

Airtel Limited
Ind AS Financial Statements
March 31, 2023

Airtel Limited
Balance Sheet

(All amounts are in thousands of Indian Rupee)

Particulars	Notes	As of March 31, 2023	As of March 31, 2022
Assets			
Current assets			
Financial assets			
Cash and cash equivalents	3	104	100
		104	100
Total Assets		104	100
Equity and Liabilities			
Equity			
Equity share capital	4	100	100
Other equity		(318)	(190)
		(218)	(90)
Current liabilities			
Financial liabilities			
Borrowings	5	120	-
Other current Liabilities	6	202	190
		322	190
Total equity and liabilities		104	100

The accompanying notes 1 to 13 form an integral part of these Financial Statements.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No: 117366W / W-100018



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



Date : May 16, 2023

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



Soumen Ray
Director
DIN - 09484511
Place : Gurugram



Pankaj Tewari
Director
DIN - 08006533
Place : New Delhi



Airtel Limited
Statement of Profit and Loss

(All amounts are in thousands of Indian Rupee; except per share data)

Particulars	Notes	For the year ended March 31, 2023	For the period ended March 31, 2022
Income			
Revenue from operations		-	-
Expenses			
Other expenses	7	127	190
		127	190
Loss before finance cost and tax		(127)	(190)
Finance costs	8	1	-
Loss before tax		(128)	(190)
Tax expense			
Current Tax		-	-
Defferd Tax		-	-
		-	-
Loss for the year / period		(128)	(190)
Other comprehensive income for the year / period		-	-
Total comprehensive loss for the year / period		(128)	(190)
Loss per equity share (in Rs.)			
Face Value of Rs. 10 each	9		
Basic and Diluted		(12.8)	(19.0)

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

Particulars	Equity share capital		Other equity	Total equity
	No. of shares (in '000)	Amount	Reserve and surplus -Retained earnings	
At the date of incorporation	-	-	-	-
Loss for the period	-	-	(190)	(190)
Other comprehensive income	-	-	-	-
Total comprehensive Loss	-	-	(190)	(190)
Issue of equity shares	10	100	-	100
As of March 31, 2022	10	100	(190)	(90)
As of April 1, 2022	10	100	(190)	(90)
Loss for the year	-	-	(128)	(128)
Other comprehensive income	-	-	-	-
Total comprehensive Loss	-	-	(318)	(218)
	-	-	-	-
As of March 31, 2023	10	100	(318)	(218)

Retained earnings: Retained earnings represent the amount of accumulated earnings of the Company.

The accompanying notes 1 to 13 form an integral part of these Financial Statements.

As per our report of even date

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Date : May 16, 2023



Airtel Limited
Statement of Cash Flows

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

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
Cash flow from operating activities:		
Loss before tax	(128)	(190)
Adjustments for:		
Non cash items	-	-
Operating cash flow before changes in assets and liabilities	(128)	(190)
Changes in assets and liabilities :		
Other financial / non-financial assets	-	-
Other financial / non-financial liabilities	12	190
Cash used in operations before tax	(116)	(0)
Income taxes paid	-	-
Net cash used in operating activities (A)	(116)	(0)
Cash flow from investing activities:		
Purchase of investment	-	-
Sale of investment	-	-
Net cash used in investing activities (B)	-	-
Cash flow from financing activities:		
Proceeds from issue of equity shares	-	100
Proceeds from borrowings	120	-
Net cash generated from financing activities (C)	120	100
Net increase in cash & cash equivalents during the year / period (A+B+C)	4	100
Cash and cash equivalents at beginning of year / date of incorporation	100	-
Cash and cash equivalents at the end of the year / period (Refer Note 3)	104	100

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

The accompanying notes 1 to 13 form an integral part of these Financial Statements.

As per our report of even date

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Airtel Limited
Notes to Financial Statements

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

1. Corporate Information

Airtel Limited (the 'Company') was incorporated on March 16, 2021 under the provisions of the Companies Act, 2013 as a wholly owned subsidiary of Airtel Digital Limited. The Company was incorporated to principally engaged in providing telecommunication services in India. The registered office of the Company is situated at Airtel Centre, Plot no. 16, Udyog Vihar, Phase – IV, Gurugram – 122015, Haryana.

The Company has not yet commenced its commercial operations.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

The Financial Statements are based on the classification provisions contained in Ind AS 1, 'Presentation of Financial statements' and Division II of Schedule III (as amended) of 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 thousands of Indian Rupee ('Rupee' or 'Rs.') and are rounded to the nearest thousands, except per share data and unless stated otherwise. Further, due to rounding off, certain amounts are appearing as '0'.

Figures in the Financial Statements for the comparative period represent transactions between March 16, 2021 to March 31, 2022, and hence not comparable.



Airtel Limited

Notes to Financial Statements

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

New amendments adopted during the year

a. Amendments to Ind AS

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

- Ind AS 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, however, these do not have material impact on the Financial Statements of the Company.

Amendments to Ind AS issued but not yet effective

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

- Ind AS 102, Share-based Payments
- Ind AS 103, Business Combinations
- Ind AS 107, Financial Instruments: Disclosures
- Ind AS 109, Financial Instruments
- Ind AS 115, Revenue from Contracts with Customers
- Ind AS 1, Presentation of Financial Statements
- Ind AS 12, Income Taxes
- Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are applicable for annual periods beginning on or after April 1, 2023. The Company has evaluated the amendments and the impact is not expected to be material.

2.2 Basis of measurement

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



Airtel Limited

Notes to Financial Statements

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

Fair value measurement

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

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

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

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

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

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

2.3 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).

2.4 Equity share capital

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

2.5 Borrowing cost

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



Airtel Limited**Notes to Financial Statements***(All amounts are in thousands of Indian Rupee; unless stated otherwise)***2.6 Earnings per share ('EPS')**

The Company presents the Basic and Diluted EPS.

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

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

3. Cash and cash equivalents

Particulars	As of March 31, 2023	As of March 31, 2022
Balance with bank	104	100
	104	100

4. Equity Share capital

Particulars	As of March 31, 2023	As of March 31, 2022
Authorised shares		
10,000 (March 31, 2022 : 10,000) equity shares of Rs. 10 each	100	100
Issued, Subscribed and fully paid-up shares		
10,000 (March 31, 2022 : 10,000) equity shares of Rs. 10 each	100	100
	100	100



Airtel Limited**Notes to Financial Statements***(All amounts are in thousands of Indian Rupee; unless stated otherwise)***a. Reconciliation of the shares outstanding at the beginning and at the end of the year**

	For the year ended March 31, 2023		For the period ended March 31, 2022	
	No. of shares ('000')	Amount	No. of shares ('000')	Amount
At the beginning of the year / date of incorporation	10	100	-	-
Add: Issue of share capital during the year / period	-	-	10	100
Outstanding at the end of the year / period	10	100	10	100

b. Rights, preferences and restrictions attached to Shares

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

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

	As of March 31, 2023		As of March 31, 2022	
	No. of shares ('000')	% holding	No. of shares ('000')	% holding
Equity shares of Rs. 10 each fully paid up Airtel Digital Limited	10	99.94%	10	99.94%

d. Shareholding of Promoters**Shares held by Promoters as of March 31, 2023:**

S No.	Promoter Name	No. of shares ('000)	% of total shares	% Change during the year
1	Airtel Digital Limited	10	99.94%	0



Airtel Limited
Notes to Financial Statements

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

Shares held by Promoters as of March 31, 2022:

S No.	Promoter Name	No. of shares ('000)	% of total shares	% Change during the period
1	Airtel Digital Limited	10	99.94%	-

5. Borrowings

Particulars	As of March 31, 2023	As of March 31, 2022
Term Loan (refer Note 10)	120	-
	120	-

The above borrowings are repayable on demand and carry an interest rate of Repo rate + 100 bps.

6. Other financial liabilities

Particulars	As of March 31, 2023	As of March 31, 2022
Audit fees payable	116	127
Other payables*	86	63
	202	190

*includes incorporation charges payable and taxes payable

7. Other expenses

Particulars	For the year ended March 31, 2023	For the period ended March 31, 2022
Audit fees	127	127
Legal and professional fees	-	63
Total	127	190



Airtel Limited
Notes to Financial Statements

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

8. Earnings per share

	For the year ended March 31, 2023	For the period ended March 31, 2022
Loss attributable to equity shareholders as per Statement of Profit and Loss (A)	(128)	(190)
Weighted average number of equity shares ('000) for calculation of basic earnings per share (B)	10	10
Weighted average number of equity shares ('000) for calculation of diluted earnings per share (C)	10	10
Equity shares of face value Rs. 10 per share		
1) Basic (A/B)	(12.8)	(19.0)
2) Diluted (A/C)	(12.8)	(19.0)

9. Deferred Tax

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

10. Related party disclosures

(a) List of related parties

- i. **Parent company**
Airtel Digital Limited
- ii. **Intermediate parent company**
Bharti Airtel Limited

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

	For the year ended March 31, 2023	For the period ended March 31, 2022
Issue of equity shares		
Airtel Digital Limited	-	100
Loan Taken		
Bharti Airtel Limited	120	-



Airtel Limited**Notes to Financial Statements***(All amounts are in thousands of Indian Rupee; unless stated otherwise)***11. Financial and Capital risk****1. Financial risk**

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

(i) Interest rate risk

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

Borrowings

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

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

Interest rate sensitivity of borrowings

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

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



Airtel Limited
Notes to Financial Statements

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

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

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

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

(ii) Liquidity risk

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

Moreover, the Company's senior management regularly monitors the rolling forecasts of the entity's liquidity reserve (comprising of the amount of available un-drawn credit facilities and cash and cash equivalents) and the related requirements, to ensure they have sufficient cash on an on-going basis to meet operational needs while maintaining sufficient headroom at all times on its available un-drawn committed credit facilities, so that there is no breach of borrowings limits or relevant covenants on any of its borrowings. For details as to the borrowings, refer note 5.

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: -

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

	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	-	-	-	-	-	-	-
	-	-	-	-	-	-	-



Airtel Limited
Notes to Financial Statements

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

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

For the year ended March 31, 2023

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

For the year ended March 31, 2022

	Date of incorporation	Cash flows	Non-cash changes	March 31, 2022
Borrowings	-	-	-	-

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 and ensure future development of its business activities. In order to maintain or adjust the capital structure, the Company may issue new shares, declare dividends, return capital to shareholders, etc.

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

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

	As of	
	March 31, 2023	March 31, 2022
Borrowings	120	-
Less: Cash and cash equivalents	(104)	(100)
Net Debt (A)	16	(100)
Equity	(218)	(90)
Total capital (B)	(218)	(90)
Capital and Net Debt (A+B)	(202)	(190)
Gearing Ratio {A/(A+B)}	-8%	53%



Airtel Limited

Notes to Financial Statements

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

12. Fair value of financial assets and liabilities

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

Level	As of			
	Carrying Value		Fair Value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Financial Assets				
Amortised cost				
Cash & cash equivalents	104	100	104	100
	104	100	104	100
Financial Liabilities				
Amortised cost				
Borrowings	120	-	120	-
	120	-	120	-

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

- The carrying value of short-term borrowings approximate their fair value due to short-term maturities or where impact of discounting considered not to be material.

13. Ratios

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

