.

**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 months, expected credit loss (ECL) is used to provide for impairment loss, otherwise lifetime ECL is used.

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



### **III. Subsequent measurement - financial liabilities**

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

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

#### **2.8 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 ROU 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 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 ROU, or is recorded in profit or loss if the carrying amount of the related ROU has been reduced to zero and there is a further reduction in the measurement of the lease liability.





**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

ROU 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, ROU 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 ROU are determined on the same basis as those of the underlying asset.

In the Balance Sheet, the ROU 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 ROU. Interest expense on the lease liability is a component of finance costs, which are presented separately in the Statement of Profit and 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 ROU and lease liabilities for short term leases that have a lease term of twelve months or less and leases of low value assets. The Company recognises lease payments associated with these leases as an expense on a straight line basis over the lease term.

**Company as a lessor**

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under a finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance lease income is allocated to the periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies Ind AS 115 'Revenue from Contracts with Customers' to allocate the consideration under the contract to each component.

## **2.9 Taxes**

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

### **a. Current tax**

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

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. However, deferred tax is not recognised if it arises from



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

---

initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

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

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

Income tax assets and liabilities are 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 Inventories**

Inventories are stated at the lower of cost (determined using the first-in-first-out method) and net realisable value. The costs comprise its purchase price and any directly attributable cost of bringing the inventories to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

## **2.11 Cash and cash equivalents**

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





## **2.12 Equity 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.

## **2.13 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 the Statement of Profit and Loss as and when the services are rendered by employees. The Company has no further obligations under these plans beyond its periodic contributions.

### **b. Defined benefit plans**

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

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

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

The interest expenses are calculated by applying the above mentioned discount rate to defined benefits obligations. The interest expenses on the defined benefits obligations are recognised in the Statement of Profit and Loss. However, the related re-measurements of the defined benefits obligations are recognised directly in the Other Comprehensive Income in the period in which they arise. The said re-measurements comprise of



actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions). Remeasurements are not re-classified to the Statement of Profit and Loss in any of the subsequent periods.

**c. Other long-term employee benefit**

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

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

**2.14 Provisions**

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

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

**2.15 Contingencies**

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

**2.16 Revenue recognition**

Revenue is recognised upon transfer of control of promised products or services to 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.



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

---

Revenue is recognised when, or as, each distinct performance obligation is satisfied. The main categories of revenue and the basis of recognition are as follows:

**a. Service revenues**

Service revenue mainly pertains to repair & maintenance, managed & support services and manpower services.

Revenue from rendering of manpower services is recognised on a man-month basis as and when services are rendered.

Other services revenues are recognised when the services are rendered over the period of time.

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. Sale of products**

Sale of products consist primarily of revenue from sale of telecommunication equipment, handsets and related accessories. Revenue from equipment sales is recognised when the control of such equipment is transferred to the customer. Installation charges are recognised on completion of performance obligation.

**c. Interest income**

The interest income is recognised using the EIR method. For further details, refer note 2.7.

**2.17 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.



## **2.18 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.

## **2.19 Earnings per share ('EPS')**

The Company presents the Basic and Diluted EPS.

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

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

## **3. Key sources of estimation uncertainties and critical judgements**

The estimates and judgements used in the preparation of the 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 year in which they become known.

### **3.1 Key sources of estimation uncertainties**

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



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

---

**a. Useful lives of PPE**

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

**b. 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.

**c. Contingent liability**

The Company is involved in various legal, tax and regulatory matters, the outcome of which may not be favorable 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. Refer note 20 for details of contingent liabilities.

*(This space has been intentionally left blank)*



**4. Significant transaction/new developments**

- i. During the year ended March 31, 2021, the Hon'ble National Company Law Tribunal, New Delhi, subject to the applicable sectoral approval, approved the composite Scheme of arrangement under Sections 230 to 232 of the Act ('Scheme') for transfer of Very Small Aperture Terminal ('VSAT') business of the Company and Bharti Airtel Limited, parent of the Company, on a going concern basis by way of slump sale and vesting of the same with Hughes Communications India Private Limited ('Hughes India') and HCIL Comtel Private Limited against the consideration of Rs. 334.29 and Rs. 663.21 respectively. During the year ended March 31, 2022, the Scheme has become effective on January 4, 2022 upon fulfillment of conditions and receipt of requisite approval(s).
- ii. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. The Ministry of Labour and Employment ('Ministry') has issued draft of the Code on Social Security (Central) Rules, 2020 on November 13, 2020 and has invited suggestions from stakeholders which are under active consideration by the Ministry. However, the date on which the Code will come into effect has not been notified. The Company is assessing the impact of the Code and will record any related impact in the period in which the Code becomes effective.

*(This space has been intentionally left blank)*





**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

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

The following table presents the reconciliation of changes in the carrying value of PPE for the year ended March 31, 2022 and March 31, 2021:

	Freehold land	Building	Plant and machinery*	Furniture and fixtures	Computers	Total
<b>Gross carrying value</b>						
Balance as of April 1, 2020	44	25	1,908	3	12	1,992
Additions	-	-	143	-	6	149
Disposals / adjustments	-	-	(2)	-	-	(2)
<b>As of March 31, 2021</b>	<b>44</b>	<b>25</b>	<b>2,049</b>	<b>3</b>	<b>18</b>	<b>2,139</b>
Balance as of April 1, 2021	44	25	2,049	3	18	2,139
Additions	-	-	25	-	20	45
Disposals / adjustments	-	-	(980)	-	(2)	(982)
<b>As of March 31, 2022</b>	<b>44</b>	<b>25</b>	<b>1,094</b>	<b>3</b>	<b>36</b>	<b>1,202</b>
<b>Accumulated depreciation</b>						
Balance as of April 1, 2020	-	23	1,511	3	10	1,547
Charge	-	2	201	-	2	205
Disposals / adjustments	-	-	(2)	-	-	(2)
<b>As of March 31, 2021</b>	<b>-</b>	<b>25</b>	<b>1,710</b>	<b>3</b>	<b>12</b>	<b>1,750</b>
Balance as of April 1, 2021	-	25	1,710	3	12	1,750
Charge	-	-	134	-	6	140
Disposals / adjustments	-	-	(789)	-	(1)	(790)
<b>As of March 31, 2022</b>	<b>-</b>	<b>25</b>	<b>1,055</b>	<b>3</b>	<b>17</b>	<b>1,100</b>
<b>Net carrying value</b>						
As of March 31, 2021	44	0	339	-	6	389
As of March 31, 2022	44	0	39	-	19	102

\*The following table summarizes the detail of significant part of assets given on lease: -

Plant and machinery	As of	
	March 31, 2022	March 31, 2021
Gross carrying value	1,094	2,047
Accumulated depreciation	1,055	1,708
<b>Net carrying value</b>	<b>39</b>	<b>339</b>

The carrying value of capital work-in-progress (CWIP) as of March 31, 2022 and March 31, 2021 is Rs. 36 and Rs. 53, respectively, which pertains to plant and machinery.

**CWIP ageing schedule**

**As of March 31, 2022**

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	36	-	-	-	36



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

As of March 31, 2021

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	53	0	0	0	53

**6 Investments**

**Non-current**

	As of	
	March 31, 2022	March 31, 2021
Nettle Infrastructure Investments Limited (5,000 equity shares of Rs 10 each fully paid up as of March 31, 2022) ( March 31, 2021 : 5,000 equity shares of Rs 10 each fully paid up)	0	0
Telesonic Networks Limited (4,696,358 equity shares of Rs 10 each fully paid up as of March 31, 2022) (March 31, 2021 : 4,696,358 equity shares of Rs 10 each fully paid up)	47	47
Investments in fellow subsidiaries (unquoted)	<b>47</b>	<b>47</b>
<i>Aggregate value of unquoted investments</i>	47	47

**7 Other financial assets**

**Non-current**

	As of	
	March 31, 2022	March 31, 2021
Finance lease receivables	2,068	-
Security deposits	-	1
	<b>2,068</b>	<b>1</b>

**Current**

	As of	
	March 31, 2022	March 31, 2021
Finance lease receivables	581	-
Unbilled revenue (refer note 21)	143	196
Others	19	53
	<b>743</b>	<b>249</b>





**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

**8 Income tax**

The major components of income tax expense are:

	For the year ended	
	March 31, 2022	March 31, 2021
<b>Amount recognised in Statement of Profit and Loss</b>		
<b>Current tax</b>		
- For the year	48	134
- Adjustments for prior periods	(8)	20
	40	154
<b>Deferred tax</b>		
- Origination and reversal of temporary differences	177	(44)
- Adjustments for prior periods	(58)	-
	119	(44)
<b>Income tax expense</b>	<b>159</b>	<b>110</b>
<b>Amount recognised in Other Comprehensive Income</b>		
Deferred tax related to items charged or credited to Other Comprehensive Income during the year:		
- Re-measurement (loss) / gain on defined benefit plans	(0)	1
<b>Deferred Tax (credited) / charged to Other Comprehensive Income</b>	<b>(0)</b>	<b>1</b>

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

	For the year ended	
	March 31, 2022	March 31, 2021
Profit before tax	1,288	591
Tax expense @ 25.168%	324	149
Effect of:		
Net deduction claimed under income tax act	(226)	(58)
Adjustments in respect to previous years	(59)	20
Adjustment in respect to deferred tax of previous years	(8)	-
Income not taxable (net)	34	(1)
Impact of VSAT business slump sale	94	-
<b>Income tax expense</b>	<b>159</b>	<b>110</b>

*(This space has been intentionally left blank)*



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

The analysis of deferred tax assets is as follows:

	As of	
	March 31, 2022	March 31, 2021
<b>Deferred tax asset</b>		
Allowance for impairment of debtors / advances	209	262
Provision for inventory	52	-
Employee benefits	9	10
Rates & Taxes	4	7
Property, plant and equipment / Right-of-use assets	(45)	93
<b>Deferred tax asset</b>	<b>229</b>	<b>372</b>
	For the year ended	
	March 31, 2022	March 31, 2021
<b>Deferred tax (expense) / credit</b>		
Allowance for impairment of debtors / advances	(37)	22
Provision for inventory	56	-
Employee benefits	-	6
Property, plant and equipment / Right-of-use assets	(44)	16
Impact of VSAT business slump sale	(94)	-
<b>Net deferred tax (expense) / credit</b>	<b>(119)</b>	<b>44</b>

The movement in deferred tax assets during the year is as follows:

	As of	
	March 31, 2022	March 31, 2021
<b>Opening balance</b>	<b>372</b>	<b>327</b>
Tax credit recognised in Statement of Profit and Loss	(119)	44
Tax expense recognised in OCI	0	1
Others	(24)	-
<b>Closing balance</b>	<b>229</b>	<b>372</b>

**9 Other assets**

**Non-current**

	As of	
	March 31, 2022	March 31, 2021
Prepaid expenses	118	142
Advances*	5	7
	<b>123</b>	<b>149</b>

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

**Current**

	As of	
	March 31, 2022	March 31, 2021
Prepaid expenses	197	144
Advances to suppliers	349	277
Taxes recoverable*	1,198	304
Others*	52	35
	<b>1,796</b>	<b>760</b>

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



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

\* It mainly includes earnest money deposit.

**10 Inventories**

	As of	
	March 31, 2022	March 31, 2021
Stock in trade **	2,263	456
Stores and spares*	-	45
	<b>2,263</b>	<b>501</b>

\*Net of allowance for diminution in value of Rs. 207 and Rs. 231 as of March 31, 2022 and March 31, 2021 respectively.

\*It includes inventory lying with third parties of Rs. 4 and Rs. 86 as of March 31, 2022 and March 31, 2021 respectively.

**11 Trade receivables**

	As of	
	March 31, 2022	March 31, 2021
Trade receivables considered good - unsecured*	3,510	2,019
Less: Allowances for doubtful receivables	(691)	(879)
	<b>2,819</b>	<b>1,140</b>

\*It includes amount due from related parties (refer note 28)

Refer note 30(1)(iii) for credit risk

**The movement in allowances for doubtful receivables is as follows:**

	For the year ended	
	March 31, 2022	March 31, 2021
Opening balance	879	784
Additions	104	141
Write off (net of recovery)	(253)	(46)
Adjustment on account of VSAT transfer	(39)	-
	<b>691</b>	<b>879</b>

**Trade receivables ageing schedule**

**As of March 31, 2022**

Particulars	Not due	Outstanding for following periods from due date of payment						Total
		Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years		
(i) Undisputed Trade receivables	1,500	1,410	150	70	109	271	3,510	
— considered good								
(ii) Disputed Trade Receivables	-	-	-	-	-	-	-	
— considered good								
Less: allowances for doubtful receivables							(691)	
Total Trade receivables							2,819	



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

As of March 31, 2021

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	260	787	258	221	153	340	2,019
(ii) Disputed Trade receivables – considered good	-	-	-	-	-	-	-
							2,019
Less: allowances for doubtful receivables							(879)
Total Trade receivables							1,140

**12 Cash and bank balances**

**Cash & cash equivalents ('C&CE')**

	As of	
	March 31, 2022	March 31, 2021
Balances with banks		
- On current accounts	47	165
Cash on hand	23	35
	<b>70</b>	<b>200</b>

**Other bank balances**

	As of	
	March 31, 2022	March 31, 2021
Margin money deposits	1	1
	<b>1</b>	<b>1</b>

**13 Equity share capital**

	As of	
	March 31, 2022	March 31, 2021
<b>Authorised shares</b>		
1,000,000 equity shares of Rs. 10 each	10	10
<b>Issued, subscribed and fully paid-up shares</b>		
100,000 equity shares of Rs.10 each	1	1
	<b>1</b>	<b>1</b>

a) **Reconciliation of the shares outstanding at the beginning and at the end of the year**

	As of			
	March 31, 2022		March 31, 2021	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	100,000	1	100,000	1
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>100,000</b>	<b>1</b>	<b>100,000</b>	<b>1</b>



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

b) **Rights, preferences and restrictions attached to Shares**

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

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

	As of			
	March 31, 2022		March 31, 2021	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs.10 each fully paid up Bharti Airtel Limited, the Parent company	99,994	99.99%	99,994	99.99%

d) **Shareholding of Promoters**

As of March 31, 2022

Shares held by promoters at the end of the year				% change during the year
S No.	Promoter Name	No. of shares	% of total shares	
1	Bharti Airtel Limited	99,994	99.99%	-

As of March 31, 2021

Shares held by promoters at the end of the year				% change during the year
S No.	Promoter Name	No. of shares	% of total shares	
1	Bharti Airtel Limited	99,994	99.99%	-

**14 Reserve and surplus**

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

**15 Borrowings**

**Current**

	As of	
	March 31, 2022	March 31, 2021
<b>Unsecured</b>		
Loan from parent Company (refer note 28)	3,207	1,635
Term loans	1,450	-
	<b>4,657</b>	<b>1,635</b>

**Analysis of borrowings**

The details given below are gross of debt origination cost.



**Repayment terms of borrowings**

<b>As of March 31, 2022</b>				
	<b>Interest rate (range)</b>	<b>Frequency of installments</b>	<b>Number of installments outstanding per facility</b>	<b>Within one year</b>
<b>Term loan</b>	0.0%	One time	On demand	3,207
<b>Term loans</b>	5.0-5.11%	One time	1	1,450
				<b>4,657</b>

<b>As of March 31, 2021</b>				
	<b>Interest rate (range)</b>	<b>Frequency of installments</b>	<b>Number of installments outstanding per facility</b>	<b>Within one year</b>
<b>Term loan</b>	0.0%	One time	On demand	1,635
				<b>1,635</b>

**16 Provisions**

**Non-current**

	<b>As of</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Gratuity	25	20
Other employee benefit plan	4	2
	<b>29</b>	<b>22</b>

**Current**

	<b>As of</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Gratuity	2	6
Other employee benefit plan	11	11
	<b>13</b>	<b>17</b>

Refer note 23 for movement of provision towards employee benefits.

**17 Trade payables**

	<b>As of</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Dues to micro enterprises and small enterprises	422	17
Others*	3,451	902
	<b>3,873</b>	<b>919</b>

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





**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

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

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

Sr No	Particulars	As of	
		March 31, 2022	March 31, 2021
1	Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	422	17
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	-	-
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.	-	-

**Trade payables ageing schedule**

**As of March 31, 2022**

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Dues to micro and small enterprises (A)	-	398	20	0	0	4	422
(ii) Others (B)	1,692	1,676	34	26	2	21	3,451
(iii) Disputed dues to micro and small enterprises (c)	-	-	-	-	-	-	-
(iv) Disputed dues - Others (D)	-	-	-	-	-	-	-
Total dues to micro and small enterprises (A+C)							422
Total Others (B+D)							3,451

**As of March 31, 2021**

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Dues to micro and small enterprises (A)	-	-	17	0	-	0	17
(ii) Others (B)	469	336	89	2	3	3	902
(iii) Disputed dues to micro and small enterprises (c)	-	-	-	-	-	-	-
(iv) Disputed dues - Others (D)	-	-	-	-	-	-	-
Total dues to micro and small enterprises (A+C)							17
Total Others (B+D)							902

**18 Other financial liabilities**

**Non-current**

Security deposits

	As of	
	March 31, 2022	March 31, 2021
Security deposits	2	2
	2	2



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

**Current**

	As of	
	March 31, 2022	March 31, 2021
Payables against capital expenditure	444	316
Employee payables	47	47
Others*	6	196
	<b>497</b>	<b>559</b>

\*It majorly includes dues to related parties (refer note 28)

**19 Other current liabilities**

	As of	
	March 31, 2022	March 31, 2021
Taxes payable*	98	58
Advance received from customers	109	64
	<b>207</b>	<b>122</b>

\* Taxes payable mainly pertains to GST and payable towards sub judice matters.

**20 Contingent liabilities and commitments**

**(i) Contingent liabilities**

**Claims against the Company not acknowledged as debt:**

	As of	
	March 31, 2022	March 31, 2021
Taxes, duties and other demands (under adjudication/appeal/dispute)		
-Service tax, Sales tax and GST	141	138
-Income tax	7	7
-Entry tax	111	107
-Others	-	0
	<b>259</b>	<b>252</b>

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

**a) Service Tax**

Department has raised the demand for reversal of CENVAT Credit on common input service used in trading as well as provision of taxable service.

**b) Sales Tax and GST**

Department has raised demands on various issues related to disallowance of input tax credit (ITC), difference in ITC availed in return GSTR-3B as compared to ITC available over GST portal, non submission of C and F forms, vehicle seizure cases and other miscellaneous issues.





**c) Income Tax demand**

Income tax demands under appeal mainly include the appeals filed by the Company before various appellate authorities against the disallowance by the income tax authorities of certain expenses being claimed.

**d) Entry Tax**

In certain states, an entry tax is levied on receipt of import 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 has also 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. The Company has recorded provision for entry tax dispute for states except for one state which is disclosed as contingent liability.

Considering the nature of above disputes/ litigations, it is difficult to reliably ascertain the timing of settlement.

**(ii) Commitments**

The Company has contractual commitments towards capital expenditure (net of related advances) and towards trading goods of Rs. 2,536 and Rs. 1,782 as of March 31, 2022 and March 31, 2021 respectively.

**21 Revenue from operations**

	For the year ended	
	March 31, 2022	March 31, 2021
Service revenue	2,135	1,619
Sale of traded goods*	7,311	3,426
	<b>9,446</b>	<b>5,045</b>

**Disaggregation of Revenue**

Revenue is disaggregated by major products / service lines and geographical market as follows:

Types of goods or services	For the year ended	
	March 31, 2022	March 31, 2021
Service revenue	2,135	1,619
Sale of traded goods*	7,311	3,426
	<b>9,446</b>	<b>5,045</b>

\* Includes price differential on dongles sales received from the Parent company.



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

**Geographical markets**

	For the year ended	
	March 31, 2022	March 31, 2021
India	9,086	4,922
Africa	295	68
Others	65	55
	<b>9,446</b>	<b>5,045</b>

Revenues from one customer amounting to Rs. 542 (March 31, 2021: Rs. 802), arising from rendering of Sales of dongles, Mifi Devices and other telecom hardware with allied services.

**Contract Balances**

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

	As of	
	March 31, 2022	March 31, 2021
Unbilled Revenue (refer note 7)	143	196
Deferred Revenue	117	106

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

	For the year ended	
	March 31, 2022	
	Unbilled Revenue	Deferred Revenue
Revenue recognised that was included in the deferred revenue balance at the beginning of the year		70
Increases due to cash received, excluding amounts recognised as revenue during the year		81
Transfers from Unbilled Revenue recognised at the beginning of the year to receivables	196	
Unbilled Created during the year but still outstanding at end of the year	143	

**22 Cost of goods sold**

	For the year ended	
	March 31, 2022	March 31, 2021
Inventory at the beginning of the year	501	362
Add: Purchases*	9,098	3,035
Less: Inventory at the end of the year	(2,263)	(501)
	<b>7,336</b>	<b>2,896</b>

\* Net of capital expenditure



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

**23 Employee benefits expense**

	For the year ended	
	March 31, 2022	March 31, 2021
Salaries, wages and bonus	265	195
Contribution to provident and other funds	11	4
Staff welfare expenses	19	-
Defined benefit plan / other long-term benefits	10	5
Others*	3	5
	<b>308</b>	<b>209</b>

\*It mainly includes recruitment and training expenses.

**23.1 Employee benefits**

The details of significant defined benefit obligations are as follows:

	For the year ended			
	March 31, 2022		March 31, 2021	
	Gratuity	Compensated absence	Gratuity	Compensated absence
<b>Obligation</b>				
Balance as at beginning of the year	26	11	11	4
Current service cost	4	2	4	2
Interest cost	2	1	1	0
Benefits paid	(3)	(1)	(2)	(1)
Transfers	(2)	(1)	15	8
Remeasurements	0	(1)	(3)	(2)
<b>Present value of obligation</b>	<b>27</b>	<b>11</b>	<b>26</b>	<b>11</b>
<b>Current portion</b>	<b>2</b>	<b>11</b>	<b>6</b>	<b>11</b>
<b>Non-current portion</b>	<b>25</b>	<b>-</b>	<b>20</b>	<b>-</b>

As of March 31, 2022, expected contributions for the next annual reporting period is Rs. 6.

**Amount recognised in Other Comprehensive Income**

	For the year ended	
	March 31, 2022	March 31, 2021
Experience gains	(0)	2
Gains from change in demographic assumptions	1	1
Gains from change in financial assumptions	(1)	0
<b>Remeasurements of defined benefits plans</b>	<b>0</b>	<b>3</b>

**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.



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

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

	As of	
	March 31, 2022	March 31, 2021
Discount Rate	7.20%	6.79%
Rate of salary increase	7.00%	7.50%
Rate of attrition	5% to 10%	24% to 26%
Retirement age	58	58

**Sensitivity analysis**

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

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

	Change in assumption	As of	
		March 31, 2022	March 31, 2021
		Gratuity	Gratuity
Discount Rate	+1%	(2)	(1)
	-1%	2	1
Salary Growth Rate	+1%	2	1
	-1%	(2)	(1)

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

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

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

	As of	
	March 31, 2022	March 31, 2021
Within one year	2	6
Within one - three years	4	10
Within three - five years	4	8
Above five years	19	2
<b>Total</b>	<b>29</b>	<b>26</b>
Weighted average duration (in years)	11.68	3.52



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

**24 Other expenses**

	For the year ended	
	March 31, 2022	March 31, 2021
Legal and professional charges*	35	26
Repair and maintenance	17	1
Allowance for doubtful receivables (net)	(149)	81
Collection and recovery charges	20	12
Charity and donation #	14	11
Bad debts written off	253	46
Miscellaneous expenses	278	56
	<b>468</b>	<b>233</b>

\*Details of Auditor's remuneration (excluding GST) included in legal and professional charges:

	For the year ended	
	March 31, 2022	March 31, 2021
-Audit fee	1	2
-Reimbursement of expenses	0	0
-Other services	-	2
	<b>1</b>	<b>4</b>

**#Additional informations pertaining to Corporate Social Responsibility ('CSR')**

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
(i) amount required to be spent by the company during the year	9	11
(ii) amount of expenditure incurred	9	11
(iii) shortfall at the end of the year	Nil	Nil
(iv) total of previous years shortfall	Nil	Nil
(v) reason for shortfall	NA	NA
(vi) nature of CSR activities	Company's CSR program focuses on promoting education for the underprivileged and livelihood enhancement education programs	Company's CSR program focuses on promotion of arts and culture as well as promoting education
(vii) details of related party transactions	Contributed an amount of Rs. 9 Mn to Bharti Foundation	Contributed an amount of Rs. 1 Mn to Bharti Foundation

**25 Finance costs**

	For the year ended	
	March 31, 2022	March 31, 2021
Interest expenses	8	-
Interest expense - lease liabilities	-	1
Other finance charges	4	2
	<b>12</b>	<b>3</b>

*(This space has been intentionally left blank)*



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

**26 Earnings per share ('EPS')**

The details used in the computation of Basic and Diluted EPS:

	For the year ended	
	March 31, 2022	March 31, 2021
Profit attributable to equity shareholders as per Statement of Profit and Loss (A)	1,129	481
Weighted average number of equity shares for calculation of basic earnings per share (B) (in thousands)	100	100
Weighted average number of equity shares for calculation of diluted earnings per share (C) (in thousands)	100	100
<b>Equity shares of face value of Rs 10 per share</b>		
Basic (A/B)	11,287	4,810
Diluted (A/C)	11,287	4,810

**27 Segment Reporting**

The Company operates only in one business segment viz. selling of hardware for internet and satellite business, telecommunication equipment, and sets and allied services. Accordingly, no operating segment financial information is disclosed.

**28 Related Party Disclosures**

**i. Parent 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 where Parent company exercises significant influence with whom transactions have taken place during the reporting periods**

Airtel Payments Bank Limited

**iv. Joint venture of the Parent company**

Indus Towers Limited (w.e.f November 19,2020)  
(formerly known as Bharti Infratel Limited)

**v. Other entities with whom transactions have taken place during the reporting periods**

**i. Fellow subsidiaries**

Bharti Hexacom Limited

Bharti Telemedia Limited

Telesonic Networks Limited

Nxtra Data Limited





**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

Indus Towers Limited (formerly known as Bharti Infratel Limited) (ceased to be a fellow subsidiary w.e.f November 19, 2020)

Bharti Airtel Lanka (Private) Limited

Bharti Airtel International (Netherlands) B.V.

Airtel Malawi plc

Airtel Network Kenya Limited

Airtel Networks Limited

Airtel Tanzania plc

Airtel Uganda Limited

Nettle Infrastructure Investments Limited

Airtel Digital limited

ii. **Other related parties**

Bharti Foundation

Bharti Realty Limited

Fieldfresh Foods Private Limited

Oak Infrastructure Developers Limited

Centum Learning Limited

Beetel Teletech Limited (formerly known as Brightstar Telecommunications India Limited)

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

*(This space has been intentionally left blank)*



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

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

Particulars	For the year ended March 31, 2022			
	Parent Company	Fellow Subsidiaries	Entity where Parent exercises significant influence and joint control	Other related parties
Purchase of fixed assets	1	-	-	-
Rendering of services/Sale of traded goods	3,517	566	118	617
Receiving of services/Purchase of traded goods	6	151	37	5,826
Fund transferred/Expenses incurred on behalf of others	3,260	1,862	-	-
Fund received/Expenses incurred on behalf of the Company	248	-	-	-
Donation	-	-	-	9
Finance income	40	1	-	-
Loans taken	13,899	-	-	-
Repayment of loan taken	12,326	-	-	-
Guarantees and collaterals taken on behalf of others (including performance guarantees)	20	-	-	-
Dividend Paid	450	-	-	-
Dividend income	-	897	-	-

Particulars	For the year ended March 31, 2021			
	Parent company	Fellow subsidiaries	Entity where Parent exercises significant influence and joint control	Other related parties
Purchase of fixed assets	5	-	-	192
Rendering of Services/Sale of traded goods	946	148	207	757
Receiving of services/Purchase of traded goods	2	35	-	214
Fund transferred/Expenses incurred on behalf of others	306	-	-	-
Fund received/Expenses incurred on behalf of the Company	108	-	-	-
Donation	-	-	-	1
Loans taken	5,719	-	-	-
Repayment of loan taken	6,680	-	-	-
Guarantees and collaterals taken on behalf of others (including performance guarantees)	32	-	-	-
Dividend income	-	236	-	-

*(This space has been intentionally left blank)*





**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

The significant related party transactions are as follows: -

	<b>For the year ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>(i) Rendering of services/Sale of traded goods</b>		
<b>Parent Company</b>		
Bharti Airtel Limited	3,517	946
<b>Fellow subsidiaries</b>		
Bharti Hexacom Limited	111	14
Bharti Airtel International (Netherlands) B.V.	289	68
Bharti Airtel Lanka (Private) Limited	65	55
<b>Entity where Parent exercises significant influence</b>		
Airtel Payments Bank Limited	82	174
<b>Other related parties</b>		
Beetel Teletech Limited (formerly known as Brightstar Telecommunications India Limited)	604	748
<b>(ii) Receiving of services/Purchase of traded goods</b>		
<b>Fellow subsidiaries</b>		
Airtel Digital Limited	-	31
<b>Other related parties</b>		
Beetel Teletech Limited (formerly known as Brightstar Telecommunications India Limited)	5,826	214
<b>(iii) Loan taken</b>		
<b>Parent Company</b>		
Bharti Airtel Limited	13,899	5,719
<b>(iv) Repayment of loan taken</b>		
<b>Parent Company</b>		
Bharti Airtel Limited	12,326	6,680
<b>(v) Dividend income</b>		
<b>Fellow subsidiaries</b>		
Nettel Infrastructure Investments Limited	897	236
<b>(vi) Purchase of fixed assets</b>		
<b>Other related parties</b>		
Beetel Teletech Limited (formerly known as Brightstar Telecommunications India Limited)	-	192
<b>(vii) Fund transferred/Expenses incurred on behalf of others</b>		
<b>Parent Company</b>		
Bharti Airtel Limited	3,260	306

*(This space has been intentionally left blank)*



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

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

	Parent company	Fellow subsidiaries	Entities where Parent exercises significant influence and joint control	Other related parties
<b>As of March 31, 2022</b>				
Trade Payables	-	182	0	1,432
Trade Receivables	102	462	274	7
Borrowings	3,207	-	-	-
Guarantees and collaterals	34	-	-	-
Other financial assets	3,060	399	-	-
<b>As of March 31, 2021</b>				
Trade Payables	-	56	-	28
Trade Receivables	257	178	342	3
Borrowings	1,635	-	-	-
Guarantees and collaterals	54	-	-	-
Other financial liabilities	66	-	120	-

Outstanding balances at year end are unsecured.

## 29 Leases

### Company as a lessee

#### ROU

The following table presents the reconciliation of changes in the carrying value of ROU assets for the year ended March 31, 2022 and March 31, 2021:

	<b>Plant and machinery</b>
Balance at April 1, 2020	11
Additions	-
Depreciation	(5)
<b>Balance at March 31, 2021</b>	<b>6</b>
Additions	-
Depreciation	(4)
<b>Balance at March 31, 2022</b>	<b>2</b>

- Plant & machinery: The Company leases plant and machinery comprising of hardware equipment.

### Amounts recognised in Statement of Profit and Loss

Leases under Ind AS 116	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease liabilities	-	1

### Amounts recognised in Statement of Cash Flows

Leases under Ind AS 116	For the year ended March 31, 2022	For the year ended March 31, 2021
Total cash outflow for leases	5	5



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

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

Leases under Ind AS 116	As of March 31, 2022
Not later than one year	3

**Company as a lessor - operating lease**

**Amounts recognised in Statement of Profit and Loss**

Leases under Ind AS 116	For the year ended March 31, 2022
Lease income	454

**Company as a lessor - finance lease**

**Amounts recognised in Statement of Profit and Loss**

Leases under Ind AS 116	For the year ended March 31, 2022
Selling profit	96
Finance income	41

Following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	As of	
	March 31, 2022	March 31, 2021
Less than one year	757	-
One to two years	621	-
Two to three years	624	-
Three to four years	628	-
Four to five years	501	-

**30 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 and interest rate risk), credit risk and liquidity risk. The Company's risk management strategies focus on the unpredictability of these elements and seek to minimise the potential adverse effects on its financial performance.

The financial risk management for the Company is driven by the Company's senior management ('CSM'), in close co-ordination with the operating entities and 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. They ensure that the Company's financial risk-taking activities are governed by appropriate financial risk governance framework, policies and procedures. The Board of Directors of the respective operating entities 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 recognised monetary assets and liabilities, and any highly probable forecasted transactions, which are denominated in a currency other than the functional currency of the Company. The Company has foreign currency trade payables and receivables. However, foreign exchange exposure mainly arises from trade payables and receivables denominated in foreign currencies.

The foreign exchange risk management policy of the Company requires it to manage the foreign exchange risk by transacting as far as possible in the functional currency. Moreover, the Company monitors the movements in currencies in which the capex vendors are payable and manage any related foreign exchange risk

**Foreign currency sensitivity**

The impact of foreign exchange sensitivity on profit for the year and Other Comprehensive Income is given in the table below:

	<b>Change in currency exchange rate</b>	<b>Effect on profit before tax</b>	<b>Effect on equity (OCI)</b>
<b>For the year ended March 31, 2022</b>			
US Dollars	+5%	21	-
	-5%	(21)	-
<b>For the year ended March 31, 2021</b>			
US Dollars	+5%	4	-
	-5%	(4)	-

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

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, interest bearing borrowings, its interest income / interest costs and related cash inflows / outflows are not affected by changes in market interest rates. Consequently, the Company does not have any significant interest rate risk.

**(iii) 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, investment in bank deposits.

**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.

As there is no independent credit rating of the customers available with the Company, the management reviews the credit-worthiness of its customers based on their financial position, past experience and other factors. The credit risk related to the trade receivables is managed / mitigated by each business unit, basis the Company's established policy and procedures, by setting appropriate payment terms and credit period, and by setting and monitoring internal limits on exposure to individual customers. The credit period provided by the Company to its customers generally up to 90 days.

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 11 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, except receivables from related parties.

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

	Neither past due nor impaired	Past due but not impaired				Total
		Less Than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade Receivables as of March 31, 2022	1,615	547	326	148	183	2,819
Trade Receivables as of March 31, 2021	260	370	120	109	281	1,140





The Company performs on-going credit evaluations of its customers' financial condition and monitors the credit-worthiness of its customers to which it grants credit in its ordinary course of business. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due. Where the financial asset has been written-off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in Statement of Profit and Loss.

### **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.

#### **(iv) 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 and debt at an optimised cost.

Moreover, the Company's senior management regularly monitors the rolling forecasts of the entities' liquidity reserve (comprising of the amount of available undrawn credit facilities and cash and cash equivalents) and the related requirements, to ensure they have sufficient cash on an ongoing 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 15.

Based on past performance and current expectations, the Company believes that the cash and cash equivalents, cash generated from operations and available undrawn credit facilities, will satisfy its working capital needs, capital expenditure, investment requirements, commitments and other liquidity requirements associated with its existing operations, through at least the next twelve months.

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



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

	As of March 31, 2022						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Borrowings (refer note 15)	4,657	3,207	1,457	-	-	-	4,664
Other financial liabilities	499	2	497	-	-	-	499
Trade payables	3,873	-	3,873	-	-	-	3,873
Lease liabilities	3	-	3	-	-	-	3
<b>Financial liabilities</b>	<b>9,032</b>	<b>3,209</b>	<b>5,830</b>	-	-	-	<b>9,039</b>

	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 (refer note 15)	1,635	1,635	-	-	-	-	1,635
Other financial liabilities	561	2	559	-	-	-	561
Trade payables	919	-	919	-	-	-	919
Lease liabilities	8	-	4	3	1	-	8
<b>Financial liabilities</b>	<b>3,123</b>	<b>1,637</b>	<b>1,482</b>	<b>3</b>	<b>1</b>	-	<b>3,123</b>

**(v) Reconciliation to liabilities whose cash flow movements are disclosed as part of financing activities in the Statement of Cash Flows.**

	Non cash changes				
	April 1, 2021	Cash flows	Interest expense	Foreign exchange movements	March 31, 2022
Borrowings		1,635	3,022	-	4,657

## 2. Capital Risk

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



**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

	As of	
	March 31, 2022	March 31, 2021
Borrowings (refer note 15)	4,657	1,635
Less: Cash and Cash Equivalents	70	200
<b>Net Debt</b>	<b>4,587</b>	<b>1,435</b>
Equity	1,165	496
<b>Total Capital</b>	<b>1,165</b>	<b>496</b>
<b>Capital and Net Debt</b>	<b>5,752</b>	<b>1,931</b>
<b>Gearing Ratio</b>	<b>79.7%</b>	<b>74.3%</b>

**31 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:

	Carrying Value as of		Fair Value as of	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Financial Assets</b>				
<b>Amortised cost</b>				
Trade receivables	2,819	1,140	2,819	1,140
Cash and cash equivalents	70	200	70	200
Other bank balances	1	1	1	1
Other financial assets	162	250	162	250
	<b>3,052</b>	<b>1,591</b>	<b>3,052</b>	<b>1,591</b>
<b>Financial Liabilities</b>				
<b>Amortised cost</b>				
Borrowings	4,657	1,635	4,657	1,635
Trade payables	3,873	919	3,873	919
Other financial liabilities	499	561	499	561
	<b>9,029</b>	<b>3,115</b>	<b>9,029</b>	<b>3,115</b>

Management has determined that the carrying amounts of trade receivables, trade payables, borrowings, cash and cash equivalents, security deposits and other financial liability reasonably approximate their fair values because these are short term in nature and repriced regularly.

**32 Title deeds of immovable properties not held in name of the Company**

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter* / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company**
PPE	Building	25	Bharti Telecom Limited	No	1-Apr-01	Agreement to sale of the property (land amounting 44 Mn and building gross block 25 Mn) has been executed by Bharti Telecom Ltd in favour of Bharti Airtel Services Ltd and company is in process of executing conveyance deed.
PPE	Land	44	Bharti Telecom Limited	No	1-Apr-01	





**Bharti Airtel Services Limited**  
**Notes to Financial Statements**

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

**33 Ratios**

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variance	Reason for variance
Current Ratio - [no. of times]	Current Assets	Current Liabilities	0.82	0.84	-2%	
Debt-equity Ratio - [no. of times]*	Non-Current borrowings (+) current borrowings (-) cash and cash equivalents	Equity	3.94	2.95	33%	Led by increase in Net debt on account of additional borrowings
Debt service coverage ratio - [no. of times]	Profit before depreciation, amortisation, finance costs, exceptional items and tax	Interest expenses (+) principal repayments of long-term debt (+) payment of lease liabilities	111.08	139.26	-20%	
Return on equity ratio - [no. of times]	Net Profit	Average Equity attributable to owners of the parent	1.37	1.97	-30%	Led by increase in Average Equity
Inventory turnover ratio - [no. of days]	Average inventory	Cost of goods sold / no of days for the period	69	54	26%	Led by increase in average inventory
Trade receivables turnover ratio - [no. of days]	Average trade receivables	Revenue from operations / no of days for the period	76	89	-14%	
Trade payables turnover ratio - [no. of days]	Average trade payables	Purchases / no of days for the period	96	87	11%	
Net capital turnover ratio - [no. of times]	Revenue from operations	Working Capital	(5.72)	(9.37)	-39%	Led by decrease in working capital
Net profit ratio (%)	Net Profit	Revenue from operations	11.9%	9.5%	25%	Led by increase in profit
Return on capital employed (%)	EBIT	Average Capital Employed*	9.0%	15.5%	-41%	Led by increase in Average capital

\*excluding lease liabilities

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

**34 Relationship with struck off companies**

Relationship with struck off Company	Nature of transactions	Name of struck off company	Balance outstanding as of March 31, 2022	Balance outstanding as of March 31, 2021
<b>Companies with Outstanding Balance of Less than INR 1 Mn</b>				
Vendor	Payables	ALPHA GATEWAY IT SOLUTIONS PVT LTD; SHIRI SAI BALAJI MULTIMEDIA PRIVATE LIMITED	0	0

