

Notes to financial statements

1. Corporate Information

Bharti Airtel Limited ('the Company') incorporated in India on July 7, 1995, is a company promoted by Bharti Telecom Limited ('BTL'), a company incorporated under the laws of India. The Company's shares are publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE'), India. The Registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

The Company is a leading telecommunication service provider in India providing telecommunication systems and services.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared under the historical cost convention and on an accrual basis except in case of assets for which revaluation is carried out and certain derivative financial instruments (refer note 3.13).

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except expenditure incurred on Corporate Social Responsibility ('CSR'), which was accounted as appropriation to statement of profit and loss during previous year (in accordance with the guidance issued by ICAI, 'FAQ on the provision of CSR under section 135 of the Companies Act 2013 and Rules thereon'). During current year, Company has aligned accounting treatment of CSR with Guidance Note on 'Accounting for Expenditure on Corporate Social Responsibility Activities' issued by the Institute of Chartered Accountants of India in May 2015. Accordingly, expenditure pertaining to CSR activities is charged as an expense in the statement of profit and loss (refer note 3.21).

These financial statements are presented in Indian Rupees ('Rupees' or '₹') and all amount are rounded to the nearest million ('Mn'), except as stated otherwise.

3. Summary of Significant Accounting Policies

3.1. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based

upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

3.2. Tangible Assets

Tangible Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes purchase price, the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects, if the recognition criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. When significant parts of tangible assets are required to be replaced in intervals, the Company recognises such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. Capital work in progress is valued at cost.

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

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of profit and loss on the date of retirement or disposal.

Assets are depreciated to the residual values on a straight-line basis over the useful lives of respective assets as estimated by the management. The depreciation period and the depreciation method for a tangible asset are reviewed at least at each financial year end. Changes in the expected useful life is accounted for as changes in accounting estimates and accounted prospectively over the remaining useful life. Changes in the expected pattern of consumption of future economic benefits embodied in the asset is accounted for as change in the depreciation method and accounted retrospectively, thus, depreciation is recalculated in accordance with the new method from the date of the asset coming into use and any excess or deficit on such re-computation is accounted in the statement of profit and loss when such change is effected. Freehold Land is not depreciated.

Notes to financial statements

Estimated useful lives of the assets are as follows:

	Years
Leasehold Land	Period of lease
Building	20
Building on Leased Land	20
Leasehold Improvements	Period of lease or 10 years, whichever is less
Plant & Equipment	3 – 20
Computer	3
Office Equipment	2 - 5
Furniture and Fixtures	5
Vehicles	5

The management basis its past experience and technical assessment has estimated the useful life, which is at variance with the life prescribed in Part C of Schedule II of the Companies Act, 2013 and has accordingly, depreciated the assets over such useful life.

3.3. Intangible Assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured. Intangible assets under development is valued at cost.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Gains and losses arising from retirement or disposal of the intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of profit and loss on the date of retirement or disposal.

Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year end. Changes in the expected useful life is accounted for as changes in accounting estimates and accounted prospectively over the remaining useful life. Changes in the expected pattern of consumption of future economic benefits embodied in the asset is accounted for as change in the amortisation method and accounted retrospectively, thus, amortisation is recalculated in accordance with the new method from the date of the asset coming into use and any excess or deficit on such re-computation is accounted in the statement of profit and loss when such change is effected.

(i) Software

Software is capitalised at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years. Software up to Rupees five hundred thousand, which has an independent use, is amortised over a period of one year from the date of place in service.

(ii) Licenses and Spectrum

Acquired licenses and spectrum are initially recognised at cost. Subsequently, they are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in the statement of profit and loss on a straight-line basis over the unexpired period of the license/spectrum commencing from the date when the related network is available for intended use in the respective jurisdiction. The amortisation period related to licenses/spectrum acquired in a amalgamation is determined primarily by reference to their unexpired period.

(iii) Bandwidth

Payment for bandwidth capacities are classified as pre-payments in service arrangements or under certain conditions as an acquisition of a right. In the latter case it is accounted for as intangible assets and the cost is amortised over the period of the agreements, which may not exceed a period of 15 years depending on the tenor of the agreement.

(iv) Other Acquired Intangible Assets

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

3.4. Leases

(i) Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and rewards incidental to ownership of the leased item, are classified as operating leases. Lease rentals with respect to assets taken on 'Operating Lease' are charged to the statement of profit and loss on a straight-line basis over the lease term.

Leases which effectively transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item are classified as finance lease. These are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

Leased assets are depreciated on straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated on straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

(ii) Where the Company is the Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease income in respect of 'Operating Lease' is recognised in the statement of profit and loss on a straight-line basis over the lease term. Assets subject to operating leases are included in fixed assets. Initial

Notes to financial statements

direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases in which the Company transfer substantially all the risks and rewards incidental to ownership of the asset are classified as finance leases.

Assets leased to others under finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance Income is recognised based on a pattern reflecting a constant periodic rate of return on the net investment of the lessor outstanding in respect of the finance lease. Initial direct costs are accounted over the lease term.

(iii) Indefasible right to use ('IRU')

As a part of operations, the Company enters into agreement for leasing assets under "Indefasible right to use" with third parties. Under the arrangement the assets are given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remain with the lessor. Hence, such arrangements are recognised as operating lease.

The contracted price is received in advance and is recognised as revenue during the tenure of the agreement. Unearned IRU revenue net of the amount recognisable within one year is disclosed as deferred revenue in other long term liabilities and the amount recognisable within one year is disclosed as deferred revenue in other current liabilities.

3.5. Borrowing Cost

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur.

3.6. Impairment of Assets

The carrying amounts of assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when annual impairment testing for an asset is required. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment losses, if any,

are recognised in the statement of profit and loss as a component of depreciation and amortisation expense.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

3.7. Asset Retirement Obligations (ARO)

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs are added to or deducted from the cost of the asset and depreciated prospectively over the remaining useful life.

3.8. Investment

Investment, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

3.9. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash on hand and cheques on hand, call deposits, and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.10. Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is determined on First in First out basis. Inventory costs include purchase price, freight inward and transit insurance charges. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Company provides for obsolete and slow-moving inventory based on management estimates of the usability of inventory.

Notes to financial statements

3.11. Revenue Recognition and Receivables

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the consideration received/receivable net off discounts, process waivers, and value added tax ("VAT"), service tax or duty. The Company assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

(i) Service Revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and very small aperture terminal ("VSAT") service usage charges, bandwidth services, roaming charges, activation fees, processing fees and fees for value added services ("VAS"). Service revenues also include revenues associated with access and interconnection for usage of the telephone network of other operators for local, domestic long distance and international calls and data messaging services.

Service revenues are recognised as the services are rendered and are stated net of discounts, process waivers and taxes. Revenues from pre-paid customers are recognised based on actual usage. Processing fees on recharge coupons is recognised over the estimated customer relationship period or coupon validity period, whichever is lower. Activation revenue and related activation costs, not exceeding the activation revenue, are deferred and amortised over the estimated customer relationship period. The excess of activation costs over activation revenue, if any, are expensed as incurred. Billings in excess of revenue recognised is treated as unearned and reported as deferred revenue in the balance sheet.

Service revenues from the internet and VSAT business comprise revenues from registration, installation and provision of internet and VSAT services. Registration fee and installation charges are deferred and amortised over the period of agreement with customer. Service revenue is recognised from the date of satisfactory installation of equipment and software at the customer site and provisioning of internet and VSAT services.

Revenues from national and international long distance operations comprise revenue from provision of voice services which are recognised on provision of services while revenue from provision of bandwidth services (including installation) is recognised over the period of arrangement.

(ii) Equipment Sales

Equipment sales consist primarily of revenues from sale of telecommunication equipment and related accessories. Revenue from equipment sales transactions are recognised when the significant risks and rewards of ownership are transferred to the buyer and when no significant uncertainty

exists regarding realisation of consideration. Installation charges are recognised as revenue on satisfactory completion of installation.

(iii) Investing and Other Activities

Income on account of interest and other activities are recognised on an accrual basis.

(iv) Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established.

(v) Provision for Doubtful Debts

The Company provides for amounts outstanding for more than 90 days from the date of billing, in case of active subscribers, roaming receivables, receivables for data services and for entire outstanding from deactivated customers net off security deposits or in specific cases where the management is of the view that the amounts from certain customers are not recoverable.

For receivables due from the other operators on account of their National Long Distance (NLD) and International Long Distance (ILD) traffic for voice and Interconnect Usage charges (IUC), the Company provides for amounts outstanding for more than 120 days from the date of billing, net of any amounts payable to the operators or in specific cases where the management is of the view that the amounts from these operators are not recoverable.

(vi) Unbilled Revenue

Unbilled revenue represent revenue recognised from last bill cycle date to the end of the reporting period. These are billed in subsequent periods based on the terms of the billing plans / contractual arrangements.

3.12. License fees – revenue share

The revenue-share fee on license and spectrum is computed as per the licensing agreement at the prescribed rate and is expensed as incurred.

3.13. Foreign Currency Translation, Accounting For Forward Contracts and Derivatives

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are translated using exchange rates prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates at the date when the values were determined.

Notes to financial statements

Exchange Differences

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Forward Exchange Contracts covered under AS 11, 'The Effects of Changes in Foreign Exchange Rates'

Exchange differences on forward exchange contracts and plain vanilla currency options for establishing the amount of reporting currency and not intended for trading & speculation purposes, are recognised in the statement of profit and loss in the year in which the exchange rate changes. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense for the year.

Exchange difference on forward contracts which are taken to establish the amount other than the reporting currency, arising due to the difference between forward rate available at the reporting date for the remaining maturity period and the contracted forward rate (or the forward rate last used to measure a gain or loss on the contract for an earlier period) are recognised in the statement of profit and loss for the year.

Other Derivative Instruments, not in the nature of AS 11, 'The Effects of Changes in Foreign Exchange Rates'

The Company enters into various foreign currency option contracts and interest rate swap contracts that are not in the nature of forward contracts designated under AS 11 as such and contracts that are not entered to establish the amount of the reporting currency required or available at the settlement date of a transaction; to hedge its risks with respect to foreign currency fluctuations and interest rate exposure arising out of foreign currency loan. In accordance with the ICAI announcement, at every year end, all outstanding derivative contracts are fair valued on a mark-to-market basis and any loss on valuation is recognised in the statement of profit and loss, on each contract basis. Any gain on mark-to-market valuation on respective contracts is not recognised by the Company, keeping in view the principle of prudence as enunciated in AS 1, 'Disclosure of Accounting Policies'. Any reduction in fair values and any reversals of such reductions are included in statement of profit and loss for the year.

Embedded Derivative Instruments

The Company occasionally enters into contracts, that do not in their entirety meet the definition of a derivative instrument, that may contain "embedded" derivative instruments – implicit or

explicit terms that affect some or all of the cash flow or the value of other exchanges required by the contract in a manner similar to a derivative instrument. The Company assesses whether the economic characteristics and risks of the embedded derivative are clearly and closely related to the economic characteristics and risks of the remaining component of the host contract and whether a separate, non-embedded instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. When it is determined that (1) the embedded derivative possesses economic characteristics and risks that are not clearly and closely related to the economic characteristics and risks of the host contract and (2) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument, the embedded derivative is separated from the host contract, carried at fair value as a trading or non-hedging derivative instrument. At every year end, all outstanding embedded derivative instruments are fair valued on mark-to-market basis and any loss on valuation is recognised in the statement of profit and loss for the year. Any reduction in mark-to-market valuations and reversals of such reductions are included in statement of profit and loss for the year.

Translation of Integral and Non-Integral Foreign Operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rate; income and expense items are translated at average exchange rates prevailing during the year; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

3.14. Employee Benefits

The Company's post employment benefits include defined benefit plan and defined contribution plans. The Company also provides other benefits in the form of other long-term employee benefits.

Under the defined benefit retirement plan, the Company provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Company.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the balance sheet. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as

Notes to financial statements

at the date of balance sheet. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

All expenses in respect of defined benefit plans, including actuarial gains and losses, are recognised in the statement of profit and loss as incurred.

The Company's contributions to defined contribution plans are recognised in statement of profit and loss when the employee renders the related services. The Company has no further obligations under these plans beyond its periodic contributions.

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits.

The employees of the Company are entitled to compensated absences based on the unavailed leave balance as well as other long term benefits. The Company records liability based on actuarial valuation computed under projected unit credit method. The Company presents the liability for compensated absences as a current liability in the balance sheet as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

3.15. Share Based Compensation

The Company issues equity-settled and cash-settled share-based options to certain employees. These are measured at fair value on the date of grant.

The fair value determined on the grant date of the equity settled share based options is expensed over the vesting period, based on the Company's estimate of the shares that will eventually vest.

The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period, based on the Company's estimates of the shares that will eventually vest. At each reporting date, until the liability is settled, and at the date of settlement, liability is re-measured at fair value, with any changes in fair value pertaining to the vesting period till the reporting date is recognised immediately in profit and loss.

Fair value is measured using Lattice-based option valuation model, Black-Scholes and Monte Carlo Simulation framework and is recognised as an expense, together with a corresponding increase in equity/liability, as appropriate, over the period in which the options vest using the graded vesting method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The expected volatility and forfeiture assumptions are based on historical information.

Where the terms of a share-based compensation are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based

payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

3.16. Taxes

(i) Current Income tax

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

(ii) Deferred Tax

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations, where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Indian Income-tax Act, 1961, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer reasonably certain or virtual certain, as the case may be, that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be realised.

At each balance sheet date, unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

Notes to financial statements

(iii) MAT Credit

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note on Accounting for credit available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

3.17. Segment Reporting

(i) Primary Segment

The Company operates in three primary business segments viz. Mobile Services, Telemedia Services and Airtel Business.

(ii) Secondary Segment

The Company has operations serving customers within India as well as in other countries located outside India. The operations in India constitute the major part, which is the only reportable segment, the remaining portion being attributable to others.

3.18. Earnings Per Share

The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit after tax attributable to equity shareholders. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares). The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares, if any.

3.19. Provisions and Contingencies

Provisions are recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is

virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.20. Multiple Element Contracts With Vendors

The Company enters into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under such contracts are accounted as Tangible assets or as Intangible assets in view of the substance of these contracts and existence of economic ownership in these assets.

3.21. Expenditure incurred on Corporate Social Responsibility ("CSR")

In accordance with the guidance note issued by Institute of Chartered Accountants of India (ICAI) on May 15, 2015, 'Accounting for Expenditure on Corporate Social Responsibility Activities', the amount of expenditure incurred on CSR is accounted as charge to the statement of profit and loss.

3.22. Exceptional Items

Exceptional items refer to items of income or expense within the income statement 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.

3.23. Amalgamation Accounting

The Company has treated the amalgamation in the nature of merger under pooling of interest method as there is continuity of business of the amalgamated Company and all the assets, liabilities and ownership is transferred to the Company.

4. Information about Business Segments - Primary

Segment Definitions:

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Notes to financial statements

Mobile Services - These services cover voice and data telecom services provided through wireless technology in India (2G/3G/4G). This includes the captive national long distance networks which primarily provide connectivity to the mobile services business in India. This also includes intra city fibre networks.

Telemedia Services - These services cover voice and data telecommunication services provided through fixed line network and broadband technology.

Airtel Business - These services cover end-to-end telecom solutions being provided to large Indian and

global corporations by serving as a single point of contact for all telecommunication needs across data and voice (domestic as well as international long distance), network integration and managed services.

Unallocated - Unallocated includes other income, profits/ (losses), assets (including non-current investments) and liabilities of the Company which are not allocated to the business segments and is primarily related to the corporate headquarter of the Company. These also include current tax (net of provisions of tax), deferred tax (net), MAT credit and borrowings not allocated to the primary business segments.

Summary of the Segmental Information for the year ended and as of March 31, 2016

						(₹ Millions)
Particulars	Mobile Services	Telemedia Services	Airtel Business	Unallocated	Eliminations	Total
Revenue						
Revenue from operations - external	500,080	43,908	59,014	-	-	603,002
Inter Segment Revenue	18,226	514	9,176	-	(27,916)	-
Total Revenue	518,306	44,422	68,190	-	(27,916)	603,002
Results						
Segment Result- Profit / (Loss)*	110,955	11,910	7,598	(134)	-	130,329
Finance costs (Income)*						23,132
Exceptional items #						6,799
Profit before tax						100,398
Tax expense						
-Current tax (including MAT Credit)						2,870
- Deferred tax charge						22,063
Profit for the period						75,465
Other Information						
Capital expenditure	425,954	11,807	8,025	932	(11,042)	435,676
Depreciation and amortisation expense	85,970	9,127	5,976	14	(5,656)	95,431
As of March 31, 2016						
Segment Assets	987,398	29,187	33,336	512,359	-	1,562,280
Inter Segment Assets	389,702	144,841	125,634	358	(660,535)	-
Advance tax (Net of provision for tax)				829		829
MAT Credit				56,279		56,279
Total Assets	1,377,100	174,028	158,970	569,825	(660,535)	1,619,388
Segment Liabilities**	564,869	11,238	32,220	133,809	-	742,136
Inter Segment Liabilities	54,374	98,544	70,105	437,512	(660,535)	-
Deferred Tax Liability (net)	-	-	-	32,784	-	32,784
Total Liabilities	619,243	109,782	102,325	604,105	(660,535)	774,920

* Segment results exclude finance income of ₹ 12,458 Mn is netted off from finance costs for the purpose of segment reporting.

** Unallocated liabilities includes amount borrowed for the acquisition of 3G and BWA Licenses (including spectrum) of ₹ Nil.

Exceptional items represents regulatory fee provisions arising out of re-assessment of certain positions and operating cost on network refarming and up-gradation program.

Notes to financial statements

Summary of the Segmental Information for the year ended and as of March 31, 2015

(₹ Millions)

Particulars	Mobile Services	Telemedia Services	Airtel Business	Unallocated	Eliminations	Total
Revenue						
Revenue from operations external	464,426	40,195	50,343	-	-	554,964
Inter Segment Revenue	18,508	849	8,955	-	(28,312)	-
Total Revenue	482,934	41,044	59,298	-	(28,312)	554,964
Results						
Segment Result- Profit / (Loss)*	112,562	8,506	3,786	(4,004)	-	120,850
Finance costs (Income)*						(35,703)
Profit before tax						156,553
Tax expense						
-Current Tax (including MAT Credit)						23,302
- Deferred Tax Charge						1,246
Profit for the year						132,005
Other Information						
Capital expenditure	228,213	7,598	6,356	452	(6,772)	235,847
Depreciation and amortisation	66,079	9,040	5,483	11	(5,016)	75,597
As of March 31, 2015						
Segment Assets	632,821	29,103	32,356	531,308	-	1,225,588
Inter Segment Assets	435,337	76,880	90,661	-	(602,878)	-
MAT Credit	-	-	-	38,649	-	38,649
Total Assets	1,068,158	105,983	123,017	569,957	(602,878)	1,264,237
Segment Liabilities**	337,154	8,774	29,484	94,877	-	470,289
Inter Segment Liabilities	48,602	42,556	41,464	470,256	(602,878)	-
Provision for Tax (Net of Advance Tax)	-	-	-	498	-	498
Deferred Tax Liability (net)	-	-	-	10,721	-	10,721
Total Liabilities	385,756	51,330	70,948	576,352	(602,878)	481,508

* Segment result excludes finance income of ₹ 49,794 Mn, which is netted off from finance costs for the purpose of segment reporting

** Unallocated liabilities includes amount borrowed for the acquisition of 3G and BWA Licenses (including spectrum) of ₹ 8,153 Mn

Notes:

1. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.
2. Segment results represent profit/(loss) before finance costs (net of finance income), exceptional items and tax.
3. Capital expenditure represents gross additions to fixed assets and capital advance given for acquiring tangible and intangible assets during the year.
4. Inter segment assets / liabilities represent the inter segment account balances.
5. Inter segment revenue is accounted for on terms established by the management on arm's length basis. These transactions have been eliminated at the Company level.

Notes to financial statements

Information about Geographical Segment – Secondary

The Company has operations serving customers within India as well as located in other countries. The information relating to the geographical segments in respect of customers being served and assets within India, which is the only reportable segment, the remaining portion being attributable to others, is presented below :

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Segment Revenue from external customers based on geographical location of customers		
Within India	562,696	518,924
Others	40,306	36,040
	603,002	554,964
Carrying amount of Segment Assets by geographical location of assets		
Within India	1,211,299	978,816
Others	408,089	285,421
	1,619,388	1,264,237
Cost incurred during the year to acquire Segment Assets by geographical location of assets		
Within India	434,656	234,197
Others	1,020	1,650
	435,676	235,847

Notes:

1. Segment assets include tangible, intangible, current and other non-current assets.
2. Cost incurred during the year to acquire segment assets represents gross additions to fixed assets and capital advance given for acquiring tangible and intangible assets during the year.

5. Share Capital

Particulars	(₹ Millions)	
	As of March 31, 2016	As of March 31, 2015
Authorised shares		
5,000,000,000 (March 31, 2015 - 5,000,000,000) equity shares of ₹ 5 each	25,000	25,000
Issued, Subscribed and fully paid-up shares		
3,997,400,102 (March 31, 2015 - 3,997,400,102) equity shares of ₹ 5 each	19,987	19,987
	19,987	19,987

Note:

21,474,527 Equity shares of ₹ 10 each were allotted as fully paid-up shares upon the conversion of Foreign Currency Convertible Bonds (FCCBs) during the financial years from 2007-08 to 2009-10 (42,949,054 equity shares post share split of one equity share of ₹ 10 each into 2 equity shares of ₹ 5 each)

Notes to financial statements

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

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	No.	₹ Mn	No.	₹ Mn
At the beginning of the year	3,997,400,102	19,987	3,997,400,102	19,987
Issued during the year	-	-	-	-
Outstanding at the end of the year	3,997,400,102	19,987	3,997,400,102	19,987

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

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

Particulars	As of March 31, 2016		As of March 31, 2015	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid up				
Bharti Telecom Limited	1,802,318,492	45.09%	1,747,545,460	43.72%
Pastel Limited	591,319,300	14.79%	591,319,300	14.79%
Indian Continent Investment Limited	265,860,986	6.65%	265,860,986	6.65%
LIC of India Child Fortune Plus Balanced Fund	203,878,856	5.10%	-	-
Three Pillar Pte Limited	199,870,006	5.00%	199,870,006	5.00%

6. Reserves and Surplus

Particulars	(₹ Millions)	
	As of March 31, 2016	As of March 31, 2015
Capital Reserve		
Opening balance	51	51
Acquired under the scheme of amalgamation*	8,700	-
Closing balance	8,751	51
Securities Premium Reserve		
Opening balance	107,967	107,936
Additions during the year	274	31
Closing balance	108,241	107,967
Revaluation Reserve	21	21
Employee Stock Options Outstanding		
Opening balance	756	2,365
Add : Addition during the year	520	80
Less : Forfeiture/Exercise	768	1,689
Closing balance	508	756
Reserve for Business Restructuring		
Opening balance	24,912	24,912
Less : Adjustment due to amalgamation*	8,599	-
Closing balance	16,313	24,912

Notes to financial statements

Particulars	(₹ Millions)	
	As of March 31, 2016	As of March 31, 2015
General Reserve		
Opening balance	28,452	27,043
Add : Adjustment on account of forfeiture of employee stock option	-	1,327
Add : Adjustment on account of exercise of stock options (shares transferred to employees from shares purchased by Trust through open market)	308	82
Closing balance	28,760	28,452
Surplus in the Statement of Profit and Loss		
Opening balance	600,583	484,965
Add : Profit for the year	75,465	132,005
Less : Acquired under the Scheme of amalgamation*	9,425	-
Amount available for appropriation	666,623	616,970
Appropriations :		
CSR expenses (refer note 33)	-	(411)
Dividend paid/ proposed (refer note 51)	(5,436)	(15,390)
Tax on dividend paid/ proposed [^]	700	(586)
Net surplus in the statement of profit and loss	661,887	600,583
Total	824,481	762,742

* (refer note 37(ii))

[^] Tax on dividend paid / proposed is net of credit of ₹ 1,807 Mn (March 31, 2015 - ₹ 1,221 Mn) on account of dividend distribution tax on dividend from subsidiary companies.

7. Long-term Borrowings

Particulars	(₹ Millions)	
	As of March 31, 2016	As of March 31, 2015
Secured		
From Banks	12	18
From Others	8	1
Total secured	20	19
Unsecured		
Non-Convertible Bonds*	66,255	-
Term Loans		
From Banks	1,573	19,265
From Others	39,213	46,843
Total	107,041	66,108
Deferred payment liabilities towards spectrum	341,424	143,167
Finance lease obligations	1,951	144
Total unsecured	450,416	209,419
Less: Current maturities (refer note 13)		
From Banks	669	5,822
From Others	6,677	7,306
Deferred payment liabilities towards spectrum	25,428	-
Finance lease obligations	660	43
	417,002	196,267

* USD 1,000 Mn 4.375% senior notes due on 2025 listed on Singapore exchange (refer note 37(iii)).

Notes to financial statements

- a. Secured borrowings represent vehicle loans which are secured by hypothecation of vehicles of the Company.
- b. Details relating to maturity profile, interest rate and currency of long term borrowings

(₹ Millions)

Currency of borrowings	Rate of Interest (Weighted average)	As of March 31, 2016	Maturity Profile			
			Within one year	Between one and two years	Between two and five years	Over five years
INR	10.00%	342,833	25,883	25,284	85,781	205,885
USD	3.34%	107,603	7,551	6,391	14,039	79,622
Total		450,436	33,434	31,675	99,820	285,507

(₹ Millions)

Currency of borrowings	Rate of Interest (Weighted average)	As of March 31, 2015	Maturity Profile			
			Within one year	Between one and two years	Between two and five years	Over five years
INR	10.08%	163,483	5,240	18,245	27,751	112,247
USD	1.25%	45,955	7,931	6,874	14,618	16,532
Total		209,438	13,171	25,119	42,369	128,779

- c. The borrowings of ₹ 40,806 Mn outstanding as of March 31, 2016, comprising various loans, are repayable in total 730 half yearly installments, borrowings of ₹ 66,255 Mn is payable in 1 bullet installment, ₹ 341,424 Mn repayable in total 20 yearly installments and finance lease obligation for ₹ 1,951 repayable in total 84 yearly, quarterly and monthly installments (borrowings of ₹ 209,438 Mn outstanding as of March 31, 2015, comprising various loans, are repayable in total 15 quarterly installments, 840 half yearly installments and 15 yearly installments).

8. Taxes

i) Deferred tax liabilities (Net)

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Deferred Tax Liabilities arising on account of:		
Depreciation and amortisation	53,668	29,839
	53,668	29,839
Less:		
Deferred Tax Assets arising on account of:		
Provision for doubtful debts/advances	7,977	7,178
Lease rent equalisation	6,187	5,676
Foreign exchange fluctuation and mark to market	5,009	4,384
Other	1,711	1,880
	20,884	19,118
Deferred Tax Liabilities (Net)	32,784	10,721

Notes to financial statements

ii) Tax expense

- (a) MAT credit includes income of ₹ 752 Mn (March 31, 2015 – income of ₹ 364 Mn), current tax includes income of ₹ 543 Mn (March 31, 2015 – ₹ Nil) and deferred tax includes income of ₹ 333 Mn (March 31, 2015 – income of ₹ 82 Mn) relating to earlier years.
- (b) During the year ended March 31, 2015, the Company had recognised additional tax charge of ₹ 188 Mn on account of change in tax rate from 33.99% to 34.61% as proposed in the Finance Bill, 2015.

9. Other Long Term Liabilities

Particulars	(₹ Millions)	
	As of March 31, 2016	As of March 31, 2015
Security deposit received#	2,602	2,722
Equipment supply payable	-	452
Deferred revenue	16,628	15,535
Lease rent equalisation	19,793	18,378
Others*	4,931	4,949
	43,954	42,036

Security deposit received represents refundable security deposits received from subscribers on activation of connections granted thereto and are repayable on disconnection, net of outstanding, if any and security deposits received from channel partners. Trade receivables are secured to the extent of the amount outstanding against individual subscribers by way of security deposit received from them. (refer note 22)

*Others as of March 31, 2016 includes ₹ 4,104 Mn (March 31, 2015 ₹ 4,104 Mn) payable to Qualcomm Asia Pacific Pte. Limited towards purchase of balance equity shares upon satisfaction of certain conditions as per the share purchase agreement for acquisition of erstwhile Airtel Broadband Services Private Limited (formerly know as Wireless Business Services Private Limited). (refer note 37(i))

10. Long Term Provisions

Particulars	(₹ Millions)	
	As of March 31, 2016	As of March 31, 2015
Provision for employee benefits (refer note 39)		
Provision for gratuity	1,213	1,137
Provision for long term service award	89	86
	1,302	1,223
Other provisions		
Provision for asset retirement obligation	960	746
	2,262	1,969

The Company takes various premises on lease to install its telecom equipments. A provision is recognised for the costs to be incurred for restoration of these premises at the end of the lease period. It is expected that this provision will be utilised at the end of the lease period of the respective sites as per the respective lease agreements. The movement of provision is given below:

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening balance	746	721
Addition (net)	214	25
Closing balance	960	746

11. Short-term Borrowings

Particulars	(₹ Millions)	
	As of March 31, 2016	As of March 31, 2015
(Unsecured unless stated otherwise)		
Loans		
From banks	3,975	6,259
Loans repayable on demand		
Cash Credit	3,024	-
	6,999	6,259

Notes to financial statements

a. Details relating to interest rate and currency of short term borrowings

(₹ Millions)

Currency of Borrowings	As of March 31, 2016		As of March 31, 2015	
	Rate of Interest (Weighted average)	Amount outstanding	Rate of Interest (Weighted average)	Amount outstanding
INR	9.00%	3,024	-	-
USD	0.20%	3,975	0.43%	6,259
Total	-	6,999	0.43%	6,259

- b. The borrowings of ₹ 3,024 Mn as of March 31, 2016, comprising cash credit facilities from banks which are repayable on demand (March 31, 2015 ₹ Nil). Borrowing of ₹ 3,975 Mn outstanding as of March 31, 2016 are repayable in 2 half yearly installments (March 31, 2015 ₹ 6,259 Mn are repayable in 2 half yearly installments)

12. Trade Payables

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Dues to Micro Enterprises and Small Enterprises *	26	10
Trade payables other than dues to Micro Enterprises and Small Enterprises **	70,562	71,222
	70,588	71,232

* refer note 46 for details of dues to Micro Enterprises and Small Enterprises

** amount payable to related parties ₹ 14,648 Mn (March 31, 2015 ₹ 13,912 Mn) (refer note 47)

13. Other Current Liabilities

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Deferred revenue	29,972	29,246
Equipment supply payables	65,807	53,664
Payable to others*	52,909	37,149
Advance received from customers	1,294	1,445
Current maturities of long term debt (refer note 7)	7,346	13,128
Current maturities of deferred payment liabilities towards spectrum (refer note 7)	25,428	-
Current maturities of finance lease obligations (refer note 7)	660	43
Interest accrued but not due on borrowings	1,218	267
Other taxes payable*	7,844	4,686
Unpaid dividends	55	35
Other liabilities	1,071	1,012
	193,604	140,675

* Payable to others and Other taxes payable include provision of ₹ 40,610 Mn as of March 31, 2016 and ₹ 27,843 Mn as of March 31, 2015 towards sub judice matters. (refer note 52)

Notes to financial statements

14. Short Term Provisions

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Provision for employee benefits (refer note 39)		
Provision for gratuity	454	450
Provision for leave encashment	730	720
Total	1,184	1,170
Others		
Provision for income tax (net of advance tax of ₹ Nil (March 31, 2015 ₹139,277 Mn) and includes ₹ Nil TDS receivable provided for (March 31, 2015 ₹ 583 Mn) #	-	498
Proposed dividend (refer note 51)	5,436	8,874
Tax on dividend	1,107	1,807
Total	6,543	11,179
	7,727	12,349

Reversal of MAT credit utilisation of ₹ Nil (March 31, 2015 utilisation of ₹ 222 Mn) adjusted with Provision for tax.

15. Tangible Assets

(₹ Millions)

Particulars	Leasehold Land	Freehold Land	Building	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computer *	Leasehold improvements	Total
Cost										
As of April 1, 2014	411	1,312	6,056	536,679	1,413	253	3,022	27,994	4,252	581,392
Additions	-	38	416	73,923	189	53	666	1,062	208	76,555
Disposals / adjustment	-	-	-	(5,501)	(2)	(25)	(27)	(36)	(44)	(5,635)
Reclassification	-	-	(5)	17	-	-	1	(1)	-	12
As of March 31, 2015	411	1,350	6,467	605,118	1,600	281	3,662	29,019	4,416	652,324
Additions	-	-	46	123,848	127	21	661	1,879	119	126,701
Disposals / adjustment	-	-	(51)	(8,762)	(14)	(9)	(72)	(8,102)	(4)	(17,014)
Reclassification	-	(42)	(171)	69	4	-	-	(3)	143	-
As of March 31, 2016	411	1,308	6,291	720,273	1,717	293	4,251	22,793	4,674	762,011
Accumulated Depreciation										
As of April 1, 2014	35	-	1,894	307,472	1,217	217	2,092	25,042	2,741	340,710
Charge for the year #	5	-	326	56,793	116	17	409	1,756	473	59,895
Disposals / adjustment	-	-	-	(4,708)	(2)	(19)	(24)	(35)	(44)	(4,832)
Reclassification	-	-	3	(7)	2	1	(1)	3	(2)	(1)
As of March 31, 2015	40	-	2,223	359,550	1,333	216	2,476	26,766	3,168	395,772
Charge for the year #	4	-	330	66,093	115	18	485	1,838	397	69,280
Disposals / adjustment	-	-	(51)	(6,433)	(14)	(3)	(64)	(8,072)	33	(14,604)
Reclassification	-	-	(52)	1	-	-	3	8	40	-
As of March 31, 2016	44	-	2,450	419,211	1,434	231	2,900	20,540	3,638	450,448
Net Carrying Amount										
As of April 1, 2014	376	1,312	4,162	229,207	196	36	930	2,952	1,511	240,682
As of March 31, 2015	371	1,350	4,244	245,568	267	65	1,186	2,253	1,248	256,552
As of March 31, 2016	367	1,308	3,841	301,062	283	62	1,351	2,253	1,036	311,563

* With respect to assets where the Company has economic ownership, refer note 3.20.

Includes exceptional items of ₹ 2,925 Mn (March 31, 2015 ₹ Nil) with respect to Plant and Equipment (refer note 36)

Notes to financial statements

- a. Building includes building on leasehold land:

Particulars	Gross Block		Depreciation			Net Block
	As of April 1, 2015	As of March 31, 2016	As of April 1, 2015	Charge for the year	As of March 31, 2016	As of March 31, 2016
Building on leasehold land	2,676	2,705	813	149	962	1,743
	29	-	-	-	-	-

Particulars	Gross Block		Depreciation			Net Block
	As of April 1, 2014	As of March 31, 2015	As of April 1, 2014	Charge for the year	As of March 31, 2015	As of March 31, 2015
Building on leasehold land	2,676	2,676	667	146	813	1,863
	-	-	-	-	-	-

- b. Reclassification includes reclass of assets between category of assets. ₹ Nil and ₹ Nil gross block and accumulated depreciation respectively, has been reclassified from intangible assets to tangible assets during the year ended March 31, 2016 (March 31, 2015 ₹ 12 Mn and ₹ (1) Mn).
- c. Capital work in progress includes goods in transit ₹ 3,047 Mn (March 31, 2015 ₹ 6,017 Mn).
- d. Refer note 10, 41 and 48 for ARO, jointly owned assets and assets given on operating lease.

Notes to financial statements

16. i) Intangible Assets

Particulars	(₹ Millions)				
	Software*	Bandwith	Licenses (including Spectrum)	Other acquired intangible	Total
Cost					
As of April 1, 2014	13,725	20,713	179,913	-	214,351
Additions	1,239	3,485	128,618	2,165	135,507
Disposals / adjustment**	-	-	(1,300)	-	(1,300)
Reclassification	-	(12)	-	-	(12)
As of March 31, 2015	14,964	24,186	307,231	2,165	348,546
Additions	3,086	1,665	353,015	-	357,766
Disposals / adjustment**	(4,249)	-	(9,403)	-	(13,652)
Reclassification	-	-	-	-	-
As of March 31, 2016	13,801	25,851	650,843	2,165	692,660
Accumulated Amortisation					
As of April 1, 2014	9,671	7,520	39,060	-	56,251
Charge for the year	2,301	1,506	11,462	433	15,702
Disposals / adjustment **	-	-	(1,300)	-	(1,300)
Reclassification	-	1	-	-	1
As of March 31, 2015	11,972	9,027	49,222	433	70,654
Charge for the year	2,408	1,640	24,594	434	29,076
Disposals / adjustment**	(4,249)	-	(9,403)	-	(13,652)
Reclassification	-	-	-	-	-
As of March 31, 2016	10,131	10,667	64,413	867	86,078
Net Carrying Amount					
As of April 1, 2014	4,054	13,193	140,853	-	158,100
As of March 31, 2015	2,992	15,159	258,009	1,732	277,892
As of March 31, 2016	3,670	15,184	586,430	1,298	606,582

* With respect to assets where the Company has economic ownership, refer note 3.20.

** Gross block and amortisation of licenses (including spectrum) and software have been off set upon being fully amortised.

- Weighted average remaining amortisation period of license as of March 31, 2016 and March 31, 2015 is 17.53 years and 17.37 years, respectively.
- Borrowing cost capitalised during the year ended March 31, 2016 was ₹ 1,937 Mn (March 31, 2015 ₹ 1,083 Mn). The Company capitalises borrowing cost in the Intangible assets under development.
- Reclassification includes reclass of assets between category of assets. ₹ Nil and ₹ Nil gross block and accumulated depreciation respectively, has been reclassified from intangible assets to tangible assets during the year ended March 31, 2016 (March 31, 2015 ₹ 12 Mn and ₹ (1) Mn).

ii) Intangible Assets Under Development

Intangible assets under development includes the amount of spectrum allotted to the Company and related costs (including borrowing costs capitalised under AS 16 – 'Borrowing Costs'), if any, for which services are yet to be rolled out.

Notes to financial statements

17. Non-current Investments

Trade Investments (at cost)

Investment in Equity Instruments (unquoted unless otherwise stated)

(₹ Millions)

Number of Shares March 31, 2016	Number of Shares March 31, 2015	Particulars	As of March 31, 2016	As of March 31, 2015
		Investment in Subsidiaries		
175,000,000	175,000,000	Bharti Hexacom Limited: Equity Shares of ₹ 10 each	5,718	5,718
100,000	100,000	Bharti Airtel Services Limited: Equity Shares of ₹ 10 each	1	1
300	300	Bharti Airtel (USA) Limited: Equity Shares of USD .0001 each	509	509
123,663	123,663	Bharti Airtel (UK) Limited: Equity Shares of GBP 1 each	101	101
4,959,480	4,959,480	Bharti Airtel (Hongkong) Limited: Equity Shares of HKD 1 each	26	26
-	75,100	Bharti Airtel (Canada) Limited: Equity Shares of CAD 1 each (dissolved during the year)	-	3
52,227,896	52,227,896	Network i2i Limited: Equity Shares of USD 1 each	7,925	7,925
1,360,000,000	1,360,000,000	Bharti Infratel Limited: Equity Shares of ₹ 10 each (Quoted)	74,511	74,511
9,690,000	9,690,000	Bharti Telemedia Limited: Equity Shares of ₹ 10 each	115	115
27,146,471,771	26,126,080,053	Bharti Airtel Lanka (Private) Limited: Equity Shares of SLR 10 each (refer note 37 (vii))	13,567	13,096
1	1	Bharti Airtel Holdings (Singapore) Pte Limited: Equity Shares of SGD 1 each	15,475	15,475
338,642,771	338,642,771	Bharti Airtel Holdings (Singapore) Pte Limited: Equity Shares of USD 1 each		
3,384,970,000	1,699,970,000	Bharti Airtel International (Mauritius) Limited: Equity Shares of USD 1 each (refer note 37 (iv))	207,725	97,570
396,000,000	290,000,000	Airtel M Commerce Services Limited: Equity Shares of ₹ 10 each (refer note 37 (v))	3,960	2,900
593,739,000	593,739,000	Bharti International (Singapore) Pte. Limited: Equity Shares of USD 1 each	33,035	33,035
908,443,919	908,443,919	Bharti Airtel International (Netherlands) B.V.: Equity Shares of EURO 1 each	67,354	67,354
89,230,796	89,230,796	Telesonic Networks Limited: Equity Shares of ₹ 10 each	91	91
5,050,000	5,050,000	Nxtra Data Limited: Equity Shares of ₹ 10 each	51	51
-	-	Airtel Broadband Services Private Limited: Equity Shares of ₹ 10 each (merged during the year with the Company) (refer note 37 (i))	-	65,270
21,850,000	-	Indo Teleports Limited (formerly known as Bharti Teleports Limited) Equity Shares of ₹ 10 each (refer note 37(vii))	285	-

Notes to financial statements

(₹ Millions)				
Number of Shares March 31, 2016	Number of Shares March 31, 2015	Particulars	As of March 31, 2016	As of March 31, 2015
50,000	50,000	Wynk Limited: Equity Shares of ₹ 10 each	1	1
		Investment in Joint Ventures		
800,000	800,000	Bridge Mobile PTE Limited: Equity Shares of USD 1 each	34	34
1,000,000	1,000,000	FireFly Networks Limited: Equity Shares of ₹ 10 each	10	10
		Investment in Associates		
-	11,270,000	Indo Teleports Limited (formerly known as Bharti Teleports Limited) Equity Shares of ₹ 10 each (refer note 37(vii))	-	113
		Investment in other equity instrument		
100,000	100,000	IFFCO Kissan Sanchar Limited: Equity Shares of ₹ 10 each	50	50
			430,544	383,959
		Other investments (at cost)		
		Investment in Government Securities - National Savings Certificate	2	2
		Less: Provision for diminution in value of investments*	285	3
			430,261	383,958
		Aggregate value of Unquoted Investments	356,035	309,450
		Aggregate value of Quoted Investments	74,511	74,511
		Aggregate Market value of Quoted Investments	519,452	523,600
		Aggregate provision for diminution in value of investments	285	3

* During the year ended March 31, 2016, the Company has made a provision of ₹285 Mn due to decline other than temporary in the value of investment in Indo Teleports Limited (formerly Known as Bharti Teleports Limited).

Notes to financial statements

18. Long-term Loans and Advances

Particulars			(₹ Millions)	
	As of March 31, 2016		As of March 31, 2015	
Unsecured, considered good unless stated otherwise				
Capital Advances				
Considered good*	3,989		77	
Considered doubtful	144		184	
Less: Provision for doubtful advances	(144)	3,989	(184)	77
Security Deposit				
Considered good**	10,691		10,015	
Considered doubtful	810		525	
Less: Provision for doubtful deposit	(810)	10,691	(525)	10,015
Loans and advances to related parties (refer note 48)		22,511		39,640
MAT Credit Entitlement#		56,279		38,649
		93,470		88,381

* Includes advance payment of ₹ 3,657 Mn (March 31, 2015 – ₹ Nil) towards spectrum.

** Includes security deposit/advance with/to related parties ₹ 7,106 Mn (March 31, 2015 – ₹ 6,950 Mn) (refer note 48).

MAT credit utilisation of ₹ Nil (March 31, 2015 reversal of MAT credit utilisation of ₹ 222 Mn) adjusted with Provision for tax.

19. Other Non-current Assets

Particulars			(₹ Millions)	
	As of March 31, 2016		As of March 31, 2015	
Unsecured, considered good unless stated otherwise				
Bank deposits and margin money (refer note 23)	588		529	
Advances*	22,669		16,959	
Unamortised upfront fees and deferred premium	1,972		1,627	
Trade receivable non-current	260		106	
		25,489		19,221

* Advances represent payments made to various Government authorities under protest and are disclosed net of provision of ₹ 34,586 Mn (March 31, 2015 ₹ 27,362 Mn) [refer note 52]

20. Current Investments

Particulars			(₹ Millions)	
	As of March 31, 2016		As of March 31, 2015	
Current investments (at lower of cost and fair market value)				
Investment in Mutual Funds	-		47,194	
Investment in Deposits and Bonds	8		17	
		8		47,211
Aggregate value of Unquoted Investments	8		17	
Aggregate value of Quoted Investments	-		47,194	
Aggregate Market Value of Quoted Investments	-		47,550	
Aggregate provision for diminution in value of investments	-		-	

Notes to financial statements

Details of investments are provided below:

(₹ Millions, except as stated otherwise)

Particulars	As of March 31, 2016		As of March 31, 2015	
	(No. of Units)	Amount	(No. of Units)	Amount
Investment in Mutual Funds (Quoted)				
Axis Liquid Fund - Growth	-	-	650,426	1,000
L&T Liquid Fund - Growth	-	-	1,104,487	2,105
HDFC Liquid Fund - Premium Plan - Growth	-	-	31,886,747	872
HDFC Cash management Fund saving Plan Growth	-	-	82,662,081	2,400
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth	-	-	14,605,888	3,000
IDFC Cash Fund - Growth-(Regular Plan)	-	-	2,647,900	4,453
JM High Liquidity Fund - Growth Option	-	-	117,989,703	4,466
JP Morgan India Liquid Fund Super Institutional Growth	-	-	69,186,380	1,250
Kotak Floater Short Term - Growth	-	-	1,812,276	4,120
Kotak Liquid Scheme Plan A - Growth	-	-	343,026	966
Pramerica Liquid Fund - Growth	-	-	412,450	609
Reliance Liquidity Fund - Growth Option	-	-	242,935	508
Reliance Liquid Cash Plan Growth Option Fund	-	-	293,865	1,000
Religare Liquid Fund - Super Institutional Growth	-	-	943,091	1,800
Tata Liquid Fund Plan A - Growth	-	-	1,016,663	2,600
Tata Money Market Fund Plan A - Growth	-	-	1,742,473	3,801
SBI Premier Liquid Fund - Direct Plan - Growth	-	-	454,995	1,000
SBI Magnum Insta Cash Fund	-	-	573,778	1,770
Principal Cash Management - Regular Plan - Growth	-	-	1,717,915	2,311
Sundram Money Fund	-	-	56,132,271	1,650
Taurus Mutual Fund	-	-	1,903,627	2,835
Franklin India Treasury Management Account	-	-	400,595	828
LIC NOMURA MF Liquid Fund - Growth Plan	-	-	733,879	1,850
Total	-	-	389,457,451	47,194
Investment in Deposits and Bonds (Unquoted)				
India Innovation Fund	76	8	70	7
7.30% REC Secured Bonds 2015	-	-	10	10
Total	76	8	80	17

21. Inventories (valued at lower of cost and net realisable value)

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Stock-In-Trade*	53	94
Total	53	94

* Net of provision for diminution in value ₹ 659 Mn (March 31, 2015 ₹ 483 Mn)

Notes to financial statements

22. Trade Receivables

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Unsecured, unless stated otherwise		
Receivables outstanding for a period exceeding six months from the date they are due for payment		
Considered good	518	2,522
Considered doubtful	14,271	6,244
Less: Provision for doubtful receivables	(14,271) 518	(6,244) 2,522
Other		
Considered good	37,277	30,549
Considered doubtful	3,910	9,985
Less: Provision for doubtful receivables	(3,910) 37,277	(9,985) 30,549
Lease receivable finance lease	135	39
	37,930	33,110

Refer note 9 on security deposit.

Includes amount receivable from related party ₹ 1,110 Mn (March 31, 2015 ₹ 2,224 Mn) (refer note 47)

23. Cash and Bank Balances

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Cash and cash equivalents		
Balances with banks		
- On current accounts	240	878
- Bank deposits with original maturity of 3 months or less	-	2,700
- On unpaid dividend account	55	35
Cheques on hand	166	222
Cash on hand	60	52
	521	3,887
Other bank balances		
Bank deposits with remaining maturity of less than 12 months	-	-
Bank deposits with remaining maturity of more than 12 months	7	6
Margin money deposit	581	523
	588	529
Less: Amount disclosed under non-current assets (refer note 19)	588	529
Total	521	3,887

Notes to financial statements

24. Short-term Loans and Advances

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Unsecured, considered good unless stated otherwise		
Loans and advances to related parties (refer note 48)	43,376	40,552
Advances recoverable in cash or kind		
Considered good	15,045	6,863
Considered doubtful	1,347	2,233
Less: Provision for doubtful advances	(1,347) 15,045	(2,233) 6,863
Balances with customs, excise and other authorities	9,179	6,527
Advance Tax [net of provision for tax of ₹ 160,596 Mn (March 31, 2015 ₹ Nil) and net of ₹ 732 Mn TDS receivable provided for (March 31, 2015 ₹ Nil)]	829	
	68,429	53,942

25. Other Current Assets

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Unsecured, considered good unless stated otherwise		
Unbilled revenue	5,079	7,490
Interest accrued on loan given to related parties (refer note 48)	1,407	1,154
Unamortised upfront fees and deferred premium	604	650
Others	26	26
	7,116	9,320

26. Guarantees and Contingent Liabilities

- (i) Total Guarantees outstanding as of March 31, 2016 amounting to ₹ 99,911 Mn (March 31, 2015 – ₹ 101,379 Mn) have been issued by banks and financial institutions on behalf of the Company. These guarantees include certain financial bank guarantees which have been given for subjudice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in

compliance with the applicable accounting standards.

Corporate Guarantees outstanding as of March 31, 2016 amounting to ₹ 798,800 Mn (March 31, 2015 - ₹ 857,497 Mn) have been given to banks, financial institutions and third parties on behalf of Group Companies at no cost to the latter.

- (ii) Claims against the Company not acknowledged as debt (excluding cases where the possibility of any outflow in settlement is remote):

Notes to financial statements

a) Claims against the Company not acknowledged as debt:

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
(i) Taxes, Duties and Other demands (under adjudication / appeal / dispute)		
-Sales Tax and Service Tax	11,259	11,120
-Income Tax	16,282	16,335
-Customs Duty	4,254	4,254
-Entry Tax	5,061	4,221
-Stamp Duty	404	411
-Municipal Taxes	122	122
-DoT demands *	4,809	4,766
-Other miscellaneous demands	818	59
(ii) Claims under legal cases including arbitration matters		
-Access Charges / Port Charges	8,196	6,952
-Others	610	562
Total	51,815	48,802

* In addition, refer note (g) (v), (g) (vi), (g) (vii) and (g) (viii) below for DoT matters.

Unless otherwise stated below, the management based on legal advice, believes that, the outcome of these contingencies will be favorable and that a loss is not probable.

b) Sales tax / VAT and Service tax

• Sales tax / VAT

Claims for sales tax / VAT as of March 31, 2016 comprise cases relating to:

- the appropriateness of the declarations made by the Company under the relevant sales tax / VAT legislations which was primarily procedural in nature;
- the applicable sales tax / VAT on disposals of certain property and equipment items;
- lease circuit / broadband connectivity services;
- the applicability of sales tax / VAT on sale of SIM cards, SIM replacements, VAS, Handsets and Modem rentals;
- In the State of Jammu & Kashmir, the Company has disputed the levy of General Sales Tax / VAT on its telecom services and towards which the Company has received a stay from the Hon'ble Jammu & Kashmir High Court. The demands received to date have been disclosed under contingent liabilities.

• Service Tax

Service tax demands as of March 31, 2016 relate to:

- cenvat claimed on tower and related material;
- levy of service tax on SIM cards;
- cenvat credit disallowed for procedural lapses and inadmissibility of credit;
- disallowance of cenvat credit used in excess of 20% limit; and
- employee talk time.

c) Income Tax

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, non-deduction of tax at source with respect to dealer's/distributor's margin and non-deduction of tax on payments to international operators for access charges, etc.

d) Custom Duty

The Custom authorities, in some States, demanded custom duty for the imports of special software on the ground that this would form part of the hardware on which it was pre-loaded at the time of import. The view of the Company is that such imports should not be subject to any custom duty as it would be an operating software exempt from any custom duty. In response to the application filed by the Company, the Hon'ble CESTAT has passed an order in favour of the custom authorities. The Company has filed an appeal with Hon'ble Supreme Court against the CESTAT order.

e) Entry Tax

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

Notes to financial statements

f) Access charges (Interconnect Usage Charges)/ Port charges

- (i) Interconnect charges are based on the Interconnect Usage Charges (IUC) agreements between the operators although the IUC rates are governed by the IUC guidelines issued by Telecom Regulatory Authority of India (TRAI). BSNL has raised a demand requiring the Company to pay the interconnect charges at the rates contrary to the regulations issued by TRAI. The Company filed a petition against that demand with the Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') which passed a status quo order, stating that only the admitted amounts based on the regulations would need to be paid by the Company. The final order was also passed in our favour. BSNL has challenged the same in Hon'ble Supreme Court. However, no stay has been granted.
- (ii) In another proceeding with respect to Distance Based Carriage Charges, the Hon'ble TDSAT in its order dated May 21, 2010, allowed BSNL appeal praying to recover distance based carriage charges. On filing of appeal by the telecom operators, Hon'ble Supreme Court asked the telecom operators to furnish details of distance-based carriage charges owed by them to BSNL. Further, in a subsequent hearing held on August 30, 2010 Hon'ble Supreme Court sought the quantum of amount in dispute from all the operators as well as BSNL and directed both BSNL and private telecom operators to furnish Call Data Records (CDRs) to TRAI. The CDRs have been furnished to TRAI.
- (iii) In another issue with respect to Port Charges, in 2001, TRAI had prescribed slab based rate of port charges payable by private operators which were subsequently reduced in the year 2007 by TRAI. On BSNL's appeal, TDSAT passed its judgement in favour of BSNL, and held that the pre-2007 rates shall be applicable prospectively from May 29, 2010. The rates were further revised downwards by TRAI in 2012. On BSNL's appeal, TDSAT declined to stay the revised regulation.

Further, the Hon'ble Supreme Court vide its judgement dated December 6, 2013, passed in another matter, held that TRAI is empowered to issue regulations on any matter under Section 11(1)(b) of TRAI Act and the same cannot be challenged before TDSAT. Accordingly, all matters raised before TDSAT, wherein TDSAT had interfered in Appeal and passed judgements, do not have any significance. However, parties can file Writ Petitions before High Court challenging such regulations.

The Company believes that the above said judgement has further strengthened the position of the Company on many issues with respect to regulations which had been in its favour and impugned before TDSAT.

g) Department of Telecommunications ('DoT') demands

- i) DoT demands include demands raised for contentious matters relating to computation of license fees and spectrum charges.
- ii) DoT demands include alleged short payment of license fee for financial year 2006-07 and 2007-08 due to difference of interpretation of Adjusted Gross Revenue

(AGR) between Company and DoT and interest thereon, which the Company has obtained stay from appropriate Hon'ble High Courts and TDSAT. TDSAT has pronounced its judgement on April 23, 2015 thereby setting aside the impugned demands raised by DoT and directed to rework the license fees payable in light of the judgement and to issue fresh demands. Pursuant thereto Union of India (UOI) and the Company (on limited heads of revenue) along with various other operators have filed appeals/ cross appeals before the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India issued notice in the appeals and has declined to grant any interim relief to UOI. The appeals tagged together came up for hearing on February 29, 2016 and the Supreme Court allowed DoT to raise demands as per its understanding with the condition that the demands raised will not be enforced till the final decision of the Supreme Court. The matter is likely to be listed for hearing after 8 weeks. DoT further had issued LF demand cum show cause notice for financial year 2009-10 dated June 26, 2015 which has been challenged before TDSAT. TDSAT vide an interim order dated August 17, 2015 had directed DoT not to invoke any bank guarantees for realisation of impugned demand amounting to ₹ 12,316 Mn and vide its order dated November 6, 2015, TDSAT has disposed of the matter after recording the statement made by UOI that the demand notice should be construed as an advance notice, which the DoT does not intend to enforce until the appeals against Tribunal's AGR judgement pending before the Hon'ble Supreme Court is finally disposed of.

- iii) DoT demands also include the contentious matters in respect of subscriber verification norms and regulations including validity of certain documents allowed as Proof of Address / Identity in certain mobility circles.
- iv) DoT demands also include penalty for alleged failure to meet the procedural requirement for submission of EMF radiation self-certification.

The above stated matters are being contested by the Company and the Company, based on legal advice, believes that it has complied with all license related regulations as and when prescribed and does not expect any loss relating to these matters.

In addition to the amount disclosed in the table above, the contingent liability on DoT matters includes the following:

- v) Post the Hon'ble Supreme Court Judgement on October 11, 2011 on components of Adjusted Gross Revenue for computation of license fee, based on the legal advice, the Company believes that the realised and unrealised foreign exchange gain should not be included in Adjusted Gross Revenue (AGR) for computation of license fee thereon. Accordingly, the license fee on such foreign exchange gain has not been provided in the financial statements. Also, due to ambiguity of interpretation of 'foreign exchange differences', the license fee impact on such exchange differences is not quantifiable and has not been included in the table above. Further, as per the Order dated June 18, 2012 Hon'ble High Court of Kerala, stay has been obtained, wherein the licensee can continue making the payment

Notes to financial statements

as was being done throughout the period of license on telecom activities. Further as stated in point (iii) above, TDSAT has pronounced its judgement on April 23, 2015, wherein it has stated that any gain or loss due to foreign exchange fluctuation does not have any bearing on the license fees and directing DoT to rework and issue fresh demands to the operators. The next date of hearing is fixed for June 28, 2016 at Kerala High Court.

- vi) On January 8, 2013, DoT issued a demand on the Company for ₹ 51,353 Mn towards levy of one time spectrum charge. The demand includes a retrospective charges of ₹ 8,940 Mn for holding GSM Spectrum beyond 6.2 Mhz for the period from July 1, 2008 to December 31, 2012 and also a prospective charge of ₹ 42,413 Mn for GSM spectrum held beyond 4.4 Mhz for the period from January 1, 2013, till the expiry of the initial terms of the respective licenses.

In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. Based on a petition filed by the Company, the Hon'ble High Court of Bombay, vide its order dated January 28, 2013, has directed the DoT to respond and not to take any coercive action until the next date of hearing. The DoT has filed its reply and the next date of hearing is awaited.

- vii) DoT had issued notices to the Company as well as various other Telecom Service Providers to stop provision of services under 3G Intra Circle Roaming (ICR) arrangements in the service areas where such service providers had not been allocated 3G Spectrum. DoT also levied a financial penalty of ₹ 3,500 Mn. Company contested the notices and upon various rounds of litigations, ultimately, the TDSAT, vide its judgement dated April 29, 2014, held 3G ICR arrangements to be competent and compliant with the licensing conditions and quashed the notice imposing penalty. The DoT has challenged the order of TDSAT in an appeal filed before the Hon'ble Supreme Court, which has been admitted. However, Hon'ble Supreme Court has refused to grant any interim order during the pendency of the appeal. The case is yet to be listed for hearing in the Hon'ble Supreme Court.
- viii) The Company has not been able to meet its roll out obligations fully due to certain non-controllable factors like Telecommunication Engineering Center testing, Standing Advisory Committee of Radio Frequency Allocations clearance, non availability of spectrum, etc. The Company has received show cause notices from DoT for 14 of its circles for non-fulfillment of its roll out obligations and these have been replied to. DoT has reviewed and revised the criteria and there has been no further development on this matter since then.

h) Others

Others mainly include disputed demands for consumption tax, disputes before consumer forum and with respect to labour cases and a potential claim for liquidated damages.

i) Bharti Mobinet Limited ('BMNL') Litigation

The Company is in litigation in various proceedings at various stages and in various forums with DSS Enterprises Private Limited (DSS) (which had 0.34 per cent equity interest in erstwhile Bharti Cellular Limited (BCL)) on claims of specific performance in respect of alleged agreements to sell the equity interest of DSS in erstwhile BMNL to the Company. In respect of one of the transactions with respect to purchase of 10.5% share of DSS in Skycell by the Company, Crystal Technologies Private Limited ('Crystal'), an intermediary, initiated arbitration proceedings against the Company demanding ₹ 195 Mn regarding termination of its appointment as a consultant to negotiate with DSS for the sale of DSS stake in erstwhile BMNL to the Company. The Ld. Arbitrator partly allowed the award for a sum of ₹ 31 Mn, 9% interest from period October 3, 2001 till date of award (i.e May 28, 2009) and a further 18% interest from date of award to date of payment. The Company appealed in Hon'ble High Court against the award. The Single Judge while dismissing the appeal reduced the rate of interest from 18% to 12%. The matter was appealed thereafter to Division Bench and finally to Hon'ble Supreme Court wherein the matter has been admitted on the condition that the amount as per Single Judge Order shall be secured in Hon'ble Supreme Court, which has been done. The matter will now come up in due course.

DSS has also filed a suit against a previous shareholder of BMNL and the Company challenging the transfer of shares by that shareholder to the Company. The matter is to be reheard.

DSS has also initiated arbitration proceedings seeking direction for restoration of the cellular license and the entire business associated with it including all assets of BCL/BMNL to DSS or alternatively, an award for damages. An interim stay was granted by the Hon'ble Delhi High Court with respect to the commencement of arbitration proceedings. The stay was made absolute.

DSS Enterprises has preferred an SLP challenging the order dated May 12, 2005 passed by the Hon'ble Delhi High Court in Company Appeal No.30 of 2004. The Company Appeal was dismissed by Hon'ble Delhi High Court on the grounds of non-disclosure of material facts before the Hon'ble High Court. This appeal has been admitted by the Hon'ble Supreme Court and our Counter Affidavit has been filed, matter is to be now listed for hearing in due course.

The liability, if any, of the Company arising out of above litigation cannot be currently estimated. Since the amalgamation of BCL and erstwhile Bharti Infotel Limited (BIL) with the Company, DSS, a minority shareholder in BCL, had been issued 2,722,125 equity shares of ₹ 10 each (5,444,250 equity shares of ₹ 5 each post split) bringing the share of DSS in the Company down to 0.136% as of March 31, 2016.

Notes to financial statements

27. Capital and Other Commitments

Estimated amount of contracts to be executed on capital account and not provided for (net of advances) ₹ 45,115 Mn as of March 31, 2016 (March 31, 2015 - ₹ 274,832 Mn) (including ₹ 10,970 Mn (March 31, 2015 - ₹ 244,040 Mn) towards spectrum (refer note 37(ii)).

28. The Company has undertaken to provide financial support, to its subsidiaries, namely, Bharti Airtel Services

Limited, Bharti Telemedia Limited, Airtel M Commerce Services Limited, Bharti Teleports Limited, Nxta Data Limited, Bharti Airtel (USA) Limited, Bharti Airtel (Hongkong) Limited, Bharti Airtel (Japan) Limited, Bharti Airtel Lanka (Private) Limited, Bharti Airtel Holdings (Singapore) Pte Limited including its subsidiaries and Bharti Airtel International (Netherlands) B.V. including its subsidiaries.

29. Revenue from Operations

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Service Revenue		
- Voice & data revenue	439,691	428,264
- Others*	162,926	126,604
Sale of products	385	96
	603,002	554,964

* Others include revenue from VAS services, fixed monthly subscription, Bandwidth services and VSAT etc

30. Other Income

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest income on bank deposits	2,083	867
Interest income on loan given to related parties	732	529
Dividend income from subsidiaries	9,470	13,700
Net gain on sale of investments*	173	34,698
Net foreign exchange gain	587	278
Other non-operating income		
Lease rentals	236	236
Liabilities/provision written back	145	338
Miscellaneous income	1,430	1,284
	14,856	51,930

* includes ₹ Nil (March 31, 2015 ₹ 32,741 Mn) towards sales of shares of Bharti Infratel Limited

31. Cost of Goods Sold

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
(Increase)/ Decrease in inventories	(143)	(638)
Purchase of Stock-in-Trade	516	714
	373	76

32. Employee Benefit Expenses

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries and wages	16,334	14,578
Contribution to provident and other funds (refer note 40)	652	657
Expenses on employee stock option plan (refer note 50)	564	549
Staff welfare expenses	682	631
Others	461	500
	18,693	16,915

Notes to financial statements

33. Power and Fuel, Rent, Charity and Donation and Other expenses

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Power and fuel		
Network	39,930	40,668
Others	457	483
	40,387	41,151
Rent		
Network	63,196	58,331
Others	2,217	1,459
	65,413	59,790
Charity and donation		
Political contribution [§]	-	250
Corporate social responsibility [#]	535	-
Others	40	42
	575	292
Other expenses		
Interconnect and port charges	126	124
Insurance		
Network	332	283
Others	4	3
Installation	70	53
Repairs and maintenance		
Plant and machinery	26,165	24,499
Building	166	175
Others - network	678	716
Others - administrative	896	959
Leased line and gateway charges	621	1,060
Internet access and bandwidth charges	4,832	4,300
Advertisement and marketing	7,485	7,022
Sales commission & discount, customer verification and content cost	19,900	17,604
Indirect selling and distribution	3,836	2,844
Sim card utilisation	1,426	783
Legal and professional	2,258	2,451
Rates and taxes	568	2,359
IT and call center outsourcing	9,554	9,649
Travelling and conveyance	1,261	1,168
Bad debts written off	4,391	2,915
Provision for doubtful debts and advances (refer note 53)	1,500	3,103
Provision for diminution in stock/ capital work in progress	1,303	451
Collection and recovery expenses	3,625	3,133
Loss on sale of fixed assets (net)	434	550
Printing and stationery	572	613
Miscellaneous expenses		
Network	1,632	1,488
Sales and marketing*	6,817	4,906
Administrative	2,857	2,555
	103,309	95,766

As per the requirements of section 135 of the Companies Act, 2013, the Company was required to spend an amount of ₹ 1,890 Mn (March 31, 2015 ₹ 1,400 Mn) on Corporate Social Responsibility expenditure for the year ended March 31, 2016. During the year ended March 31, 2016, the Company has spent in cash an amount of ₹ 535 Mn (March 31, 2015 ₹ 411 Mn) towards education and sanitation. In the previous year, the Company had accounted expenditure incurred on Corporate Social Responsibility ('CSR') as appropriation to statement of profit and loss. (refer note 6)

* Includes goodwill waivers which are other than trade discount of ₹ 603 Mn (March 31, 2015 ₹ 984 Mn).

§ Paid to Satya Electoral Trust for political purpose.

Notes to financial statements

34. Finance Costs

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest expense	29,048	10,700
Other borrowing cost	1,023	1,033
Loss from swap arrangements (net)	751	625
Net loss on foreign currency borrowings	4,768	1,733
	35,590	14,091

35. Depreciation and Amortisation Expense

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Depreciation (refer note 15)	66,355	59,895
Amortisation (refer note 16)	29,076	15,702
	95,431	75,597

36. Exceptional Items

Exceptional items comprise of the following :

- Charge for regulatory fee provisions of ₹ 2,659 Mn (March 31, 2015 ₹ Nil) arising out of re-assessment of certain positions for the year ended March 31, 2016.
- Charge of ₹ 4,140 Mn (March 31, 2015 ₹ Nil) towards operating costs on network re-farming and up-gradation program for the year ended March 31, 2016.

Tax expense includes tax benefit of ₹ 2,243 Mn for the year ended March 31, 2016 (March 31, 2015 ₹ Nil) on above exceptional items.

37. Acquisitions / Additional Investments / New Developments

- The Scheme of Arrangements ('Scheme') under sections 391 to 394 of the Companies Act, 1956 with respect to amalgamation of Airtel Broadband Services Private Limited ('ABSPL'), a wholly owned subsidiary of the Company, with the Company, as approved by the Hon'ble High Court of Bombay on April 11, 2014, has been filed by the Company with the Registrar of Companies ('ROC') on April 9, 2015, being the effective and appointed date of the scheme whereby ABSPL shall cease to exist. The Company has accounted amalgamation in the nature of merger under the pooling of interest method. Accordingly, the assets, liabilities and reserves in the books of ABSPL have been recognised by the Company as at the date of the amalgamation at the same carrying values. The difference of ₹ 8,599 Mn between the share capital of ABSPL and the carrying value of investment in the equity shares of ABSPL in the books of the Company has been adjusted with the reserves of the Company. The carrying values of assets,

liabilities and reserves in the books of ABSPL acquired pursuant to the scheme is as follows:

Particulars	(₹ Millions)	
	As of April 09, 2015	
Assets		
Non-current assets		64,246
Current assets		591
Total		64,837
Equity And Liabilities		
Equity		
Share Capital		56,671
Reserve and surplus		(724)
		55,947
Liabilities		
Non-current liabilities		5,396
Current liabilities		3,494
		8,890
Total		64,837

However, DoT vide its letter dated February 2, 2015, has given its approval for taking on record the merger of ABSPL with the Company, subject to certain conditions as stipulated in the letter. One of the conditions of merger requires payment of ₹ 4,361 Mn, equal to the difference between the entry fee for Unified Access Service License and entry fees paid for Internet Service Provider license. The Hon'ble Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') vide its interim order dated February 9, 2015 has allowed the Company to operationalise the spectrum subject to filing an undertaking that in case the petition fails, it shall pay the sum of ₹ 4,361 Mn along with interest as may be determined by the Tribunal within eight weeks

Notes to financial statements

from the date of judgement. The Company has filed an undertaking before TDSAT for the same.

On February 24, 2012, the TDSAT ordered the Company to pay certain dues (including interest and penalties) allegedly owed by one of then existing Company's Indian non-controlling shareholders, Tulip Telecom Limited (Tulip), to the DoT without prejudice to the right of Tulip to contest the claim and provided that any sum ultimately found not to be due (or paid by Tulip) would be refunded by the Department of Telecommunication (DoT), without interest, within four weeks of the date of completion of the assessment of Tulip in respect of assessment years in question. Accordingly, as per the terms and conditions of the TDSAT order dated February 24, 2012, the Company had deposited ₹ 4,104 Mn.

Further as per the agreement dated February 13, 2012 entered between the Companies, Qualcomm Asia Pacific Pte. Limited and Tulip, upon the final determination date being reached, that Tulip is liable to pay the Company an amount equal to the relevant amount determined to be owed by Tulip that is not paid by Tulip and retained by the DoT from the Company's deposit as described in above paragraph (the "Indemnity Amount") in the bank account specified by the Company within 15 days from the final determination date or the date of the payment notice when final determination date has already occurred prior to the payment notice, without any demur or protest and notwithstanding any dispute regarding the same or any portion thereof. The balance amount will be recovered by the Company from DoT as per the above TDSAT order.

Accordingly, based on the TDSAT order and agreements referred herein, the amount deposited with DoT has been considered good and recoverable in these special purpose financial statements.

- (ii) During the year ended March 31, 2015, the Company had won the auction for 95.20 MHz spectrum in 15 service areas for an amount of ₹ 244,040 Mn in the auction conducted by the Government of India ('GOI'). The Company has opted for deferred payment option and accordingly, during the year ended March 31, 2016, paid an advance of ₹ 66,496 Mn with the balance amount of ₹ 177,544 Mn payable in 10 equal installments after a moratorium period of two years.

During the year ended March 31, 2016, Government of India issued Letters of Intent for earmarking the spectrum in all the 15 service areas. During the year ended March 31, 2016, the GOI has allotted 91.80 MHz of spectrum to the Company. Accordingly, the Company has recognised deferred payment liability of ₹ 166,574 Mn with respect to these spectrum.

The balance amount of ₹ 10,970 Mn (March 31, 2015 ₹ 244,040 Mn) attributable towards the spectrum not yet allotted to the Company, has been disclosed as part of capital commitments as of March 31, 2016.

- (iii) During the year ended March 31, 2016, the Company has issued 4.375% Senior Unsecured USD 1,000 Mn (₹ 63,973 Mn approximately) Notes at the price of 99.304% that are due for repayment in March 2025. The said notes are listed on the Singapore Exchange.
- (iv) During the year ended March 31, 2016, the Company has made an additional equity investment of ₹ 110,155 Mn (USD 1,685 Mn) in Bharti Airtel International (Mauritius) Limited.
- (v) During the year ended March 31, 2016, the Company has made an additional equity investment of ₹ 1,060 Mn in Airtel M Commerce Services Limited.
- (vi) During the year ended March 31, 2016, the Company has made an additional equity investment of ₹ 471 Mn in Bharti Airtel Lanka (Private) Limited by way of conversion of accrued interest on loan into equity.
- (vii) During the year ended March 31, 2016, the Company has increased its equity investment in Indo Teleports Limited ("Teleports") formerly known as Bharti Teleports Limited from 49% to 95% for a consideration of ₹ 172 Mn, thereby acquiring control over Teleport.
- (viii) During the year ended March 31, 2016, the Company has purchased 100% stake in Augere Wireless Broadband Private Limited. The consummation of the said transaction is subject to the approval from statutory authorities.
- (ix) During the year ended March 31, 2016, the Company has entered into a definitive agreement with Videocon Telecommunications Limited (VTL) to acquire rights to use spectrum in the 1800 Mhz band for six circles (viz. Bihar, Haryana, Madhya Pradesh, UP (East), UP (West) and Gujarat). The closing of the said transaction is subject to certain customary regulatory approvals and other closing conditions.
- (x) Subsequent to the balance sheet date, the Company has entered into a definitive agreement with Airtel Limited and its subsidiaries Dishnet Wireless Limited and Airtel cellular Limited, to acquire rights to use spectrum in the 2300 Mhz band for eight circles (viz. Tamil Nadu, Bihar, Jammu & Kashmir, West Bengal, Assam, North East, Andhra Pradesh and Odisha). The closing of the transaction is subject to certain customary regulatory approvals and other closing conditions.

Notes to financial statements

38. As of March 31, 2016, Bharti Airtel Employee's Welfare Trust ('the Trust') holds 1,881,958 equity shares (of face value of ₹ 5 each) (March 31, 2015 1,410,642 equity shares) of the Company.

Particulars	As of March 31, 2016	As of March 31, 2015	As of March 31, 2016	As of March 31, 2015
	Number of shares		₹ Millions	
Opening Balance	1,410,642	2,374,698	114	342
Purchased during the year	1,500,000	-	514	-
Issued during the year	(1,028,684)	(964,056)	(103)	(228)
Closing Balance	1,881,958	1,410,642	525	114

39. Earnings per Share

(₹ Millions, except per share data and as stated otherwise)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Basic and Diluted Earnings per Share :		
Nominal value of equity shares (₹)	5	5
Profit attributable to equity shareholders (A)	75,465	132,005
Weighted average number of equity shares outstanding during the year (Nos. in Mn) (B)	3,997	3,997
Basic / Diluted earnings per Share (₹) (A/B)	18.88	33.02

40. Employee Benefits

a) During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

i. Defined Contribution Plans

(₹ Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Employer's Contribution to Provident Fund [@]	646	650
Employer's Contribution to ESI and other Funds	6	7

[@] Includes contribution to Defined Contribution Plan for Key Managerial Personnel.

ii. Defined Benefit Plans and Leave Encashment

For the year ended March 31, 2016:

(₹ Millions)

Particulars	Gratuity #	Leave Encashment #
Current service cost	247	145
Interest cost	135	61
Net actuarial (gain) / loss	46	(57)
Total *	428	149
Actual return on plan assets	-	-

Notes to financial statements

For the year ended March 31, 2015:

(₹ Millions)		
Particulars	Gratuity #	Leave Encashment #
Current service cost	240	142
Interest cost	127	64
Expected return on plan assets	(6)	-
Net actuarial (gain) / loss	(84)	(133)
Total *	277	73
Actual return on plan assets	(76)	-

Included in salaries and wages (Refer Note 32)

* Includes charges towards gratuity and leave encashment for Key Managerial Personnel as these are provided on an actuarial basis for the Company as a whole.

- b) The assumptions used to determine the obligations are as follows :

For the year ended March 31, 2016:

(₹ Millions)		
Particulars	Gratuity	Leave Encashment
Discount rate	8.00%	8.00%
Expected rate of increase in compensation levels	10.00%	10.00%
Expected rate of return on plan assets	N.A.	N.A.
Expected average remaining working lives of employees (years)	24.63	24.63

For the year ended March 31, 2015:

(₹ Millions)		
Particulars	Gratuity	Leave Encashment
Discount rate	8.50%	8.50%
Expected rate of increase in compensation levels	10.00%	10.00%
Expected rate of return on plan assets	8.00%	N.A.
Expected average remaining working lives of employees (years)	24.38	24.38

- c) Reconciliation of opening and closing balances of obligations and plan assets is as follows:

For the year ended March 31, 2016

(₹ Millions)		
Particulars	Gratuity	Leave Encashment
Change in Obligation		
Present value of obligation at beginning of year	1,587	720
Current service cost	247	145
Interest cost	135	61
Benefits paid	(340)	(145)
Acquisitions / transfer in / transfer out	(7)	6
Actuarial (gain) / loss	46	(57)
Present value of obligation at year end	1,668	730
Change in plan assets :		
Fair value of plan assets at beginning of year	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Amount received on redemption of plan assets	-	-
Fair value of plan assets at year end	-	-
Net funded status of the plan	1,668	730
Current Liabilities	454	730
Non-Current Liabilities	1,213	-

Notes to financial statements

For the year ended March 31, 2015:

Particulars	(₹ Millions)	
	Gratuity	Leave Encashment
Change in Obligation		
Present value of obligation at beginning of year	1,586	794
Current service cost	240	142
Interest cost	127	64
Benefits paid	(305)	(133)
Acquisitions/ transfer in/ transfer out	(47)	(14)
Actuarial (gain) / loss	(14)	(133)
Present value of obligation at year end	1,587	720
Change in plan assets :		
Fair value of plan assets at beginning of year	76	-
Expected return on plan assets	6	-
Actuarial gain / (loss)	70	-
Amount received on redemption of plan assets	(152)	-
Fair value of plan assets at year end	-	-
Net funded status of the plan	1,587	720
Current Liabilities	450	720
Non-Current Liabilities	1,137	-

- d) The expected rate of return on plan assets was based on the average long-term rate of return expected to prevail over the next 15 to 20 years on the investments made by LIC. This was based on the historical returns suitably adjusted for movements in long-term government bond interest rates. The discount rate is based on the average yield on government bonds of 20 years.
- e) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- f) History of experience adjustment is as follows:

Particulars	(₹ Millions)				
	Gratuity				
	As of March 31, 2016	As of March 31, 2015	As of March 31, 2014	As of March 31, 2013	As of March 31, 2012
Present value of obligation	1,668	1,587	1,586	1,382	1,119
Plan assets	-	-	76	76	76
Surplus / (deficit)	(1,668)	(1,587)	(1,510)	(1,306)	(1,043)
Experience adjustments on plan liabilities- gain/(loss)	(6)	(69)	(28)	(31)	(57)
Experience adjustments on plan assets- gain/(loss)	-	70	(6)	(6)	(6)

Particulars	(₹ Millions)				
	Leave Encashment				
	As of March 31, 2016	As of March 31, 2015	As of March 31, 2014	As of March 31, 2013	As of March 31, 2012
Present value of obligation	730	720	794	744	652
Plan assets	-	-	-	-	-
Surplus / (deficit)	(730)	(720)	(794)	(744)	(652)
Experience adjustments on obligation- gain/(loss)	74	134	98	79	51

Notes to financial statements

g) Movement in other long term employee benefits :

The provision for long term service award provided by the Company as of March 31, 2016 is ₹ 89 Mn (March 31, 2015 ₹ 86 Mn).

41. Investment in Joint Ventures/Jointly Owned Assets

a) Jointly owned assets

The Company has participated in various consortiums towards supply, construction, maintenance and providing long term technical support with regards to following Cable Systems. The details of the same are as follows:

As of March 31, 2016

Cable Project	(₹ Millions except % share)			
	Total Contribution	Capital Work In Progress	Net block	% Share
SMW-4	3,317	-	1,315	8.20%
EIG - Project	2,657	20	1,817	7.22%
IMEWE- Project	3,063	-	2,007	12.84%

As of March 31, 2015

Cable Project	(₹ Millions except % share)			
	Total Contribution	Capital Work In Progress	Net block	% Share
SMW-4	3,317	-	1,637	8.27%
EIG - Project	2,677	205	1,805	7.22%
IMEWE- Project	3,063	-	2,206	12.84%

b) Jointly Ventures Entity

i) The Company has a Joint Venture with 9 other overseas mobile operators to form a regional alliance called the Bridge Mobile Alliance, incorporated in Singapore as Bridge Mobile Pte Limited. The principal activity of the venture is creating and developing regional mobile services and managing the Bridge Mobile Alliance Programme. As of March 31, 2016, the Company's investment in Bridge Mobile Pte Limited is USD 800,000, amounting to ₹ 34 Mn in 800,000 ordinary shares of USD 1 each which is equivalent to an ownership interest of 10.00% (March 31, 2015: Investment of USD 800,000 Mn, amounting

to ₹ 34 Mn, 800,000 Mn ordinary shares, ownership interest 10.00%)

ii) Firefly Networks Limited is a 50:50 joint venture of the Company and Vodafone West Limited. The principle activity of the venture is site acquisition, installation, operation and maintenance of the infrastructure at the hotspot to enable telecommunication and internet, to offer customer Wi-fi access across the territory. As of March 31, 2016, the Company's investment in Firefly Networks Limited is ₹ 10 Mn in 1,000,000 ordinary shares of ₹ 10 each which is equivalent to an ownership interest of 50% (March 31, 2015: Investment of ₹ 10 Mn, 100,000 ordinary shares, ownership interest 50%).

The following represents the Company's share of assets and liabilities, and income and results of the joint ventures:

Particulars	(₹ Millions)	
	As of March 31, 2016 (Unaudited)	As of March 31, 2015 (Unaudited)
Balance Sheet		
Current assets	69	47
Non-current assets	5	4
Current liabilities	31	21
Non-current liabilities	5	-
Equity	38	30

Notes to financial statements

Particulars	(₹ Millions)	
	For the year ended March 31, 2016 (Unaudited)	For the year ended March 31, 2015 (Unaudited)
Statement of Profit and Loss		
Revenue	69	38
Employee benefit expenses	26	22
Other expenses	30	7
Depreciation	2	1
Profit/ (loss) before tax	10	8
Tax Expense	0	-
Loss for the year	11	8

- 42.** Loans and advances in the nature of loans along with maximum amount outstanding during the year as per Para A of Schedule V of Securities and Exchange Board of India (Listing obligations and disclosure requirements) Regulations, 2015 are as follows:
- (a) Loan and advance in the nature of loan given to Bharti Telemedia Limited at nil interest rate is ₹ 32,289 Mn (March 31, 2015 ₹ 33,395 Mn at nil interest rate).
- (b) Loan and advance in the nature of loan given to Bharti Airtel Lanka (Private) Limited at nil interest rate is ₹ Nil (March 31, 2015 ₹ 11,047 Mn (LKR 25,916 Mn) at nil interest rate)
- (c) Loan and advance in the nature of loan given to Bharti Airtel International (Netherlands) BV at LIBOR + 1.25% interest rate is ₹ 34,820 Mn (USD 506 Mn) (March 31, 2015 ₹ 32,047 Mn (USD 506 Mn) at LIBOR + 1.25% interest rate).
- (d) Loan and advance in the nature of loan given to Telesonic Networks Limited at SBI base rate is ₹ 220 Mn (March 31, 2015 ₹ 90 Mn at SBI base rate).
- (e) Loan and advance in the nature of loan given to Bharti Teleports Limited at SBI base rate +1% interest rate is ₹ 488 Mn (March 31, 2015 ₹ 466 Mn at SBI base rate +1% interest rate).
- (f) Loan and advance in the nature of loan given to Bharti International (Singapore) Pte Limited at LIBOR + 1.25% interest rate is ₹ 9,656 Mn (USD 140 Mn) (March 31, 2015 ₹ 8,887 Mn (USD 140 Mn) at LIBOR + 1.25% interest rate).
- (g) Loan and advance in the nature of loan given to Nextra Data Limited at nil interest rate is ₹ 2,480 Mn (March 31, 2015 ₹ 2,000 Mn at nil interest rate).
- (h) Loan and advance in the nature of loan given to Bharti Airtel Services Limited at nil interest rate is ₹ 320 Mn (March 31, 2015 ₹ 635 Mn at nil interest rate).
- (i) Loan and advance in the nature of loan given to Airtel Broadband Services Private Limited at nil interest rate is ₹ Nil (March 31, 2015 ₹ 5,390 Mn at nil interest rate).
- (j) Loan and advance in the nature of loan given to Wynk Limited at nil interest rate is ₹ 40 Mn (March 31, 2015 ₹ Nil at nil interest rate).
- (k) Loan and advance in the nature of loan given to Augere Wireless Broadband India Private Limited at 12% interest rate is ₹ 49 Mn (March 31, 2015 ₹ Nil at nil interest rate).
- (l) Loan and advance in the nature of loan given to Firefly Networks Limited at 9.8% interest rate is ₹ 5 Mn (March 31, 2015 ₹ Nil at nil interest rate).
- (m) Loans and advance in the nature of loan given to Bharti Airtel Employees Welfare Trust at nil interest rate is ₹ 516 Mn (March 31, 2015 ₹ 326 Mn at nil interest rate).
- Refer note 47 for outstanding balance at the end of the year for the above entities.

Notes to financial statements

43. Expenditure / Earnings in Foreign Currency (on accrual basis)

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Expenditure		
On account of:		
Interest	3,153	496
Bank charges	137	447
Professional & consultation fees	38	90
Travelling (net of reimbursement)	75	39
Roaming charges (including commission)	1,238	1,330
Membership & subscription	82	56
Staff training & others	3	28
Network services	1,041	464
Annual maintenance	1,840	1,905
Bandwidth charges	1,996	2,644
Access charges	25,308	21,288
Repairs & maintenance	15	13
Marketing	124	150
Content charges	799	1,016
Directors commission and sitting fees	54	59
Income tax	-	147
Total	35,903	30,172
Earnings		
Service revenue	40,306	36,040
Interest income	675	469
Management charges	887	765
Total	41,868	37,274

44. CIF Value of Imports

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Capital goods	73,702	37,221
Total	73,702	37,221

45. Auditors' Remuneration

Particulars	(₹ Millions)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
- Audit fee*	78	68
- Reimbursement of expenses*	6	5
- As advisor for taxation matters*	-	-
- Other services*	18	8
Total	102	81

* Excluding Service Tax

Notes to financial statements

46. Details of dues to micro enterprises and small enterprises as defined under the MSMED Act, 2006

Based on the information available with the Company and the confirmation obtained from the creditors, amounts due to micro enterprises and small enterprises under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is given below:

		(₹ Millions)	
Sr No	Particulars	March 31, 2016	March 31, 2015
1	The principal amount and the interest due thereon [₹ Nil (March 31, 2015 – ₹ Nil)] remaining unpaid to any supplier as at the end of each accounting year	32	10
2	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
4	The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

47. Related Party Disclosures

In accordance with the requirements of Accounting Standard (AS) -18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships are:

Name of the related party and related party relationship :

(i) Key Management Personnel

Sunil Bharti Mittal
Gopal Vittal

(ii) Other Related Parties

(a) Entities where control exist – Subsidiary/Subsidiaries of subsidiary

Bharti Hexacom Limited
Bharti Airtel Services Limited
Bharti Telemedia Limited
Bharti Airtel (USA) Limited
Bharti Airtel Lanka (Private) Limited
Bharti Airtel (UK) Limited (subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd)
Bharti Airtel (Canada) Limited (dissolved on December 31, 2015)
Bharti Airtel (Hongkong) Limited
Bharti Infratel Limited (“BIL”)
Bharti Infratel Services Limited (subsidiary of Bharti Infratel Limited) (under process of striking off)
Network i2i Limited

Bharti Airtel Holdings (Singapore) Pte Ltd
Bharti Infratel Lanka (Private) Limited (subsidiary of Bharti Airtel Lanka (Private) Limited) (under process of striking off)
Airtel M Commerce Services Limited
Airtel Broadband Services Private Limited (merged with Bharti Airtel Limited w.e.f. April 9, 2015).
Nextra Data Limited
Bharti Airtel (Japan) Kabushiki Kaisha (subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd)
Bharti Airtel (France) SAS (subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd)
Bharti Airtel International (Mauritius) Limited
Bharti International (Singapore) Pte Ltd
Airtel Bangladesh Limited (subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd) (Under Amalgamation)
Bharti Airtel International (Netherlands) B.V.
Bangladesh Infratel Networks Limited (subsidiary of Airtel Bangladesh Limited) (Under liquidation)
Telesonic Networks Limited
Wynk Limited
Indo Teleports Limited (formely know as Bharti Teleports Limited) (w.e.f. August 27, 2015)
Smartx Service Limited (subsidiary of Bharti Infratel Limited)
Other subsidiaries of Bharti Airtel International (Netherlands) B.V. :
Africa Towers N.V.

Notes to financial statements

Africa Towers Services Limited	Bharti Airtel Kenya Holdings B.V.
Airtel (Ghana) Limited	Bharti Airtel Madagascar Holdings B.V.
Airtel (Seychelles) Limited	Bharti Airtel Malawi Holdings B.V.
Airtel (SL) Limited	Bharti Airtel Mali Holdings B.V.
Airtel Burkina Faso S.A.	Bharti Airtel Niger Holdings B.V.
Airtel Congo S.A.	Bharti Airtel Nigeria B.V.
Airtel DTH Services (SL) Limited (under liquidation)	Bharti Airtel Nigeria Holdings B.V. (under liquidation)
Airtel DTH Services Congo (DRC) SARL. (Dissolved w.e.f March 2, 2016)	Bharti Airtel Nigeria Holdings II B.V.
Airtel DTH Services Nigeria Limited (under liquidation)	Bharti Airtel RDC Holdings B.V.
Airtel Gabon S.A.	Bharti Airtel Services B.V.
Airtel Madagascar S.A.	Bharti Airtel Sierra Leone Holdings B.V.
Airtel Malawi Limited #	Bharti Airtel Tanzania B.V.
Airtel Mobile Commerce (SL) Limited	Bharti Airtel Uganda Holdings B.V.
Airtel Mobile Commerce B.V.	Bharti Airtel Zambia Holdings B.V.
Airtel Mobile Commerce Burkina Faso S.A.	Burkina Faso Towers S.A. (dissolved w.e.f February 24, 2016)
Airtel Mobile Commerce (Ghana) Limited	Celtel (Mauritius) Holdings Limited
Airtel Mobile Commerce Holdings B.V.	Airtel Congo (RDC) S.A (formerly know as Celtel Congo (RDC) S.a.r.l.)
Airtel Mobile Commerce Kenya Limited	Celtel Niger S.A.
Airtel Mobile Commerce Limited (Malawi)	Channel Sea Management Company Mauritius Limited
Airtel Mobile Commerce Madagascar S.A.	Congo RDC Towers S.A.
Airtel Mobile Commerce Rwanda Limited	Congo Towers S.A. (under dissolution)
Airtel Mobile Commerce (Seychelles) Limited	Gabon Towers S.A. (under dissolution)
Airtel Mobile Commerce (Tanzania) Limited	Indian Ocean Telecom Limited
Airtel Mobile Commerce Tchad SARL	Kenya Towers Limited (sold on September 23, 2015)
Airtel Mobile Commerce Uganda Limited	Madagascar Towers S.A.
Airtel Mobile Commerce Zambia Limited	Malawi Towers Limited
Airtel Money (RDC) S.A.	Mobile Commerce Congo S.A.
Airtel Money Niger S.A.	Montana International
Airtel Money S.A. (Gabon)	MSI-Celtel Nigeria Limited (under liquidation)
Airtel Networks Kenya Limited	Niger Towers S.A.(dissolved w.e.f. March 17, 2016)
Airtel Networks Limited	Partnership Investments S.A.R.L.
Airtel Networks Zambia Plc	Société Malgache de Telephonie Cellulaire SA
Airtel Rwanda Limited	Tanzania Towers Limited
Airtel Tanzania Limited	Tchad Towers S.A.
Airtel Tchad S.A.	Towers Support Nigeria Limited (under liquidation)
Airtel Towers (Ghana) Limited	Uganda Towers Limited (sold on June 1, 2015)
Airtel Towers (S.L.) Company Limited	Warid Congo S.A.(Merged with Airtel Congo SA on October 16, 2015, dissolved on November 5, 2015)
Airtel Uganda Limited	Warid Telecom Uganda Limited (under amalgamation)
Bharti Airtel Africa B.V.	Zambian Towers Limited (sold on August 31, 2015)
Bharti Airtel Burkina Faso Holdings B.V.	Zap Trust Company Nigeria Limited (under liquidation)
Bharti Airtel Chad Holdings B.V.	Bharti Airtel Rwanda Holdings Ltd (formerly known as Zebrano (Mauritius) Limited)
Bharti Airtel Congo Holdings B.V.	Airtel Money Transfer Limited (Incorporated on July 20, July 2015)
Bharti Airtel Developers Forum Limited	
Bharti Airtel DTH Holdings B.V.	
Bharti Airtel Gabon Holdings B.V.	
Bharti Airtel Ghana Holdings B.V.	
Bharti Airtel Kenya B.V.	

Notes to financial statements

(b) Associates / Associate of subsidiary

Tanzania Telecommunications Company Limited
(Associate of Bharti Airtel Tanzania B.V.)

Seychelles Cable Systems Company Limited
(Associate of Airtel (Seychelles) Limited)

Indo Teleports Limited (formerly known as Bharti
Teleports Limited) (uptill August 27, 2015)

(c) Joint Ventures /Joint Venture of Subsidiary

Forum I Aviation Limited (Joint Venture of Bharti Airtel
Services Limited) (Ceased to be related party w.e.f
January 7, 2016)

Indus Towers Limited (Joint Venture of Bharti Infratel
Limited)

Bridge Mobile Pte Limited

FireFly Networks Limited

(d) Entities where Key Management Personnel and their relatives exercise significant influence

Bharti Foundation

Bharti Airtel Employees Welfare Trust

Hike Limited

Mobinteco Limited (Merged with Hike Limited w.e.f
December 22, 2015)

Cedar Support Services Limited

(e) Entities having significant influence over the Company

Singapore Telecommunications Limited

Pastel Limited

Bharti Telecom Limited

(f) Group Companies **

Beetel Teletech Limited

Bharti Axa General Insurance Company Limited

Bharti Axa Life Insurance Company Limited

Bharti Realty Holdings Limited

Bharti Realty Limited

Bharti Retail Limited

Ignite World Private Limited (formerly known as BSB
Portal Limited)

Hike Messenger Limited (formerly known as BSB
Innovation India Limited)

Centum Learning Limited

Fieldfresh Foods Private Limited

Indian Continent Investment Limited

Jersey Airtel Limited

Mehrauli Realty and Consultants Limited

Nile Tech Limited

Y2CF Digital Media Limited

Bharti Enterprises Limited

Atrium Restaurants India Private Limited

Bharti Land Limited

Centrum Work skills India Limited

Augere Wireless Broadband India Private Limited (w.e.f.
December 31, 2015)

** Group Companies" though not 'Related Parties' as per the definition under AS 18, have been included by way of a voluntary disclosure, following the best corporate governance practices.

^ Refer note 37 above for details of new operations during the year.

Notes to financial statements

The details of amounts due to or due from the related parties as of March 31, 2016 and March 31, 2015 are as follows:

(₹ Millions)

Sr No	Particulars	As of March 31, 2016	As of March 31, 2015
1	Subsidiaries		
	Trade Receivables:	1,301	1,954
	Loans & Advances (including accrued interest, wherever applicable)	66,730	80,783
	Security Deposit/Advances	2,580	2,537
	Trade Payables	(6,010)	(5,720)
	Total	64,601	79,554
2	Associate:		
	Trade Receivables:	-	114
	Loans & Advances (including accrued interest, wherever applicable)	-	466
	Trade Payables	-	-
	Total	-	580
3	Group Companies:		
	Trade Receivables:	178	96
	Loans & Advances (including accrued interest, wherever applicable)	51	-
	Security Deposit/Advances	894	901
	Trade Payables	(403)	(420)
	Total	720	577
4	Joint Venture/ Joint Venture of Subsidiary:		
	Loans & Advances (including accrued interest, wherever applicable)	5	-
	Security Deposit/Advances	3,631	3,513
	Trade Payables	(8,115)	(7,740)
	Total	(4,479)	(4,227)
5	Entity having significant influence over the Company:		
	Security Deposit/Advances	-	-
	Trade Payables	(120)	(32)
	Total	(120)	(32)
6	Entities where key management personnel & their relatives exercise significant influence:		
	Trade Receivables:	34	61
	Loans & Advances (including accrued interest, wherever applicable)	508	98
	Total	542	159

Notes to financial statements

The details of related party transactions entered into by the Company, for the years ended March 31, 2016 and March 31, 2015 are as follows:

		(₹ Millions)	
Sr No	Particulars	As of March 31, 2016	As of March 31, 2015
1	Subsidiaries		
	Purchase of fixed assets/ bandwidth*	3,729	5,163
	Sale of fixed assets/ IRU given*	1,026	1,256
	Purchase of Investments/Subscription to share capital	111,858	51,328
	Sale of Investments	3	-
	Rendering of Services*	20,957	17,448
	Receiving of services*	46,759	40,722
	Fund transferred/Expenses incurred on behalf of others	2,351	2,677
	Fund received/Expenses incurred on behalf of the Company	88	257
	Employee related expenses incurred on behalf of others	203	269
	Employee related expenses incurred on behalf of the Company	81	102
	Security deposit given/Advances paid	50	34
	Advance received/Refund of Security deposit given	7	3
	Loans given	14,755	34,699
	Repayment of Loans given	26,503	8,493
	Interest charged by others	6	2
	Interest charged by the Company	707	482
	Dividend Income	9,470	13,700
	Reimbursement of energy expenses	12,456	13,972
	Guarantees and collaterals given on behalf of others (Including Performance guarantees)	799,179	858,157
	Total	1,050,188	1,048,765
2	Associate:		
	Rendering of Services*	4	14
	Fund transferred/Expenses incurred on behalf of others	5	23
	Security deposit given/Advances paid	-	0
	Loans given	14	154
	Repayment of Loans given	14	-
	Interest charged by the Company	21	47
	Guarantees and collaterals given on behalf of others (Including Performance guarantees)	-	1
	Total	58	239
3	Group Companies:		
	Purchase of fixed assets/ bandwidth*	2,390	1,215
	Rendering of Services*	146	174
	Receiving of services*	2,738	2,349
	Fund transferred/Expenses incurred on behalf of others	-	2
	Fund received/Expenses incurred on behalf of the Company	23	711
	Employee related expenses incurred on behalf of others	42	-
	Employee related expenses incurred on behalf of the Company	97	130
	Security deposit given/Advances paid	23	6
	Advance received/Refund of Security deposit given	28	5
	Loans given	40	-
	Interest charged by the Company	2	-
	Dividend Paid	590	912
	Total	6,119	5,504

Notes to financial statements

(₹ Millions)

Sr No	Particulars	As of March 31, 2016	As of March 31, 2015
4	Joint Venture/ Joint Venture of Subsidiary:		
	Purchase of Investments/Subscription to share capital	-	10
	Sale of Investments	-	87
	Rendering of Services*	36	39
	Receiving of services*	36,815	33,374
	Fund transferred/Expenses incurred on behalf of others	-	1
	Fund received/Expenses incurred on behalf of the Company	25	48
	Employee related expenses incurred on behalf of others	14	-
	Security deposit given/Advances paid	117	68
	Advance received/Refund of Security deposit given	-	368
	Loans given	5	-
	Interest charged by the Company	-	-
	Reimbursement of energy expenses	21,988	21,958
	Total	59,000	55,953
5	Entity having significant influence over the Company:		
	Rendering of Services*	1,266	1,374
	Receiving of services*	210	314
	Security deposit given/Advances paid	-	1
	Advance received/Refund of Security deposit given	-	1
	Dividend Paid	5,199	8,022
	Total	6,675	9,712
6	Subsidiaries:		
	Interim Dividend for FY 2014-15	-	6,750
	Final Dividend for FY 2014-15	9,470	-
	Final Dividend for FY 2013-14	-	6,950
	Total	9,470	13,700
7	Key Management Personnel:		
	Dividend Paid	0	0
	Remuneration [^]		
	Salaries and allowances	234	221
	Performance linked incentive ('PLI') [#]	94	99
	Perquisites	12	5
	Total	340	325
8	Entities where key management personnel & their relatives exercise significant influence:		
	Rendering of Services*	194	117
	Loans given	514	-
	Repayment of Loans given	104	228
	Dividend Paid	1	7
	Donation	524	411
	Total	1,337	763

* Inclusive of all applicable taxes

Notes to financial statements

Disclosure in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year

		(₹ Millions)	
S. No	Particulars	As of March 31, 2016	As of March 31, 2015
1	Subsidiaries		
	Trade Receivables		
	Bharti Hexacom Ltd.	184	406
	Airtel Broadband Services Pvt. Ltd.	-	684
	Bharti Airtel International (Netherlands) B.V.	362	132
	Loans & Advances (including accrued interest, wherever applicable)		
	Bharti Telemedia Ltd.	19,206	31,694
	Bharti International (Singapore) Pte Ltd.	9,621	8,949
	Bharti Airtel International (Netherlands) B.V.	34,607	32,189
	Security Deposit/Advances		
	Bharti Airtel (Services) Limited	729	729
	Bharti Infratel Ltd.	1,851	1,808
	Trade Payables		
	Bharti Infratel Ltd.	(2,873)	(2,803)
2	Joint Venture/ Joint Venture of Subsidiary:		
	Security Deposit/Advances		
	Indus Towers Limited	3,630	3,513
	Trade Payables		
	Indus Towers Limited	(8,087)	(7,733)

The details of related party transactions entered into by the Company, for the year ended March 31, 2016 and March 31, 2015 are as follows:

		(₹ Millions)	
S. No	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
1	Subsidiaries		
	Purchase of fixed assets/ bandwidth		
	Telesonic Networks Limited	3,536	3,483
	Sale of fixed assets/ IRU given		
	Bharti Hexacom Ltd.	650	1,119
	Network i2i Limited	180	24
	Wynk Limited	162	-
	Purchase of Investments/Subscription to share capital *		
	Bharti Airtel Lanka Pvt. Ltd.	471	11,047
	Bharti Airtel International (Mauritius) Ltd.	110,155	39,931
	Sale of Investments		
	Bharti Airtel (Canada) Limited	3	-
	Rendering of Services		
	Bharti Hexacom Ltd.	8,244	9,092
	Bharti Airtel (UK) Ltd.	8,787	3,374
	Receiving of services		
	Bharti Infratel Ltd.	19,426	17,924

Notes to financial statements

(₹ Millions)

S. No	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	Fund transferred/Expenses incurred on behalf of others		
	Bharti Hexacom Ltd.	1,347	1,129
	Airtel Broadband Services Pvt. Ltd.*	-	524
	Bharti Telemedia Ltd.	569	583
	Fund received/Expenses incurred on behalf of the Company		
	Bharti Telemedia Ltd.	15	22
	Airtel M Commerce Services Limited	68	132
	Employee related expenses incurred on behalf of others		
	Bharti Hexacom Ltd.	15	37
	Bharti Airtel (Services) Limited	121	104
	Bharti Telemedia Ltd.	17	40
	Airtel M Commerce Services Limited	48	86
	Employee related expenses incurred on behalf of the Company		
	Bharti Hexacom Ltd.	6	25
	Bharti Airtel (Services) Limited	14	40
	Bharti Telemedia Ltd.	9	33
	Airtel M Commerce Services Limited	47	4
	Security deposit given/Advances paid		
	Bharti Infratel Ltd.	50	34
	Advance received/Refund of Security deposit given		
	Bharti Infratel Ltd.	6	3
	Loans given		
	Bharti Telemedia Ltd.	13,592	5,820
	Bharti International (Singapore) Pte Ltd.	-	5,902
	Bharti Airtel International (Netherlands) B.V.	-	21,174
	Repayment of Loans given		
	Bharti Telemedia Ltd.	26,079	7,352
	Interest charged by others		
	Bharti Hexacom Ltd.	6	3
	Interest charged by the Company		
	Bharti International (Singapore) Pte Ltd.	146	119
	Bharti Airtel International (Netherlands) B.V.	528	351
	Dividend Income		
	Bharti Infratel Ltd.	8,840	13,350
	Reimbursement of energy expenses		
	Bharti Infratel Ltd.	12,456	13,972
	Guarantees and collaterals given on behalf of others (Including Performance guarantees)		
	Bharti Airtel International (Netherlands) B.V.	780,802	814,413
2	Group Companies:		
	Purchase of fixed assets/ bandwidth		
	Beetel Teletech Limited	2,390	1,162

Notes to financial statements

(₹ Millions)

S. No	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
	Fund received/Expenses incurred on behalf of the Company		
	Bharti Enterprises Limited	17	710
	Employee related expenses incurred on behalf of others		
	Bharti Enterprises Limited	40	-
	Employee related expenses incurred on behalf of the Company		
	Bharti Enterprises Limited	97	127
	Security deposit given/Advances paid		
	Nile Tech Ltd.	22	0
	Advance received/Refund of Security deposit given		
	Bharti Realty Limited	28	0
	Dividend Paid		
	Indian Continent Investment Ltd.	590	912
3	Joint Venture/ Joint Venture of Subsidiary:		
	Sale of Investments		
	Bridge Mobile Pte Limited	-	87
	Receiving of services		
	Indus Towers Limited	36,765	33,348
	Fund received/Expenses incurred on behalf of the Company		
	Forum 1 Aviation Ltd	25	48
	Security deposit given/Advances paid		
	Indus Towers Limited	117	68
	Advance received/Refund of Security deposit given		
	Indus Towers Limited	-	368
	Reimbursement of energy expenses		
	Indus Towers Limited	21,988	21,958
4	Entity where key management personnel & their relatives exercise significant influence:		
	Donation		
	Bharti Foundation	524	411
5	Entity having significant influence over the Company:		
	Dividend Paid		
	Pastel Ltd.	1,313	2,028
	Bharti Telecom Ltd.	3,886	5,994
6	Key Management Personnel:		
	Remuneration #	340	325

^ Excludes an amount of 57 Mn (March 31, 2015, ₹ 35 Mn) towards expenses recognised in statement of profit and loss during the year ended March 31, 2016 with respect to stock options granted.

Value of PLI considered above represents incentive at 100% performance level. However, same will be paid on the basis of actual performance parameters in next year.

* Inclusive of all applicable taxes

Notes to financial statements

48. Lease

a) Operating lease - As a lessee

The lease rentals charged during the year for cancellable/non-cancellable leases relating to rent of building premises and cell sites as per the agreements and maximum obligation on long-term non-cancellable operating leases are as follows:

Particulars	(₹ Millions)	
	As of March 31, 2016	As of March 31, 2015
Lease rentals [excluding lease equalisation reserve - ₹ 1,473 Mn (March 31, 2015 ₹ 2,339 Mn)]	63,941	57,451
Obligations on non cancellable leases :		
Not later than one year	68,645	60,478
Later than one year but not later than five years	215,297	218,622
Later than five years	102,969	111,760
Total	386,911	390,860

The escalation clause includes escalation ranging from 0% to 25%, includes option of renewal from 1 to 15 years and there are no restrictions imposed by lease arrangements.

Operating Lease – As a Lessor

- i) The Company has entered into non-cancellable lease arrangements to provide dark fiber on indefeasible right of use (IRU) basis and certain premises on lease. Due to the nature of the transaction, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2016 and accordingly, disclosures required by AS 19 are not provided.
- ii) The future minimum lease payments receivable are:

Particulars	(₹ Millions)	
	As of March 31, 2016	As of March 31, 2015
Not later than one year	337	328
Later than one year but not later than five years	1,344	1,207
Later than five years	430	904
Total	2,111	2,439

b) Finance Lease – As a Lessee

- i) Finance Lease obligation of the Company as lessee as of March 31, 2016 is as follow:-

Particulars	(₹ Millions)		
	Future minimum lease payments	Interest	Present value
Not later than one year	713	92	621
Later than one year but not later than five years	1,519	228	1,291
Later than five years	-	-	-
Total	2,232	320	1,912

Notes to financial statements

Finance Lease obligation of the Company as lessee as of March 31, 2015 is as follow:-

Particulars	(₹ Millions)		
	Future minimum lease payments	Interest	Present value
Not later than one year	42	12	30
Later than one year but not later than five years	117	16	101
Later than five years	-	-	-
Total	159	28	131

ii) Finance Lease – As a Lessor

The future minimum lease payments receivable of the Company as of March 31, 2016 is as follows:

Particulars	(₹ Millions)		
	Future minimum lease payments	Interest	Present value
Not later than one year	126	33	94
Later than one year but not later than five years	297	37	260
Later than five years	-	-	-
Total	423	70	354

The future minimum lease payments receivable of the Company as of March 31, 2015 is as follows:

Particulars	(₹ Millions)		
	Future minimum lease payments	Interest	Present value
Not later than one year	45	13	32
Later than one year but not later than five years	123	17	106
Later than five years	-	-	-
Total	168	30	138

49. Employee Stock Compensation

(i) Pursuant to the shareholders' resolutions dated February 27, 2001 and September 25, 2001, the Company introduced the "Bharti Tele-Ventures Employees' Stock Option Plan" (hereinafter called "the Old Scheme") under which the Company decided to grant, from time to time, options to the employees of the Company and its subsidiaries. The grant of options to the employees under the Old Scheme is on the basis of their performance and other eligibility criteria.

(ii) On August 31, 2001 and September 28, 2001, the Company issued a total of 1,440,000 (face value ₹ 10 each) equity shares at a price of ₹ 565 per equity share (2,880,000 equity shares post split of one equity share of ₹ 10 each into 2 equity shares of ₹ 5 each) to the Trust. The Company issued bonus shares in the ratio of 10 equity shares for every one equity

share held as at September 30, 2001, as a result of which the total number of shares allotted to the trust increased to 15,840,000 (face value ₹ 10 each) equity shares (31,680,000 equity shares post share split of one equity share of ₹ 10 each into 2 equity shares of ₹ 5 each).

(iii) Pursuant to the shareholders' resolution dated September 6, 2005, the Company announced a new Employee Stock Option Scheme (hereinafter called "the New Scheme") under which the maximum quantum of options was determined at 9,367,276 (face value ₹ 10 each) options to be granted to the employees from time to time on the basis of their performance and other eligibility criteria. (18,734,552 equity shares post share split of one equity share of ₹ 10 each into 2 equity shares of ₹ 5 each)

Notes to financial statements

(iv) The following table provides an overview of all existing share option plans of the Company:

Scheme	Plan	Year of issuance of plan	Vesting period (years)	Contractual term (years)	As of March 31, 2016		As of March 31, 2015	
					Share options granted (thousands)	Weighted average exercise price	Share options granted (thousands)	Weighted average exercise price
Equity settled Plans								
Scheme I	2001 Plan *	2002	1 - 4	7	30,893	21.25	30,893	21.25
Scheme I	2004 Plan *	2004	1 - 4	7	4,380	35.00	4,380	35.00
Scheme I	Superpot *	2004	1 - 3	7	143	-	143	-
Scheme I	2006 Plan	2006	1 - 5	7	5,489	5.48	5,489	5.48
Scheme 2005	2005 Plan *	2005	1 - 4	7	11,260	237.06	11,260	237.06
Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	2008	1 - 3	7	8,817	352.13	8,817	352.13
Scheme 2005	Performance Share Plan (PSP) 2009 Plan	2009	3 - 4	7	1,691	5.00	1,691	5.00
Scheme 2005	Special ESOP & Restricted Share Units (RSU) Plan	2010	1 - 5	7	3,615	5.00	3,615	5.00
Scheme 2005	Long Term Incentive (LTI) Plan	2011	1 - 3	7	433	5.00	433	5.00
Scheme 2005	LTI Plan	2012	1 - 3	7	1,649	5.00	1,649	5.00
Scheme 2005	LTI Plan	2015	1 - 3	7	1,576	5.00	-	-
Cash settled Plans								
Performance Unit Plan (PUP) 2013	Performance Unit Plan (PUP) 2013	2013	1 - 3	3	2,283	-	2,283	-
Performance Unit Plan (PUP) 2014	Performance Unit Plan (PUP) 2014	2014	1 - 5	3-5	4,017	-	4,006	-
Performance Unit Plan (PUP) 2015	Performance Unit Plan (PUP) 2015	2015	1 - 3	3	7	-	-	-

* Contractual term has expired

(v) The following table exhibits the net compensation expenses arising from share based payment transaction:

Particulars	(₹ Millions)	
	Year ended March 31, 2016	Year ended March 31, 2015
Expenses arising from equity-settled share-based payment transactions	204	(6)
Expenses arising from Cash-settled share-based payment transactions	360	555
	564	549

(vi) The total carrying value of cash settled share based compensation liability is ₹697 Mn and ₹ 658 as of March 31, 2016 and March 31, 2015, respectively.

Notes to financial statements

(vii) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

Particulars	As of March 31, 2016		As of March 31, 2015	
	Number of share options (thousands)	Weighted average exercise price (₹)	Number of share options (thousands)	Weighted average exercise price (₹)
Equity Settled Plans				
Scheme I - 2006 Plan				
Outstanding at beginning of year	390	5.00	539	6.74
Granted	-	-	225	5.00
Exercised	(75)	5.00	(98)	14.38
Forfeited / Expired	(10)	5.00	(276)	5.00
Outstanding at end of year	305	5.00	390	5.00
Exercisable at end of year	30	5.00	65	5.00
Scheme 2005 - 2005 Plan				
Outstanding at beginning of year	-	-	1,008	436.06
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited / Expired	-	-	(1,008)	436.06
Outstanding at end of year	-	-	-	-
Exercisable at end of year	-	-	-	-
Scheme 2005 - 2008 Plan & AGP				
Outstanding at beginning of year	2,534	355.45	3,439	354.54
Granted	-	-	-	-
Exercised	(686)	334.89	(173)	327.20
Forfeited / Expired	(1,209)	342.24	(732)	357.85
Outstanding at end of year	639	402.50	2,534	355.45
Exercisable at end of year	639	402.50	2,534	355.45
Scheme 2005 - PSP 2009 Plan				
Outstanding at beginning of year	83	5.00	242	5.00
Granted	-	-	-	-
Exercised	(22)	5.00	(159)	5.00
Forfeited / Expired	(8)	5.00	-	5.00
Outstanding at end of year	53	5.00	83	5.00
Exercisable at end of year	53	5.00	83	5.00
Scheme 2005 - Special ESOP & RSU Plan				
Outstanding at beginning of year	189	5.00	408	5.00
Granted	-	-	-	-
Exercised	(44)	5.00	(178)	5.00
Forfeited / Expired	(19)	5.00	(41)	5.00
Outstanding at end of year	126	5.00	189	5.00
Exercisable at end of year	126	5.00	189	5.00
Scheme 2005 - LTI Plan (2011, 2012 & 2015)				
Outstanding at beginning of year	523	5.00	1,072	5.00
Granted	1,576	5.00	67	5.00
Exercised	(201)	5.00	(356)	5.00
Forfeited / Expired	(189)	5.00	(260)	5.00
Outstanding at end of year	1,709	5.00	523	5.00
Exercisable at end of year	208	5.00	230	5.00

Notes to financial statements

Particulars	As of March 31, 2016		As of March 31, 2015	
	Number of share options (thousands)	Weighted average exercise price (₹)	Number of share options (thousands)	Weighted average exercise price (₹)
Cash Settled Plan				
PUP 2013				
Outstanding at beginning of year	962	-	1,978	-
Granted	-	-	116	-
Exercised	(381)	-	(589)	-
Forfeited / Expired	(208)	-	(542)	-
Outstanding at end of year	373	-	962	-
Exercisable at end of year	-	-	-	-
PUP 2014				
Number of shares under option:				
Outstanding at beginning of year	3,839	-	-	-
Granted	11	-	4,006	-
Exercised	(441)	-	-	-
Forfeited / Expired	(671)	-	(167)	-
Outstanding at end of year	2,738	-	3,839	-
Exercisable at end of year	-	-	-	-
PUP 2015				
Number of shares under option:				
Outstanding at beginning of year	-	-	-	-
Granted	7	-	-	-
Exercised	-	-	-	-
Forfeited / Expired	-	-	-	-
Outstanding at end of year	7	-	-	-
Exercisable at end of year	-	-	-	-

(viii) The following table summarises information about options exercised and granted during the year and about options outstanding and their remaining contractual life:

March 2016

Plan	Options Outstanding as of March 31, 2016			Options Granted during the year ended March 31, 2016		Options Exercised during the year ended March 31, 2016	
	Options (thousands)	Exercise price	Weighted average remaining contractual life (years)	Options (thousands)	Wtd Avg Fair Value	Options (thousands)	Weighted average share price
Equity settled Plans							
2006 Plan	305	5.00	5.00	-	-	75	350.45
2008 Plan & AGP	639	402.50	0.25	-	-	686	397.45
PSP 2009 Plan	53	5.00	0.69	-	-	22	367.51
Special ESOP & RSU Plan	126	5.00	1.20	-	-	44	319.66
LTI Plan (2011, 2012 & 2015)	1,709	5.00	5.98	1,576	398.32	201	348.28
Cash settled Plans							
PUP 2013	373	-	0.37	-	-	381	417.90
PUP 2014	2,738	-	2.05	11	373.40	441	423.32
PUP 2015	7	-	2.35	7	342.44	-	-

Notes to financial statements

March 2015

Plan	Options Outstanding as of March 31, 2015			Options Granted during the year ended March 31, 2015		Options Exercised during the year ended March 31, 2015	
	Options (thousands)	Exercise price	Weighted average remaining contractual life (years)	Options (thousands)	Wtd Avg Fair Value	Options (thousands)	Weighted average share price
Equity settled Plans							
2006 Plan	390	5.00 to 110.50	5.86	225	361.19	98	371.70
2008 Plan & AGP	2,534	295.00 to 402.50	0.63	-	-	173	383.30
PSP 2009 Plan	83	5.00	1.87	-	-	159	352.26
Special ESOP & RSU Plan	189	5.00	2.26	-	-	178	350.09
LTI Plan (2011 & 2012)	523	5.00	4.27	67	291.63	356	368.36
Cash settled Plans							
PUP 2013	962		1.37	116	378.92	589	354.24
PUP 2014	3,839	-	2.89	4,006	389.59	-	-

- (ix) The fair value of the options granted was estimated on the date of grant using the Black- Scholes / Monte Carlo Lattice valuation model with the following assumptions:

Particulars	(₹ Millions)	
	Year ended March 31, 2016	Year ended March 31, 2015
Risk free interest rates	6.86% to 7.83%	7.64% to 8.65%
Expected life	4 to 60 months	11 to 72 months
Volatility	26.63% to 27.45%	27.36% to 30.73%
Dividend yield	0.54% to 0.63%	0.46% to 0.48%
Wtd average share price on measurement date	350.9 to 411.7	373.7 to 393.9
Wtd average exercise price on measurement date	0 to 5	0 to 5

The volatility of the options is based on the historical volatility of the share price since the Company's equity shares became publicly traded.

- (x) Bharti Infratel Limited (BIL) has given stock options to certain employees of the Company and the corresponding compensation cost is borne by BIL.

Notes to financial statements

50. Forward Contracts & Derivative Instruments and Unhedged Foreign Currency Exposure

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company uses derivative financial instruments such as foreign exchange contracts, option contracts and interest rate swaps to manage its exposures to foreign exchange fluctuations and changes in interest rate.

The following table details the status of the Company's exposure:

		(₹ Millions)	
Sr. No	Particulars	Notional Value (March 31, 2016)	Notional Value (March 31, 2015)
A	For Loan related exposures *		
	a) Forwards	1,655	7,023
	b) Options	20,802	19,115
	Total	22,457	26,138
B	For Trade related exposures *		
	a) Forwards	15,537	9,326
	b) Options	13,317	3,818
	c) Interest Rate Swaps	-	-
	Total	28,854	13,144
C	Unhedged foreign currency borrowing	88,560	26,075
D	Unhedged foreign currency payables	17,055	33,468
E	Unhedged foreign currency receivables	45,742	43,104

* All derivatives are taken for hedging purposes only and trade related exposure includes hedges taken for forecasted receivables.

The Company has accounted for derivatives, which are covered under the Announcement issued by the ICAI, on mark-to-market basis and has recorded reversal of loss ₹ 133 Mn (including reversal of loss of ₹ 125 Mn towards embedded derivatives) for the year ended March 31, 2016 [recorded reversal of loss of ₹ 258 Mn (including reversal of loss of ₹ 196 Mn towards embedded derivatives) for the year ended March 31, 2015].

51. a) The Board of Directors, in its meeting held on April 28, 2015, proposed a final dividend of ₹ 2.22 per equity share of ₹ 5.00 each (44.4% of face value) for financial year 2014-15 which was duly approved by the shareholders of the Company in the Annual General Meeting held on August 21, 2015.
- b) During the year ended March 31, 2015, on August 13, 2014, the Board of Directors declared an interim dividend for ₹ 1.63 per equity share of ₹ 5.00 each (32.6% of face value)
- c) Net dividend remitted in foreign exchange:

		(₹ Millions)	
Particulars	During the year ended March 31, 2016	During the year ended March 31, 2015	
Number of non-resident shareholders	3	4	
Number of equity shares held on which dividend was due (Nos. in Million)	861	862	
Amount remitted (₹ in Millions)	1,912	2,958	
Amount remitted (USD in Millions)	29	49	

- d) Dividend of ₹ 1.36 per share (Face value per share ₹ 5) proposed for the financial year 2015-16.

Notes to financial statements

52. Movement in Provision

a) Doubtful Debts/Advances

(₹ Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Balance at the beginning of the year [#]	19,569	16,466
Addition- Provision for the year	5,891	6,018
Application- Write off of bad debts (net of recovery)	(4,391)	(2,915)
Balance at the end of the year[#]	21,069	19,569

[#] includes provision for doubtful TDS receivable of ₹ 732 Mn (March 31, 2015 ₹ 582 Mn) grouped under Advance tax

b) Subjudice Matters

The Company is involved in various litigations, the outcomes of which are considered probable, and in respect of which the Company has made aggregate provisions of ₹ 75,196 Mn as at March 31, 2016 (March 31, 2015 ₹ 55,205 Mn).

The movement of provision towards subjudice matters disclosed under other non-current assets (refer note 19) and other current liabilities (refer note 13)

(₹ Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening Balance	55,205	42,296
Additions (net)	19,991	12,909
Closing Balance	75,196	55,205

53. Details of debt covenant w.r.t. the Company's 3G/BWA borrowings:

The loan agreements with respect to 3G/BWA borrowings contains a negative pledge covenant that prevents the Company to create or allow to exit any security interest on any of its assets without prior written consent of the lenders except in certain agreed circumstances. (refer note 4)

54. The Company (M/s J T Mobiles Limited subsequently merged with the Company) was awarded license by DoT to operate cellular services in the state of Punjab in December 1995. On April 18, 1996, the Company obtained the permission from DoT to operate the Punjab license through its wholly owned subsidiary, Evergrowth Telecom Limited (ETL). In December 1996, DoT raised argument that the permission dated April 18, 1996 has not become effective and cancelled the permission to operate, which was subsequently reinstated on March 10, 1998 (the period from April 18, 1996 to March 10, 1998 has been hereinafter referred to as 'blackout period'). On July 15, 1999, license was terminated due to alleged non-payment of license fees, liquidated damages and related penal interest relating to blackout period.

In September 2001, in response to the demand raised by DoT, the Company had paid ₹ 4,856 Mn to DoT under protest subject to resolution of the dispute through arbitration. Consequently, the license was restored and an arbitrator was appointed for settlement of the dispute. Arbitrator awarded an unfavourable order, which was challenged by the Company before Hon'ble Delhi High Court.

On September 14, 2012, Hon'ble Delhi High court passed an order setting aside the award passed by the arbitrator. DoT in the meanwhile has preferred an Appeal, including condonation of delay in filing of appeal, which is presently pending before the Division Bench of the Delhi High Court. The Appeal of DoT on the issue of condonation of delay was allowed on July 16, 2013. However, the Company on October 30, 2013 has filed the writ Petition for recovery of License fee in Delhi High Court, notice issued by HC and listed for hearing on May 12, 2015.

55. Previous year figures have been regrouped / reclassified where necessary to conform to current year's classification.