Notes to consolidated financial statements

1. Corporate Information

Bharti Airtel Limited ("Bharti Airtel" or "the Company" or "the Parent") is domiciled and incorporated in India and its 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.

Bharti Airtel together with its subsidiaries is hereinafter referred to as "the Group". The Group is a leading telecommunication service provider in India and also has strong presence in Africa and South Asia. The services provided by the Group are further detailed in Note 6 under segment reporting.

The principal activities of the Group, its joint ventures and associates consist of provision of telecommunication systems and services, tower infrastructure services and direct to home digital TV services. The principal activities of the subsidiaries, joint ventures and associates are disclosed in Note 41.

The Group's principal shareholders as of March 31, 2016 are Bharti Telecom Limited, Pastel Limited (part of Singapore Telecommunication International Pte. Limited Group), Indian Continent Investment Limited, Three Pillars Pte. Limited and Life Insurance Corporation of India.

2. Basis of Preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors on April 27, 2016.

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years, if the revision affects both current and future years (refer Note 4 on significant accounting judgements, estimates and assumptions).

The significant accounting policies used in preparing the consolidated financial statements are set out in Note 3 of the notes to the consolidated financial statements.

3. Summary of Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for adoption of the following new Standards, interpretations and amendments effective from the current year

S. No.	Interpretation/ Amendments	Month of Issue	Effective date - annual periods beginning on or after
1	Amendments to IAS 19. "Defined Benefit Plans: Employee Contributions"	November, 2013	July 1, 2014
2	Annual Improvements 2011-13 Cycle	December, 2013	July 1, 2014
3	Annual Improvements 2010-12 Cycle	December, 2013	July 1, 2014

The adoption of the new interpretations / amendments to the Standards mentioned above does not have any significant impact on the financial position or performance of the Group.

The Group has not early adopted any Standards, interpretations or amendments that has been issued but is not yet effective. The Group plans to adopt these Standards, interpretations and amendments as and when they are effective.

3.1 Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss or as available for sale and liability for cash settled share based options that have been measured at fair value. The carrying values of recognised liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in Indian Rupees ('Rupees' or '₹'), which is the Company's functional and Group's presentation currency and all amounts are rounded to the nearest million, except as stated otherwise.

3.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in Note 41.

A subsidiary is an entity controlled by the Group.

Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

Subsidiaries are fully consolidated from the date on which Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies and accounting period in line with those used by the Group. All intra-group transactions, balances, income and expenses and cash flows are eliminated on consolidation.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the business combination and the non-controlling interests' share of changes in equity since that date.

Profit or loss and other comprehensive income or loss are attributed to the controlling and non-controlling interests in proportion to their ownership interests. Total comprehensive income is attributed to the controlling and non-controlling interests even if this results in the non-controlling interests having a deficit balance. However, in case where there are binding contractual arrangements that determine the attribution of the earnings, such as profit-sharing agreement, the attribution specified by such arrangement is considered.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

When the Group ceases to have control over a subsidiary, it derecognises the carrying value of assets (including goodwill), liabilities, the attributable value of non-controlling interests, if any, and the cumulative currency translation differences previously recognised in other comprehensive income. The profit or loss on disposal is recognised in the income statement and is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any residual interest in the erstwhile subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, *"Financial Instruments: Recognition and Measurement"*, or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

3.3 Business Combinations

The acquisitions of businesses are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except certain assets and liabilities required to be measured as per the applicable standard.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities recognised and contingent liabilities assumed.

In the case of bargain purchase, the resultant gain is recognised directly in the income statement.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders proportionate share of the acquiree's identifiable net assets.

Acquisition related costs, such as finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 "Financial Instruments: Recognition and Measurement", is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Where the Group increases its interest in an entity such that control is achieved, previously held equity interest in the acquired entity is revalued to fair value as at the date of acquisition, being the date at which the Group obtains control of the acquiree and a gain or loss is recognised in the income statement.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance

Notes to consolidated financial statements

with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", or amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

3.4 Interest in Joint Ventures and Associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in its joint ventures and associates are accounted for using the equity method. Under the equity method, investments in joint ventures and associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint ventures and associates, less any impairment in the value of the investments. Losses of a joint venture and an associate in excess of the Group's interest in that joint venture or associate are not recognised. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the joint venture or associate.

Joint ventures and associates are accounted for from the date on which Group obtains joint control over the joint venture/ starts exercising significant influence over the associate. Where necessary, adjustments are made to the financial statements of joint ventures and associates to bring their accounting policies and accounting period in line with those used by the Group.

Goodwill relating to the joint venture and associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the income statement.

3.5 Current versus Non-current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is classified as current when it is:

a) expected to be realised or intended to sold or consumed in normal operating cycle,

b) held primarily for the purpose of trading,

c) expected to be realised within twelve months after the reporting period, or

d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

a) it is expected to be settled in normal operating cycle,

b) it is held primarily for the purpose of trading,

c) it is due to be settled within twelve months after the reporting period, or

d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.6 Intangible Assets

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

At initial recognition, the separately acquired intangible assets are recognised at cost. The cost of intangible assets that are acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in profit or 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 (except goodwill) is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Notes to consolidated financial statements

a. Goodwill

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

b. Softwares

Softwares are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license, generally not exceeding three years. Software costing Rupees five hundred thousand or less, which has an independent use, is amortised over a period of twelve months from the date placed in service.

c. Bandwidth

Payments 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 an intangible asset and the cost is amortised over the period of the agreement. Bandwidth capacity is amortised on straight-line basis over the period of the agreement subject to a maximum of 18 years i.e. estimated useful life of bandwidth.

d. Licenses (including spectrum)

Acquired licenses and spectrum are initially recognised at cost. Subsequently, licenses and spectrum are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in profit or 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 and is disclosed under 'depreciation and amortisation'. The amortisation period relating to licenses/spectrum acquired in a business combination is determined primarily by reference to their unexpired period. The useful lives of licenses/spectrum range from two years to twenty five years.

The revenue-share fee on licenses and spectrum is computed as per the licensing agreement and is expensed as incurred.

e. Other Acquired Intangible Assets

Other acquired intangible assets include right acquired for unlimited access to various applications. Other intangible assets also include assets acquired in business combinations, comprising, brands, customer relationships and distribution networks and are capitalised at fair values on the date of acquisition. Estimated useful life of other acquired intangibles is as follows:

Rights acquired for unlimited license access: Over the period of the agreement which ranges upto five years.

Brand: Over the period of their expected benefits, not exceeding the life of the licenses.

Distribution network: Over estimated useful life of one year to two years

Customer base: Over the estimated life, of such relationships which ranges from one year to five years. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

3.7 Property, Plant and Equipment ('PPE')

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group 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 Group 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 profit or loss as incurred.

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

The Group also enters into multiple element contracts whereby the vendor supplies plant and equipment and IT related services. These are recorded on the basis of relative fair values.

Gains and losses arising from retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively. Freehold land is not depreciated. Estimated useful lives of the assets are as follows:

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	Years
Buildings	20
Technical equipment and machinery	
- Network equipment	3 – 20
- Customer premise equipment	5-6
- Assets taken on finance lease	Period of lease or 10 years, as applicable, whichever is less
Other equipment, operating and office equipment	
- Computer equipment	3
- Office furniture and equipment	2 - 5
- Vehicles	3 - 5
Leasehold improvements	Period of lease or 10-20 years, as applicable, whichever is less

3.8 Impairment of Non-financial Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation 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. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test for goodwill is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, less the costs of disposal. Impairment losses, if any, are recognised in profit or loss as a component of depreciation and amortisation expense.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are 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.

3.9 Non-current Assets (or disposal groups) held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

If the criteria stated by IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

3.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and 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.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include, outstanding bank overdrafts shown within the borrowings in current liabilities in the statement of financial position and which are considered an integral part of the Group's cash management.

3.11 Inventories

Inventories are valued at the lower of cost (determined on a first in first out ('FIFO') basis) and estimated net realisable value. Inventory costs include purchase price, freight inwards 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.

Notes to consolidated financial statements

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of an arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

a. Group as a Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, 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 profit or loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Contingent rents are recognised as expense in the period in which they are incurred.

b. Group as a Lessor

Assets leased to others under finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. The finance income is recognised based on the periodic rate of return on the net investment of the Group outstanding in respect of the finance lease.

Leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating lease. Initial 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.

Lease rentals under operating leases are recognised as income on a straight-line basis over the lease term.

Contingent rents are recognised as income in the period in which they are earned.

c. Indefeasible Right to Use ('IRU')

As part of the operations, the Group enters into agreement for leasing assets under "Indefeasible 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 remains 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 non-current liabilities and the amount recognisable within one year is disclosed as deferred revenue in current liabilities.

d. Sale and Leaseback Transactions

Sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount shall not be immediately recognised as income, instead, the asset leased back is retained at its carrying value and the amount received towards the leased back portion is recorded as a finance lease obligation. If a sale and leaseback transaction results in an operating lease, and transaction is established at fair value, any profit or loss shall be recognised immediately.

3.13 Financial Instruments

A. Financial Instruments – Initial Recognition and Measurement

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are initially recognised at fair value plus directly attributable transaction costs in case of financial assets and liabilities not at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

B. Financial Assets

1. Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose

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of selling in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Group on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a documented risk management or investment strategy. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the income statement.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

b. Financial assets measured at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivables balance and historical experience. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

After initial measurement, financial assets measured at amortised cost are measured using the effective interest rate method (EIR), less impairment, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement.

c. Available for sale financial assets

Available for sale (AFS) financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, AFS financial assets are subsequently measured at fair value with change in fair value recognised in OCI until the investment is derecognised or is determined to be impaired, when the cumulative gain/loss is reclassified from the AFS reserve to income statement in finance income or finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group does not have any held-to-maturity investments.

2. Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

C. **Financial Liabilities**

1. Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the income statement.

b. Financial liabilities measured at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ('EIR') except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are being hedged in effective hedging relationships (refer Note 3.13 D).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

2. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms

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of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

D. Hedge Accounting

1. Fair value hedge

The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage its exposures to foreign exchange fluctuations and interest rate movement. These are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

The Group applies fair value hedge accounting for hedging risk of change in fair value of the borrowings attributable to the hedged interest rate risk. The Group designates certain interest rate swaps to hedge the risk of changes in fair value of recognised borrowings. The Group documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement within finance income / finance costs, together with any changes in the fair value of the hedged liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

2. Cash flow hedge

The Group applies cash flow hedges when hedging the exposure to variability in cash flows on account of exchange rate fluctuations that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. Any foreign exchange gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The ineffective portion of the gain or loss on these hedges is immediately recognised in the income statement. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

3. Net investment hedge

The Group hedges certain net investment in foreign subsidiaries. Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any foreign exchange gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income to offset the change in the value of the net investment being hedged. The ineffective portion of the gain or loss on these hedges is immediately recognised in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed off or sold.

E. Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

F. Derivative Financial Instruments - Current versus Non-current Classification

Derivative instruments that are not designated as effective hedging instruments (economic hedge) and will be held for a period beyond twelve months after the reporting date, are classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item. These are classified as current, when the remaining holding period is upto twelve months after the reporting date.

Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

Full fair value of derivative instruments designated as effective hedging instruments are classified as non-current asset or liability when the remaining maturity of the hedged item is more than twelve months, and as current asset or liability when the remaining maturity of the hedged item is upto twelve months.

G. Fair Value Measurement

The Group measures certain financial instruments, such as, derivatives at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement

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is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3.14 Treasury Shares

Own equity instruments which are reacquired (treasury shares) through Bharti Airtel Employees' Welfare Trust are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognised in share based payment transaction reserve.

3.15 Share-based Compensation

The Group 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 Group'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 Group's estimates of the shares that will eventually vest. At the end of the each reporting period, 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 or loss.

At the vesting date, the Group's estimate of the shares expected to vest is revised to equal the number of equity shares that ultimately vest.

Fair value is measured using the Black-Scholes / Lattice / Monte Carlo Simulation valuation model 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.

3.16 Employee Benefits

The Group's post-employment benefits include defined benefit plan and defined contribution plans. The Group also provides other benefits in the form of deferred compensation and compensated absences.

Under the defined benefit retirement plan, the Group 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 Group.

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 statement of financial position. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of statement of financial position. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

All expenses excluding remeasurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognised in the profit or loss as incurred. Remeasurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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The amount charged to the income statement in respect of these plans is included within operating costs.

The Group's contributions to defined contribution plans are recognised in profit or loss as and when the services are rendered by employees. The Group has no further obligations under these plans beyond its periodic contributions.

The employees of the Group are entitled to compensated absences based on the unavailed leave balance as well as other long term benefits. The Group records liability based on actuarial valuation computed under projected unit credit method.

3.17 Foreign Currency Transactions

a. Functional and Presentation Currency

Consolidated financial statements have been presented in Indian Rupees ('₹'), which is the Company's functional currency and Group's presentation currency. Each entity in the Group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency.

b. Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date with resulting exchange difference recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange component of the gain or loss arising on fair valuation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

Exchange differences arising on a monetary item that forms part of a Group entity's net investment in a foreign operation is recognised in profit or loss in the separate financial statements of the Group entity or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences are recognised in other comprehensive income.

c. Translation of Foreign Operations' Financial Statements

The assets and liabilities of foreign operations are translated into Rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates prevailing during the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation (that is, a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary, a disposal involving loss of joint control over a jointly controlled entity, or a disposal involving loss of significant influence over an associate), the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

d. Translation of Goodwill and Fair Value Adjustments

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and are recorded in the functional currencies of the foreign entities and translated at the exchange rates prevailing at the date of statement of financial position and the resultant change is recognised in statement of other comprehensive income.

3.18 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable net of discounts, process waivers, and VAT, service tax or duty. The Group 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.

a. Service Revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and internet and VSAT services 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

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unearned and reported as deferred revenue in the statement of financial position.

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 the 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.

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

b. Equipment Sales

Equipment sales consist primarily of revenues from sale of telecommunication equipment and related accessories. Revenue from equipment sales which does not have value to the customer on standalone basis, forming part of multiple-element revenue arrangements are deferred and recognised over the customer relationship period. Revenue from other equipment sales transactions are recognised when the significant risks and rewards of ownership are transferred to the buyer.

c. Capacity Swaps

The exchange of network capacity is measured at fair value unless the transaction lacks commercial substance or the fair value of neither the capacity received nor the capacity given is reliably measurable.

d. Multiple Element Arrangements

The Group has entered into certain multiple-element revenue arrangements. These arrangements involve the delivery or performance of multiple products, services or rights to use assets including VSAT and internet equipment, internet and VSAT services, set top boxes and subscription fees on DTH, indefeasible right to use and hardware and equipment maintenance. The Group evaluates all deliverables in an arrangement to determine whether they represent separately identifiable components at the inception of the arrangement. The evaluation is done based on the criteria as to whether the deliverables in the arrangement have value to the customer on a standalone basis.

Total consideration related to the multiple element arrangements is allocated among the different components based on their relative fair values (i.e., ratio of the fair value of each element to the aggregated fair value of the bundled deliverables). In case the relative fair value of different components cannot be determined on a reasonable basis, the total consideration is allocated to the different components on a residual value method.

e. Interest Income

For all financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets at fair value through profit or loss or as available for sale, interest income is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in 'finance income' in the income statement.

f. Dividend Income

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

3.19 Taxes

a. Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred Tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit / (tax loss).
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the

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temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit / (tax loss).
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

In the situations where the Group is entitled to a tax holiday under the tax laws prevailing in the respective tax jurisdictions where it operates, 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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition on the date of acquisition, are recognised within the measurement period, if it results from new information about facts and circumstances that existed at the acquisition date with a corresponding reduction in goodwill. All other acquired tax benefits are recognised in profit or loss on satisfaction of the recognition criteria.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.20 Borrowing Costs

Borrowing costs consist of interest and other costs that the Group 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.

3.21 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 Group.

3.22 Dividends Paid

Dividends paid/ payable are recognised in the year in which the related dividends are approved by the shareholders or Board of Directors, as appropriate.

3.23 Earnings Per Share

The Group's Earnings per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Parent. Basic earnings per share is computed using the weighted average number of shares outstanding during the year excluding shares purchased by the group and held as treasury shares. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options (using the treasury stock method for options), except where the result would be anti-dilutive.

3.24 Provisions

a. General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a 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.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as

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a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b. Contingencies

Contingent liabilities are recognised at their fair value only, if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

c. Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Group has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

4. Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

4.1 Significant Judgements in applying the Group's Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a) Arrangement Containing Lease

The Group applies IFRIC 4, "Determining Whether an Arrangement Contains a Lease", to contracts entered with telecom operators / passive infrastructure services providers to share tower infrastructure services. IFRIC 4 deals with the method of identifying and recognising service, purchase and sale contracts that do not take the legal form of a lease but convey a right to use an asset in return for a payment or series of payments.

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that such contracts are in the nature of operating leases. However, in some arrangements, where the term of the agreement is for the major part of the estimated economic life of the leased asset, and therefore, risks and rewards have substantially been transferred to the Group, as a lessee, such arrangements are accounted for as finance lease.

b) Revenue Recognition and Presentation

The Group assesses its revenue arrangements in order to determine if it is acting as a principal or as an agent by analysing whether it has primary obligation basis pricing latitude and exposure to credit / inventory risks associated with the sale of goods or the rendering of services. The Group has concluded that in certain geographies its revenue arrangements are on a principal to principal basis.

When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Group and its business partners are reviewed to determine each party's respective role in the transaction.

c) Multiple Element Contracts with Vendors

The Group has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined 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 the contracts (as defined in the significant accounting policies) have been accounted under Property, Plant and Equipment and/or as Intangible assets, since the Group has economic ownership in these assets. The Group believes that the current treatment represents the substance of the arrangement.

d) Determination of Functional Currency

Each entity in the Group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of

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each entity are measured using that functional currency. IAS 21, "The Effects of Changes in Foreign Exchange Rates" prescribes the factors to be considered for the purpose of determination of functional currency. However, in respect of certain intermediary foreign operations of the Group, the determination of functional currency might not be very obvious due to mixed indicators like the currency that influences the sales prices for goods and services, currency that influences labour, material and other costs of providing goods and services, the currency in which the borrowings have been raised and the extent of autonomy enjoyed by the foreign operation. In such cases management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

e) Taxes

The Group does not recognise deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve of Group subsidiaries and joint ventures wherever it controls the timing of the distribution of profits and it is probable that the subsidiaries and joint ventures will not distribute the profits in the foreseeable future. Also, the Group does not recognises deferred tax liability on the unremitted earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution.

4.2 Significant Accounting Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Actual results could differ from these estimates.

a) Impairment Reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved. Also, judgement is involved in determining the CGU and grouping of CGUs for goodwill allocation and impairment testing.

The Group prepares and internally approves formal ten year plans, as applicable, for its businesses and uses these as the basis for its impairment reviews. The Group mainly operates in developing markets and in such markets, the plan for shorter duration is not indicative of the long term future performance. Considering this and the consistent use of such robust ten year information for management reporting purpose, the Group uses ten year plans for the purpose of impairment testing. Since the value in use exceeds the carrying amount of CGU, the fair value less costs to sell is not determined.

The key assumptions used to determine the recoverable amount for the CGUs, including sensitivity analysis, are disclosed and further explained in Note 16.

The Group tests goodwill for impairment annually on December 31 and whenever there are indicators of impairment. If some or all of the goodwill, allocated to a CGU, is recognised in a business combination during the year, that unit is tested for impairment before the end of that year.

b) Allowance for Uncollectible Trade Receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible. The carrying amount of allowance for doubtful debts is ₹ 35,080 Mn and ₹ 27,795 Mn as of March 31, 2016 and March 31, 2015, respectively.

c) Asset Retirement Obligations (ARO)

In measuring the provision for ARO the Group uses technical estimates to determine the expected cost to dismantle and remove the infrastructure equipment from the site and the expected timing of these costs. Discount rates are determined based on the government bond rate of a similar period as the liability. The carrying amount of provision for ARO is ₹ 5,754 Mn and ₹ 4,722 Mn as of March 31, 2016 and March 31, 2015, respectively.

d) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by

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the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

Also refer Note 13 – Income taxes.

e) Assets, Liabilities and Contingent Liabilities acquired in a Business Combination

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

The Group has considered all pertinent factors and applied its judgement in determining whether information obtained during the measurement period should result in an adjustment to the provisional amounts recognised at acquisition date or its impact should be accounted as post-acquisition transaction.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

Identifiable intangible assets acquired under business combination include license, customer base, distribution network and brands. The fair value of these assets is determined based on valuation techniques which require an estimate of future net cash flows, where no active market for the asset exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets. The relative size of the Group's intangible assets, excluding goodwill, makes the judgements surrounding the estimated useful lives critical to the Group's financial position and performance.

f) Intangible Assets

Refer Note 3.6 for the estimated useful life of intangible assets. The carrying value of intangible assets has been disclosed in Note 15.

g) Property, Plant and Equipment

Refer Note 3.7 for the estimated useful life of property, plant and equipment. The carrying value of property, plant and equipment has been disclosed in Note 14.

h) Activation and Installation Fees

The Group receives activation and installation fees from new customers. These fees together with directly attributable costs are amortised over the estimated duration of customer life. The customer life is reviewed periodically. The estimated customer life principally reflects management's view of the average economic life of the customer base and is assessed by reference to key performance indicators (KPIs) which are linked to establishment / ascertainment of customer life. A change in such KPIs may lead to a change in the estimated useful life and an increase/ decrease in the amortisation income/charge. The Group believes that the change in such KPIs will not have any material effect on the financial statements.

i) Contingencies

Refer Note 37 (ii) for details of contingencies.

5. Standards Issued but not yet effective up to the date of issuance of the Group's Financial Statements

The new standards, Interpretations and amendments to Standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these Standards, if applicable, when they become effective.

a) IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The effective date of IFRS 9 is annual periods beginning on or after January 1, 2018, with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group is required to adopt the standard by the financial year commencing April 1, 2018. The Group is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

b) IFRS 14 Regulatory Deferral Accounts

In January 2014, IASB issued an interim standard, IFRS 14 Regulatory Deferral Accounts. The aim of this interim standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. IFRS does not provide any

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specific guidance for rate-regulated activities. The IASB has a project to consider the broad issue of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure.

The effective date of IFRS 14 is annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group is required to adopt the standard by the financial year commencing April 1, 2016. The Group does not expect that the adoption of the amendments will have any significant impact on the consolidated financial statements.

c) Amendments to IFRS 11 : Accounting for Acquisitions of Interests

In May 2014, IASB issued amendments to IFRS 11 Joint Arrangements which requires that a joint operator, who is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments are applicable to annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group is required to adopt the amendments by the financial year commencing April 1, 2016. The Group does not expect that the adoption of the amendments will have any significant impact on the consolidated financial statements.

d) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

In May 2014, IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

This amendment is applicable to annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group is required to adopt the amendments by the financial year commencing April 1, 2016. The Group does not expect that the adoption of the amendments will have any significant impact on the consolidated financial statements.

e) IFRS 15 Revenue from Contracts with Customers

In May 2014, IASB issued standard, IFRS 15 Revenue from Contract with Customers. The Standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

The effective date of IFRS 15 is annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group is required to adopt the standard by the financial year commencing April 1, 2018. The Group is currently evaluating the requirements of IFRS 15, and has not yet determined the impact on the consolidated financial statements.

f) IFRS 16 Leases

In January 2016, IASB issued standard, IFRS 16 Leases. IFRS 16 supersedes IAS 17 Leases; IFRIC 4 Determining whether an Arrangement contains a Lease; SIC-15 Operating Leases—Incentives; and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The previous accounting model for leases required lessees and lessors to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The effective date of IFRS 16 is annual periods beginning on or after January 1, 2019. Earlier adoption of the Standard is permitted if IFRS 15 Revenue from Contracts with Customers is adopted at or before the date of initial application of IFRS 16. The Group is required to adopt the standard by the financial year commencing April 1, 2019. The Group is currently evaluating the requirements of IFRS 16, and has not yet determined the impact on the consolidated financial statements.

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g) **Amendments to IAS 1: Amendments Resulting from the Disclosure Initiative**

In December 2014, IASB issued Amendments to IAS 1 Presentation of Financial Statements with respect to disclosure requirements. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

This amendment is applicable to annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group is required to adopt the amendments by the financial year commencing April 1, 2016. The Group does not expect that the adoption of the amendments will have any significant impact on the consolidated financial statements.

h) The following other improvements and amendments to standards have been issued upto the date of issuance of the Group's financial statements, but not yet effective and have not yet been adopted by the Group. These are not expected to have any significant impact on the consolidated financial statements:

S. No.	Interpretation/ Amendments to Standards	Month of Issue	Effective date - annual periods beginning on or after
1	Amendments to IAS 16, "Property, Plant and Equipment" and IAS 41, "Agriculture" for bearer plants	June, 2014	January 1, 2016
2	Amendment to IAS 27, "Separate Financial Statements" with respect to equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	August, 2014	January 1, 2016
3	Annual Improvements 2012-14 Cycle	September, 2014	January 1, 2016
4	Amendment to IFRS 10, "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" with respect to sale or contribution of assets between an investor and its associate or joint venture	September, 2014	Deferred indefinitely
5	Amendment to IFRS 10, "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" with respect to application of the consolidation exception	December, 2014	January 1, 2016

6. Segment Reporting

The Group's operating segments are organised and managed separately through the respective business managers, according to the nature of products and services provided and geographies in which services are provided, with each segment representing a strategic business unit. These business units are reviewed by the Chairman of the Group (Chief operating decision maker).

The reporting segments of the Group are as below:

Mobile Services India: These services cover voice and data telecom services provided through wireless technology (2G/3G/4G) in India. 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 and Mobile commerce services.

Mobile Services-South Asia: These services cover voice and data telecom services provided through wireless technology (2G/3G) in Sri Lanka and Bangladesh.

Mobile Services Africa: These services cover provision of voice and data telecom services provided through wireless technology (2G/3G/4G) offered to customers in Africa continent. This also includes corporate headquarter costs of the Group's Africa operations.

Telemedia Services: These services cover voice and data communications based on fixed network and broadband technology.

Digital TV Services: This includes digital broadcasting services provided under the Direct-to-home platform.

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.

Tower Infrastructure Services: These services include setting up, operating and maintaining wireless communication towers in India.

Notes to consolidated financial statements

Others: These include administrative and support services provided to other segments.

The measurement principles for segment reporting are based on IFRSs adopted in the consolidated financial statements. Segment's performance is evaluated based on segment revenue and profit or loss from operating activities before exceptional items including share of result of joint ventures and associates i.e. segment results.

Operating revenues and expenses related to both third party and inter-segment transactions are included in determining the segment results of each respective segment. Finance income earned, finance expense incurred, other expense and exceptional items are not allocated to individual segment and the same has been reflected at the Group level for segment reporting. Inter-segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period the change occurs. Segment information prior to the change in terms is not restated.

Segment assets comprise assets directly managed by each segment, and primarily include receivables, property, plant and equipment, intangibles, inventories, operating cash and bank balances, inter-segment assets and exclude derivative financial assets, deferred tax assets and income tax recoverable.

Segment liabilities comprise operating liabilities and exclude external borrowings, provision for taxes, deferred tax liabilities and derivative financial liabilities.

Segment capital expenditure comprises additions to property, plant and equipment and intangible assets (net of rebates, where applicable).

Unallocated expenses / results, assets and liabilities include expenses / results, assets and liabilities (including inter-segment assets and liabilities) of corporate headquarters of the Group and other activities not allocated to the operating segments. These also include current taxes, deferred taxes and certain financial assets and liabilities not allocated to the operating segments.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'Eliminations' column.

Notes to consolidated financial statements

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

(₹ Millions)

Particulars	Mobile Services India	Mobile Services South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	542,271	15,866	245,775	44,392	62,503	29,119	25,395	-	-	-	965,321
Inter segment revenue	18,547	588	5,558	3,217	15,530	59	30,778	3,051	-	(77,328)	-
Total revenues	**560,818**	**16,454**	**251,333**	**47,609**	**78,033**	**29,178**	**56,173**	**3,051**	**-**	**(77,328)**	**965,321**
Share of results of joint ventures and associates	10	-	-	-	-	-	9,640	4	-	-	9,654
Segment result	127,744	(6,394)	4,909	12,429	12,167	1,843	24,746	(23)	(1,544)	212	176,089
Finance income											16,177
Finance costs											(85,042)
Other expenses											(1,024)
Exceptional items, net*											14,505
Profit before tax											**120,705**
Other segment items											
Capital expenditure	(372,267)	(3,465)	(58,955)	(11,862)	(10,550)	(11,067)	(9,900)	-	(932)	11,144	(467,854)
Depreciation and amortisation	(90,715)	(5,593)	(47,857)	(9,341)	(7,053)	(8,132)	(11,575)	-	0	5,768	(174,498)
As of March 31, 2016											
Segment assets	1,491,977	47,038	710,446	177,056	221,399	22,756	216,098	1,037	181,847	(820,982)	2,248,672
Segment liabilities	626,126	31,499	278,878	112,397	128,428	46,958	21,795	1,439	1,112,904	(820,037)	1,540,387

* 'Exceptional items, net' shown separately relates to gain on account of divestment of telecom towers in Africa, regulatory fee provisions, depreciation charge arising out of the termination of the tower sale agreement, charges towards de-recognition of embedded derivative assets, expenses on restructuring activities in a few countries, operating costs on network refarming and up-gradation program and on account of disputed receivables / expired claims (Refer Note 12).

Notes to consolidated financial statements

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

(₹ Millions)

Particulars	Mobile Services India	Mobile Services South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	500,673	15,379	264,128	40,550	52,429	24,699	22,530	6	-	-	920,394
Inter segment revenue	18,963	380	4,942	3,775	14,701	60	31,752	2,908	-	(77,481)	-
Total revenues	**519,636**	**15,759**	**269,070**	**44,325**	**67,130**	**24,759**	**54,282**	**2,914**	**-**	**(77,481)**	**920,394**
Share of results of joint ventures and associates	8	-	(53)	(10)	-	-	7,269	9	-	-	7,223
Segment result	124,703	(6,138)	11,727	8,689	7,713	(1,581)	21,731	16	(1,064)	(1)	165,795
Finance income											24,788
Finance costs											(73,252)
Other expenses											(1,669)
Exceptional items, net*											(8,532)
Profit before tax											**107,130**
Other segment items											
Capital expenditure	(285,667)	(3,353)	(82,873)	(7,786)	(6,409)	(7,912)	(10,133)	-	(950)	7,110	(397,973)
Depreciation and amortisation	(70,290)	(5,943)	(49,341)	(9,263)	(6,257)	(8,333)	(11,109)	-	-	5,225	(155,311)
As of March 31, 2015											
Segment assets	1,251,137	47,416	680,586	106,731	169,346	19,125	207,433	789	237,472	(762,217)	1,957,818
Segment liabilities	408,419	29,076	205,193	51,977	88,025	54,550	20,645	1,124	1,191,726	(761,006)	1,289,729

* 'Exceptional items, net' shown separately comprises of one time translation impact of certain foreign currency liabilities in Nigeria, costs relating to post-acquisition integration activities, other costs attributable to restructuring activities, income due to premature termination of an agreement by a telecom operator, income on account of divestment of telecom towers in one of the countries in Africa and charges on account of settlement of various disputes (Refer Note 12).

Notes to consolidated financial statements

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Unallocated assets comprise of :		
Derivative financial assets	18,764	8,510
Deferred tax asset	46,738	59,502
Income tax recoverable	11,570	5,750
Inter-segment loans/ receivables	89,135	100,194
Other investments	8	47,567
Others	15,632	15,949
Total	**181,847**	**237,472**

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Unallocated liabilities comprise of :		
Borrowings	609,006	663,672
Derivative financial liabilities	1,939	792
Deferred tax liability	14,356	15,110
Income tax liabilities	9,296	9,271
Inter-segment loans/ payables	463,575	491,026
Others	14,732	11,855
Total	**1,112,904**	**1,191,726**

Borrowings include amount borrowed for the acquisition of 3G and BWA Licenses (including spectrum) ₹ 8,907 Mn and ₹ 45,153 Mn and for funding the acquisition of Africa operations and other borrowings of Africa operations ₹ 442,204 Mn and ₹ 554,776 Mn as of March 31, 2016 and March 31, 2015, respectively.

Geographical information:

Information concerning geographical areas by location of the entity is as follows:

(a) Revenue from external customers:

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
India	685,735	626,319
Africa	245,775	264,128
Rest of the World	33,811	29,947
Total	**965,321**	**920,394**

(b) Non-current assets(Property, plant and equipment and Intangible assets):

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
India	1,149,089	870,167
Africa	615,137	578,238
Rest of the World	53,037	53,035
Total	**1,817,263**	**1,501,440**

Notes to consolidated financial statements

7. Business Combination/ Disposal of subsidiary/ Other acquisitions/ Transaction with Non-controlling Interests

a) Dilution of Stake in Airtel M Commerce Services Limited (AMSL)

On February 26, 2016, AMSL, a subsidiary of the Group, Kotak Mahindra Bank Limited (KMBL) and the Company have entered into a Share Subscription and Shareholders' agreement to allot 19.90% of the post issue share capital of AMSL to KMBL. Accordingly, the shareholding of the Company in AMSL stands reduced to 80.10% and the corresponding non-controlling interests has been recognised. Excess of proceeds over net assets attributable to non-controlling interests, amounting to ₹ 498 Mn has been recognised directly in equity as attributable to the equity shareholders of the parent.

b) Acquisition of Additional Interest in Indo Teleports Limited (formerly known as Bharti Teleports Limited)

On August 27, 2015, the Group acquired additional 46% of the share capital of Indo Teleports Limited (formerly known as Bharti Teleports Limited) increasing its ownership to 95% and accordingly goodwill of ₹ 311 Mn has been recognised in the transaction.

c) Sale of Stake in Bharti Infratel Limited (BIL)

On August 7, 2014, in order to comply with the requirement to maintain minimum public shareholding of 25% in terms of rule 19(2)(b)/ 19A of Securities Contracts (Regulation) Rules, 1957, as amended, and clause 40A of the equity listing agreement, the Company sold 85 Mn shares in Bharti Infratel Limited (BIL) for ₹ 21,434 Mn, representing 4.5% shareholding in BIL. Subsequent to the transaction, the shareholding of the Company in BIL has reduced to 74.86%.

Further on February 26, 2015, the Company sold 55 Mn shares for ₹ 19,255 Mn, representing 2.91% shareholding in BIL. Subsequent to the transaction, the shareholding of the Company in BIL has reduced to 71.90%.

The carrying amount of non-controlling interests has been adjusted to reflect the change of relative interest in BIL. Excess of proceeds over the change in non-controlling interests net of associated transaction costs, taxes and regulatory levies, amounting to ₹ 25,816 Mn has been recognised directly in equity as attributable to the equity shareholders of the parent.

d) Purchase of Shares of BIL by Bharti Infratel Employees' Welfare Trust

During the year ended March 31, 2015, Bharti Infratel Employees' Welfare Trust acquired 1.65 Mn number of shares of Bharti Infratel Limited from non-controlling interests for a consideration of ₹ 624 Mn. The carrying amounts of non-controlling interests have been adjusted to reflect the changes in their relative interests in BIL. Excess of cost over the change in non-controlling interests, amounting to ₹ 468 Mn has been recognised directly in equity as attributable to the equity shareholders of the parent.

8. Operating Expenses

(₹ Millions)

Particulars	Notes	Year ended March 31, 2016	Year ended March 31, 2015
Access charges		109,423	112,759
Licence fees, revenue share and spectrum charges		94,927	87,391
Network operations cost		211,668	203,372
Employee costs	8.1	49,112	47,123
Selling, general and administrative expenses		158,896	155,533
Charity & donations *		1,233	1,290
Total		**625,259**	**607,468**

* including expenditure towards corporate social responsibility.

Selling, general and administrative expenses include the following:

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Trading inventory consumption	6,053	4,288
Dimunition in value of inventory	288	515
Provision for doubtful debts	9,101	8,405

Notes to consolidated financial statements

8.1 Employee Costs

(₹ Millions)

Particulars	Notes	Year ended March 31, 2016	Year ended March 31, 2015
Salaries, allowances & others		45,009	43,914
Defined contribution plan		2,179	1,757
Defined benefit plan/ other long term benefits		926	734
Share based compensation	8.2	998	718
Total		**49,112**	**47,123**

8.2 Share Based Compensation Plans

The following table provides an overview of all existing share option plans of the Group:

Entity	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									
Bharti Airtel	Scheme I	2001 Plan *	2002	1 - 4	7	30,893	21.25	30,893	21.25
Bharti Airtel	Scheme I	2004 Plan *	2004	1 - 4	7	4,380	35.00	4,380	35.00
Bharti Airtel	Scheme I	Superpot *	2004	1 - 3	7	143	-	143	-
Bharti Airtel	Scheme I	2006 Plan	2006	1 - 5	7	5,489	5.48	5,489	5.48
Bharti Airtel	Scheme 2005	2005 Plan *	2005	1 - 4	7	11,260	237.06	11,260	237.06
Bharti Airtel	Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	2008	1 - 3	7	8,817	352.13	8,817	352.13
Bharti Airtel	Scheme 2005	Performance Share Plan (PSP) 2009 Plan	2009	3 - 4	7	1,691	5.00	1,691	5.00
Bharti Airtel	Scheme 2005	Special ESOP & Restricted Share Units (RSU) Plan	2010	1 - 5	7	3,615	5.00	3,615	5.00
Bharti Airtel	Scheme 2005	Long Term Incentive (LTI) Plan	2011	1 - 3	7	433	5.00	433	5.00
Bharti Airtel	Scheme 2005	LTI Plan	2012	1 - 3	7	1,649	5.00	1,649	5.00
Bharti Airtel	Scheme 2005	LTI Plan	2015	1 - 3	7	1,576	5.00	-	-
Bharti Infratel	Infratel plan	2008 Plan	2008	1 - 5	7	9,913	109.67	9,913	109.67
Bharti Infratel	Infratel plan	LTI Plan (Part of 2008 plan)	2012	1 - 3	7	34	10.00	34	10.00
Bharti Infratel	Infratel plan	2015 Plan	2015	1 - 3	7	90	10.00	-	-
Cash settled Plans									
Bharti Airtel	Scheme 2005	LTI Plan Africa *	2011	1 - 3	3	560	5.00	560	5.00
Bharti Airtel	Performance Unit Plan (PUP) 2013	Performance Unit Plan (PUP) 2013	2013	1 - 3	3	3,435	-	3,435	-
Bharti Airtel	Performance Unit Plan (PUP) 2014	Performance Unit Plan (PUP) 2014	2014	1 - 5	3-5	5,920	-	5,909	-
Bharti Airtel	Performance Unit Plan (PUP) 2015	Performance Unit Plan (PUP) 2015	2015	1 - 3	3	1,045	-	-	-
Bharti Infratel	Infratel plan	PUP	2013 & 2014	1 - 3	7	309	-	309	-

* Contractual term has expired

Notes to consolidated financial statements

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

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Expenses arising from equity-settled share-based payment transactions	248	(4)
Expenses arising from Cash-settled share-based payment transactions	750	722
	998	718

Information concerning the share options issued is presented below:

(Share options in thousands)	As of March 31, 2016		As of March 31, 2015	
	Number of share options	Weighted average exercise price (₹)	Number of share options	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

Notes to consolidated financial statements

(Share options in thousands)	As of March 31, 2016 Number of share options	Weighted average exercise price (₹)	As of March 31, 2015 Number of share options	Weighted average exercise price (₹)
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
Bharti Infratel : 2008 Plan				
Outstanding at beginning of year	3,834	109.67	8,554	109.67
Granted	-	-	-	-
Exercised	(3,078)	109.67	(4,463)	109.67
Forfeited / Expired	(24)	109.67	(257)	109.67
Outstanding at end of year	732	109.67	3,834	109.67
Exercisable at end of year	732	109.67	3,607	109.67
Bharti Infratel : LTI Plan (Part of 2008 Plan)				
Number of shares under option:				
Outstanding at beginning of year	6	10.00	16	10.00
Granted	-	-	-	-
Exercised	(2)	10.00	(5)	10.00
Forfeited / Expired	-	10.00	(5)	10.00
Outstanding at end of year	4	10.00	6	10.00
Exercisable at end of year	4	10.00	3	10.00
Bharti Infratel : LTI Plan (2015 Plan)				
Number of shares under option:				
Outstanding at beginning of year	-	-	-	-
Granted	90	10.00	-	-
Exercised	-	-	-	-
Forfeited / Expired	-	-	-	-
Outstanding at end of year	90	10.00	-	-
Exercisable at end of year	-	-	-	-

Notes to consolidated financial statements

(Share options in thousands)	As of March 31, 2016		As of March 31, 2015	
	Number of share options	Weighted average exercise price (₹)	Number of share options	Weighted average exercise price (₹)
Cash Settled Plan				
Scheme 2005 - LTI Plan Africa				
Outstanding at beginning of year	-	-	107	5.00
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	(107)	5.00
Outstanding at end of year	-	-	-	-
Exercisable at end of year	-	-	-	-
PUP 2013				
Outstanding at beginning of year	1,435	-	3,004	-
Granted	-	-	140	-
Exercised	(381)	-	(589)	-
Forfeited / Expired	(555)	-	(1,120)	-
Outstanding at end of year	499	-	1,435	-
Exercisable at end of year	-	-	-	-
PUP 2014				
Number of shares under option:				
Outstanding at beginning of year	5,548	-	-	-
Granted	11	-	5,909	-
Exercised	(441)	-	-	-
Forfeited / Expired	(1,477)	-	(361)	-
Outstanding at end of year	3,641	-	5,548	-
Exercisable at end of year	-	-	-	-
PUP 2015				
Number of shares under option:				
Outstanding at beginning of year	-	-		-
Granted	1,045	-	-	-
Exercised	-	-	-	-
Forfeited / Expired	(138)	-	-	-
Outstanding at end of year	907	-	-	-
Exercisable at end of year	-	-	-	-
Bharti Infratel : Performance Unit Plan				
Number of shares under option:				
Outstanding at beginning of year	238	-	171	-
Granted	-	-	138	-
Exercised	(51)	-	(46)	-
Forfeited / Expired	(4)	-	(25)	-
Outstanding at end of year	183	-	238	-
Exercisable at end of year	37	-	2	-

Notes to consolidated financial statements

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

March 31, 2016

Entity	Plan	Options Outstanding as of March 31, 2016			Options Granted during the year ended March 31, 2016		Options Excercised 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								
Bharti Airtel	2006 Plan	305	5.00	5.00	-	-	75	350.45
Bharti Airtel	2008 Plan & AGP	639	402.50	0.25	-	-	686	397.45
Bharti Airtel	PSP 2009 Plan	53	5.00	0.69	-	-	22	367.51
Bharti Airtel	Special ESOP & RSU Plan	126	5.00	1.20	-	-	44	319.66
Bharti Airtel	LTI Plan (2011, 2012 & 2015)	1,709	5.00	5.98	1,576	398.32	201	348.28
Bharti Infratel	2008 Plan	732	109.67	1.05	-	-	3,078	394.02
Bharti Infratel	LTI Plan (Part of 2008 Plan)	4	10.00	3.42	-	-	2	394.02
Bharti Infratel	2015 Plan	90	10.00	6.33	90	414.41	-	-
Cash settled Plans								
Bharti Airtel	PUP 2013	499	-	0.37	-	-	381	417.90
Bharti Airtel	PUP 2014	3,641	-	1.97	11	373.40	441	423.32
Bharti Airtel	PUP 2015	907	-	2.35	1,045	342.44	-	-
Bharti Infratel	Performance Unit Plan	183	-	4.34	-	-	51	439.11

March 31, 2015

Entity	Plan	Options Outstanding as of March 31, 2015			Options Granted during the year ended March 31, 2015		Options Excercised 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								
Bharti Airtel	2006 Plan	390	5.00 to 110.50	5.86	225	361.19	98	371.70
Bharti Airtel	2008 Plan & AGP	2,534	295.00 to 402.50	0.63	-	-	173	383.30
Bharti Airtel	PSP 2009 Plan	83	5.00	1.87	-	-	159	352.26
Bharti Airtel	Special ESOP & RSU Plan	189	5.00	2.26	-	-	178	350.09
Bharti Airtel	LTI Plan (2011 & 2012)	523	5.00	4.27	67	291.63	356	368.36
Bharti Infratel	2008 Plan	3,834	109.67	1.95	-	-	4,463	262.40
Bharti Infratel	LTI Plan (Part of 2008 Plan)	6	10.00	4.42	-	-	5	262.40
Cash settled Plans								
Bharti Airtel	PUP 2013	1,435	-	1.37	140	378.92	589	354.24
Bharti Airtel	PUP 2014	5,548	-	2.81	5,909	383.98	-	-
Bharti Infratel	Performance Unit Plan	238	-	5.34	138	336.29	46	262.40

The total carrying value of cash settled share based compensation liability is ₹ 1,230 Mn and ₹ 799 Mn as of March 31, 2016 and March 31, 2015, respectively.

Notes to consolidated financial statements

The fair value of options granted was estimated on the date of grant and at each reporting date (for cash-settled share based options) using the Black-Scholes / Lattice / Monte Carlo Simulation valuation model with the following assumptions:

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Risk free interest rates	6.86% to 7.87%	7.64% to 8.65%
Expected life	4 to 60 months	10 to 72 months
Volatility	26.63% to 37.23%	27.36% to 32.59%
Dividend yield	0.54% to 1.44%	0.46% to 0.6%
Wtd average share price on measurement date exluding Infratel (₹)	350.9 to 411.7	373.7 to 393.9
Wtd average exercise price on measurement date exluding Infratel (₹)	0 to 5	0 to 5
Wtd average share price on measurement date - Infratel (₹)	497.00	378.00
Wtd average exercise price on measurement date - Infratel (₹)	10.00	-

The expected life of the share option is based on historical data & current expectation and not necessarily indicative of exercise pattern that may occur. The volatility of the options is based on the historical volatility of the share price since the respective entity's equity shares became publicly traded.

Bharti Infratel Limited (the subsidiary of the Company) has issued fresh equity shares to its employees under the equity settled share based compensation plan and has received an amount of ₹ 338 Mn (March 31, 2015: ₹ 497 Mn), resulting in increase in the holding of non-controlling shareholders by 0.12%.

9. Other Expenses

Other expenses comprise regulatory levies applicable to finance income in some of the geographies.

10. Depreciation and Amortisation

(₹ Millions)

Particulars	Notes	Year ended March 31, 2016	Year ended March 31, 2015
Depreciation	14	135,280	128,932
Amortisation	15	39,218	26,379
Total		**174,498**	**155,311**

Notes to consolidated financial statements

11. Finance Income and Costs

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Finance income		
Dividend from mutual funds	118	480
Interest income on deposits	4,306	674
Interest income on loans to associates	28	47
Interest income on others	1,042	1,021
Net gain on securities held for trading	2,210	13,753
Net gain on derivative financial instruments *	8,473	8,813
Total	**16,177**	**24,788**
Finance costs		
Interest on borrowings and deferred payment liability	43,585	36,992
Interest on finance lease liabilities	3,887	-
Unwinding of discount on provisions	286	416
Net exchange loss	16,857	22,718
Net fair value loss on financial instruments - Fair value hedges	9,360	7,454
Other finance charges	11,067	5,672
Total	**85,042**	**73,252**

* Refer Note 34 for details of financial assets and liabilities categorised within level 3 of the fair value hierarchy and for details of interest rate swaps designated as hedging instruments. The gain of ₹ 8,526 Mn and ₹ 8,528 Mn has been recognised on the interest rate swaps during the year March 31, 2016 and March 31, 2015, respectively.

"Dividend from mutual funds" includes ₹ Nil and ₹ 14 Mn and "Net gain on securities held for trading" includes net gain of ₹ 294 Mn and ₹ 8 Mn relating to investments in mutual funds designated at fair value through profit or loss for the years ended March 31, 2016 and March 31, 2015, respectively.

"Interest income on others" includes ₹ 204 Mn and ₹ 365 Mn towards unwinding of discount on security deposits included in other financial assets for the years ended March 31, 2016 and March 31, 2015, respectively.

"Other finance charges" comprise bank charges, trade finance charges, charges relating to derivative instruments and interest charges towards sub judice matters and also includes ₹ 99 Mn and ₹ 63 Mn towards unwinding of discount on other financial liabilities for the years ended March 31, 2016 and March 31, 2015, respectively.

12. Exceptional Items

Exceptional items comprises of the following:

(i) For the year ended March 31, 2016 :-

a. Net gain of ₹ 33,078 Mn pertaining to the divestment of telecom tower assets in Burkina Faso, Kenya, Zambia, Uganda, Ghana, Congo Brazzaville and Nigeria (refer Note 43 (e)) net of cash flow hedge reserve amounting to ₹ 7,051 Mn reclassified to income statement (refer Note 32 (ii) (b)).

b. Charge for regulatory fee provisions of ₹ 2,712 Mn arising out of re-assessment of certain positions.

c. Depreciation charge of ₹ 1,809 Mn arising out of the termination of the tower sale agreement (refer Note 43 (d)).

d. Charge of ₹ 2,096 Mn towards de-recognition of embedded derivative assets and ₹ 1,124 Mn arising from amendment of tenure and in various terms of the related long-term contract.

e. Charge for provision against certain disputed receivables / expired claims amounting to ₹ 2,829 Mn.

f. Charge of ₹ 3,713 Mn towards restructuring activities in a few countries.

g. Charge of ₹ 4,290 Mn towards operating costs (including accelerated depreciation) on network refarming and up-gradation program.

(ii) For the year ended March 31, 2015 :-

a. Charge of ₹ 2,082 Mn on account of one time translation impact of certain foreign currency liabilities in Nigeria from the Central bank administered rates to the open market exchange rates, consequent to a notification dated November 6, 2014.

b. Charge of ₹ 2,598 Mn on account of settlement of various disputes.

Notes to consolidated financial statements

c. Charge of ₹ 4,397 Mn related to restructuring activities in a few countries.

d. Gain of ₹ 403 Mn on account of premature termination of an agreement by a telecom operator.

e. Gain of ₹ 142 Mn on account of gain recognised on divestment of telecom towers in one of the countries in Africa.

Tax expense includes:

i) Tax expense of ₹ 6,188 Mn and benefit of ₹ 97 Mn during the year ended March 31, 2016 and March 31, 2015, respectively, on above, and

ii) Tax expense of ₹ Nil and ₹ 1,218 Mn during the year ended March 31, 2016 and March 31, 2015, respectively, on account of settlement of various disputes /uncertain tax position.

Profit/(loss) attributable to non-controlling interests includes expense of ₹ 1,220 Mn and benefit of ₹ 658 Mn during the year ended March 31, 2016 and March 31, 2015, respectively, relating to the above exceptional items.

13. Income Taxes

The major components of the income tax expense are:

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Current income tax		
- India	32,157	45,533
- Overseas	11,594	11,903
	43,751	57,436
Deferred tax*		
- Relating to origination & reversal of temporary differences	5,163	(7,447)
- Relating to change in tax rate	-	537
Tax expense attributable to current year's profit	48,914	50,526
Adjustments in respect of income tax of previous year		
- Current income tax		
India	198	(217)
Overseas	742	658
	940	441
- Deferred tax*#	9,514	3,080
	10,454	3,521
Income tax expense recorded in the consolidated income statement	**59,368**	**54,047**

* Includes tax credit recoverable on account of minimum alternate tax (MAT) of ₹ 17,661 Mn and ₹ 8,012 Mn during years ended March 31, 2016 and March 31, 2015, respectively.

Includes reversal of deferred tax asset of ₹ 8,612 Mn and ₹ Nill during the year ended March 31, 2016 and March 31, 2015 respectively, in one of the subsidiary on account of surrender of depreciation with Tax authority

During the year ended March 31, 2015, the group had recognised additional tax charge of ₹ 537 Mn on account of changes in tax rates (including ₹ 336 Mn relating to India on account of change in tax rate from 33.99% to 34.61% as proposed in Finance Bill, 2015).

Notes to consolidated financial statements

The reconciliation between tax expense and product of net income before tax multiplied by enacted tax rates in India is summarised below:

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Net income before taxes	120,705	107,130
Enacted tax rates in India	34.61%	33.99%
Computed tax expense	41,774	36,414
Increase/(reduction) in taxes on account of:		
Share of (profits)/losses in associates and joint ventures	(3,344)	(2,455)
Net deduction claimed under tax holiday provisions of income tax act	(7,892)	(14,711)
Losses and deductible temporary differences reversed during the tax holiday period	643	1,532
Effect of changes in tax rate	-	537
Tax on undistributed retained earnings	1,667	1,712
Adjustment in respect to current income tax of previous years	940	441
Adjustment in respect to MAT credit of previous years	(753)	(364)
Adjustment in respect to deferred tax of previous years#	10,267	3,444
Additional Tax/Tax for which no credit is allowed	4,688	4,219
Effect of different tax rate	(1,451)	770
Losses and deductible temporary difference against which no deferred tax asset recognised	16,239	17,331
Net expenses not taxable/deductible	4,974	2,557
Net expense on account of settlement of various disputes/uncertain tax position*	480	2,100
Others	(872)	520
Lower tax rate on sale of passive assets	(7,992)	-
Income tax expense recorded in the consolidated income statement	**59,368**	**54,047**

* includes exceptional charge of ₹ Nil and ₹ 1,218 Mn during the year ended March 31, 2016 and March 31, 2015, respectively (refer note 12)

Includes reversal of deferred tax asset of ₹ 8,612 Mn and ₹ Nill during the year ended March 31, 2016 and March 31, 2015, respectively, in one of the subsidiary on account of surrender of depreciation with Tax authority.

The components that gave rise to deferred tax assets and liabilities are as follows:

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Deferred tax asset/(liabilities)		
Provision for impairment of debtors/advances and other provisions	12,811	11,510
Losses available for offset against future taxable income	2,727	3,733
Employee share options	298	281
Post employment benefits	902	787
Minimum tax credit	56,329	38,668
Lease rent equalisation - expense	7,540	6,944
Fair valuation of financial assets/derivative instruments/other investments and unrealised exchange fluctuation	(829)	(1,547)
Accelerated depreciation/amortisation for tax purposes	(40,337)	(10,804)
Fair valuation of intangibles/property plant & equipments on business combination	801	855
Lease rent equalisation - income	(5,234)	(5,032)
Unearned Income	472	628
Deferred tax liability on undistributed retained earnings	(3,153)	(1,454)
Others	55	(177)
Net deferred tax asset/(liabilities)	**32,382**	**44,392**

Notes to consolidated financial statements

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Deferred tax (expense)/income		
Provision for impairment of debtors/advances and other provisions	1,423	2,639
Losses available for offset against future taxable income	(872)	(1,867)
Employee share options	17	(565)
Post employment benefits	117	131
Minimum tax credit	17,661	8,012
Lease rent equalisation - expense	597	929
Fair valuation of financial assets/derivative instruments/other investments and unrealised exchange fluctuation	492	(2,354)
Accelerated depreciation/amortisation for tax purposes	(32,076)	(4,940)
Fair valuation of intangibles/property plant & equipments on business combination	(119)	(376)
Lease rent equalisation - income	(202)	(514)
Unearned Income	(94)	(231)
Deferred tax liability on undistributed retained earnings	(1,667)	3,377
Others	46	(411)
Net deferred tax (expense)/income	**(14,677)**	**3,830**

Reflected in the statement of financial position as follows:

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Deferred tax asset	46,738	59,502
Deferred tax liabilities	(14,356)	(15,110)
Deferred tax asset (net)	**32,382**	**44,392**

The reconciliation of deferred tax assets (net) is as follows:

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Opening balance	44,392	45,777
Tax Income / (expense) during the year recognised in profit or loss	(14,677)	3,830
Deferred tax liability reversed upon sale of subsidiary	787	-
Translation adjustment and others	1,880	(5,215)
Closing balance	**32,382**	**44,392**

Notes to consolidated financial statements

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unabsorbed depreciation and unused tax losses can be utilised. Accordingly, the Group has not recognised deferred tax assets in respect of deductible temporary differences, carry forward of unabsorbed depreciation and unused tax losses of ₹ 259,086 Mn and ₹ 229,893 Mn as of March 31, 2016 and March 31, 2015, respectively as it is not probable that taxable profits will be available in future.

The tax rates applicable to these unused tax losses, unabsorbed depreciation and deductible temporary differences vary from 3% to 45% depending on the jurisdiction in which the respective Group entity operates. Of the above balance as of March 31, 2016 and March 31, 2015, tax losses, unabsorbed depreciation and deductible temporary differences to the extent of ₹ 158,802 Mn and ₹ 143,308 Mn, respectively have an indefinite carry forward period and the balance amount expires unutilised as follows:

(₹ Millions)

March 31,	As of March 31, 2016
2017	5,405
2018	6,527
2019	7,493
2020	3,356
2021	10,371
Thereafter	67,132
	100,284

(₹ Millions)

March 31,	As of March 31, 2015
2016	5,955
2017	5,597
2018	8,672
2019	8,924
2020	3,944
Thereafter	53,493
	86,585

The Group has not recognised deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve with respect to certain of its subsidiaries and joint ventures where the Group is in a position to control the timing of the distribution of profits and it is probable that the subsidiaries and joint ventures will not distribute the profits in the foreseeable future. Also, the Group does not recognises deferred tax liability on the unremitted retained earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution. The taxable temporary difference associated with respect to unremitted retained earnings and associated foreign currency translation reserve is ₹ 110,565 Mn and ₹ 96,364 Mn as of March 31, 2016 and March 31, 2015, respectively. The distribution of the same is expected to attract tax in the range of NIL to 20% depending on the tax rates applicable as of March 31, 2016 in the jurisdiction in which the respective Group entity operates.

Notes to consolidated financial statements

14. Property, Plant and Equipment

(₹ Millions)

Particulars	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total
Cost					
As of April 1, 2014	**24,001**	**1,044,300**	**84,278**	**23,398**	**1,175,977**
Additions	1,774	-	8,651	184,227	194,652
Disposals / adjustment	(702)	(11,556)	(2,590)	-	(14,848)
Transferred to assets held for sale @	(231)	(77,723)	-	(2,065)	(80,019)
Currency translation	(1,957)	(62,950)	(10,546)	(9,813)	(85,266)
Reclassification *	(12)	143,172	1,404	(145,920)	(1,356)
As of March 31, 2015	**22,873**	**1,035,243**	**81,197**	**49,827**	**1,189,140**
Additions	961	-	14,277	190,171	205,409
Acquisition through Business Combinations @@	-	161	1	-	162
Disposals / adjustment	(532)	(24,532)	(9,275)	-	(34,339)
Transferred from / to assets held for sale #	-	14,201	-	1,070	15,271
Currency translation	9	1,279	39	428	1,755
Reclassification *	(550)	194,361	499	(193,616)	694
As of March 31, 2016	**22,761**	**1,220,713**	**86,738**	**47,880**	**1,378,092**
Accumulated Depreciation					
As of April 1, 2014	**6,092**	**506,248**	**67,208**	**-**	**579,548**
Charge	1,000	115,362	12,570	-	128,932
Disposals / adjustment	(85)	(10,431)	(2,427)	-	(12,943)
Transferred to assets held for sale @	-	(37,380)	-	-	(37,380)
Currency translation	(899)	(37,629)	(9,363)	-	(47,891)
Reclassification *	(36)	(1,106)	859	-	(283)
As of March 31, 2015	**6,072**	**535,064**	**68,847**	**-**	**609,983**
Charge^	1,462	128,064	10,604	-	140,130
Disposals / adjustment	(212)	(21,354)	(9,138)	-	(30,704)
Transferred from / to assets held for sale #	-	4,800	-	-	4,800
Currency translation	(36)	(1,537)	(5)	-	(1,578)
Reclassification*	(14)	18	644	-	648
As of March 31, 2016	**7,272**	**645,055**	**70,952**	**-**	**723,279**
Net Carrying Amount					
As of April 1, 2014	**17,909**	**538,052**	**17,070**	**23,398**	**596,429**
As of March 31, 2015	**16,801**	**500,179**	**12,350**	**49,827**	**579,157**
As of March 31, 2016	**15,489**	**575,658**	**15,786**	**47,880**	**654,813**

* ₹ 694 Mn and ₹ 648 Mn gross block and accumulated depreciation respectively, has been reclassified mainly from software to other equipment, operating and office equipment during the year ended March 31, 2016 and ₹ 1,356 Mn and ₹ 283 Mn gross block and accumulated depreciation respectively, has been reclassified mainly from technical equipment and machinery to bandwidth during the year ended March 31, 2015.

@ Refer Note 43

@@ Major business acquisitions explained in Note 7

Mainly includes assets re-classified from held for sale to Property, plant and equipment due to termination of agreement for sale of tower assets (refer Note 43).

^ Includes exceptional items of ₹ 4,850 Mn w.r.t. technical equipments and machinery (refer Note 12 (i) (c) & 12 (i) (g)).

Following table summarises the detail of assets taken on finance lease:

(₹ Millions)

Particulars	Period	Technical equipment and machinery	Other equipment, operating and office equipment
Gross Block	As of March 31, 2016	38,930	1,097
	As of March 31, 2015	435	831
Accumulated Depreciation	As of March 31, 2016	17,563	835
	As of March 31, 2015	7	431
Net Block	As of March 31, 2016	21,367	262
	As of March 31, 2015	428	400

The "advance payments and construction in progress" includes ₹ 46,767 Mn and ₹ 48,777 Mn towards technical equipment and machinery and ₹ 1,113 Mn and ₹ 1,050 Mn towards other assets as of March 31, 2016 and March 31, 2015 respectively.

The Group has taken borrowings from banks and financial institutions which carry charge over certain of the above assets (refer Note 26 for details towards security and pledge).

Notes to consolidated financial statements

15. Intangible Assets

(₹ Millions)

Particulars	Goodwill	Software	Bandwidth	Licenses (including spectrum)	Other acquired intangibles	Advance Payment and assets under development	Total
Cost							
As of April 1, 2014	**471,773**	**16,283**	**11,959**	**297,832**	**20,413**	**107,718**	**925,978**
Additions	-	1,579	3,236	7,895	3,284	187,327	203,321
Disposals / adjustment **	-	-	-	(4,278)	(18,688)	-	(22,966)
Transferred to assets held for sale @	-	-	-	(15)	-	-	(15)
Currency translation	(54,313)	(116)	17	(22,339)	(712)	-	(77,463)
Reclassification *	-	(33)	1,361	129,303	28	(129,303)	1,356
As of March 31, 2015	**417,460**	**17,713**	**16,573**	**408,398**	**4,325**	**165,742 #**	**1,030,211**
Additions	-	3,363	3,244	-	70	255,768	262,445
Acquisition through Business Combinations @@	314	-	-	-	128	-	442
Disposals / adjustment **	-	(4,255)	-	(15,130)	(143)	-	(19,528)
Currency translation	13,244	103	72	6,374	25	75	19,893
Reclassification *	-	(706)	12	371,555	-	(371,555)	(694)
As of March 31, 2016	**431,018**	**16,218**	**19,901**	**771,197**	**4,405**	**50,030 #**	**1,292,769**
Accumulated amortisation							
As of April 1, 2014	**-**	**11,520**	**2,845**	**79,557**	**19,703**	**-**	**113,625**
Charge	-	2,680	908	21,961	830	-	26,379
Disposals / adjustment **	-	-	-	(4,274)	(18,688)	-	(22,962)
Transferred to assets held for sale @	-	-	-	(3)	-	-	(3)
Currency translation	-	(134)	85	(11,355)	(627)	-	(12,031)
Reclassification *	-	50	123	(5)	115	-	283
As of March 31, 2015	**-**	**14,116**	**3,961**	**85,881**	**1,333**	**-**	**105,291**
Charge	-	2,723	1,207	34,204	1,084	-	39,218
Disposals / adjustment **	-	(4,255)	-	(15,130)	(119)	-	(19,504)
Currency translation	-	103	162	3,056	4	-	3,325
Reclassification *	-	(660)	12	-	-	-	(648)
As of March 31, 2016	**-**	**12,027**	**5,342**	**108,011**	**2,302**	**-**	**127,682**
Accumulated impairment							
As of April 1, 2014	**2,637**	**-**	**-**	**-**	**-**	**-**	**2,637**
As of March 31, 2015	**2,637**	**-**	**-**	**-**	**-**	**-**	**2,637**
As of March 31, 2016	**2,637**	**-**	**-**	**-**	**-**	**-**	**2,637**
Net Carrying Amount							
As of April 1, 2014	**469,136**	**4,763**	**9,114**	**218,275**	**710**	**107,718**	**809,716**
As of March 31, 2015	**414,823**	**3,597**	**12,612**	**322,517**	**2,992**	**165,742**	**922,283**
As of March 31, 2016	**428,381**	**4,191**	**14,559**	**663,186**	**2,103**	**50,030**	**1,162,450**

* ₹ 694 Mn and ₹ 648 Mn gross block and accumulated depreciation respectively, has been reclassified mainly from software to other equipment, operating and office equipment during the year ended March 31, 2016 and ₹ 1,356 Mn and ₹ 283 Mn gross block and accumulated depreciation respectively, has been reclassified mainly from technical equipment and machinery to bandwidth during the year ended March 31, 2015.

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

includes advance payment of ₹ 41,474 MN and ₹ 47,251 Mn towards spectrum as at March 31, 2016 and March 31, 2015, respectively.

@@ Major business acquisitions explained in Note 7

@ Refer Note 43

Notes to consolidated financial statements

During the years ended March 31, 2016 and March 31, 2015, the Group has capitalised borrowing cost of ₹ 2,265 Mn and 2,808 Mn, respectively.

The Group has taken borrowings from banks and financial institutions which carry charge over certain of the above assets (refer Note 26 for details towards security and pledge).

Weighted average remaining amortisation period of license as of March 31, 2016 and March 31, 2015 is 16.64 years and 15.69 years, respectively.

16. Impairment Reviews

The Group tests goodwill for impairment annually on December 31 and whenever there are indicators of impairment (refer Note 4). Impairment testing is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. The impairment assessment is based on value in use calculations except in case of Mobile Services – Bangladesh, where fair value less cost to sell is used in view of the impending merger of Airtel Bangladesh Limited with Robi Axiata Limited (refer Note 40(c)).

During the year, the testing did not result in any impairment in the carrying amount of goodwill.

The carrying amount of goodwill has been allocated to the following CGU/ Group of CGUs:

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Mobile Services - India	39,527	39,524
Mobile Services - Bangladesh	8,937	8,479
Airtel business	6,224	5,597
Mobile Services - Africa	373,349	360,879
Telemedia Services	344	344
Total	**428,381**	**414,823**

The measurement of the fair value less cost to sell in case of Mobile Services – Bangladesh has been determined based on the fair value of stake (basis 10 year plan) to be received by the Group in the merged entity (i.e. combined entity after merger of Robi Axiata Limited and Airtel Bangladesh Limited) in consideration of contribution to merged entity. The measurement of all other cash generating units' value in use is determined based on ten year financial plans (planning period) that have been approved by management and are also used for internal purposes. The planning horizon reflects the assumptions for short-to-mid term market developments. Cash flows beyond the planning period are extrapolated using appropriate terminal growth rates. The terminal growth rates used do not exceed the long term average growth rates of the respective industry and country in which the entity operates and are consistent with forecasts included in industry reports.

Key assumptions used in value-in-use calculations

- Operating margins (Earnings before interest and taxes)
- Discount rate
- Growth rates
- Capital expenditures

Operating margins: Operating margins have been estimated based on past experience after considering incremental revenue arising out of adoption of valued added and data services from the existing and new customers, though these benefits are partially offset by decline in tariffs in a hyper competitive scenario. Margins will be positively impacted from the efficiencies and initiatives driven by the Company; at the same time, factors like higher churn, increased cost of operations may impact the margins negatively.

Discount rate: Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated based on the weighted average cost of capital for respective CGU or group of CGUs. Pre-tax discount rate used ranged from 13.1% to 19.9% (higher rate used for CGU group 'Mobile Services – Africa') for the year ended March 31, 2016 and ranged from 14.3% to 21.3% (higher rate used for CGU group 'Mobile Services – Africa') for the year ended March 31, 2015.

Growth rates: The growth rates used are in line with the long term average growth rates of the respective industry and country in which the entity operates and are consistent with the forecasts included in the industry reports. The average growth rates used in extrapolating cash flows beyond the planning period ranged from 3.5% to 4.0% (higher rate used for CGU group 'Mobile Services – Africa' CGU) for the year ended March 31, 2016 and ranged from 3.5% to 5.6% (higher rate used for CGU group 'Mobile Services – Bangladesh' CGU) for the year ended March 31, 2015.

Capital expenditures: The cash flow forecasts of capital expenditure are based on past experience coupled with additional capital expenditure required for roll out of incremental coverage requirements and to provide enhanced voice and data services adjusted where applicable for the impact of proposed divestment of towers in Africa.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for Mobile Services – India, Telemedia Services and Airtel Business, and fair value less cost to sell in Mobile Services – Bangladesh, no reasonably possible change in any of the above key assumptions would cause the carrying amount of these units to exceed their recoverable amount. For Mobile Services - Africa CGU group, the recoverable amount exceeds the carrying amount by approximately 10.0% as of December 31,

Notes to consolidated financial statements

2015 and approximately 8.7% as of December 31, 2014. An increase of 1.1% (December 31, 2014: 1.3%) in discount rate shall equate the recoverable amount with the carrying amount of the Mobile Services – Africa CGU group as of December 31, 2015. Further, for Mobile Services – Africa CGU group, no reasonably possible change in the terminal growth rate beyond the planning horizon would cause the carrying amount to exceed the recoverable amount.

17. Investment in Associates, Joint ventures and Subsidiaries

17.1 Investments accounted for using the equity method

The Group's interests in Joint Ventures and associates are accounted for using the equity method of accounting. The details (Principal place of operation/ country of incorporation, principal activities and percentage of ownership interest and voting power (direct / indirect) held by the Group) of Joint Ventures and Associates are set out in Note 41.

The amounts recognised in the consolidated statement of financial position are as follows:-

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Joint Ventures	55,817	46,257
Associates	-	-
Total	**55,817**	**46,257**

The amounts recognised in the consolidated income statement are as follows:-

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Joint Ventures	9,654	7,276
Associates	-	(53)
Total	**9,654**	**7,223**

17.1.1 Investments in Joint Ventures

17.1.1 (a) Investments in Indus Towers Limited

Summarised financial information of Indus Towers Limited based on its IFRS financial statements and reconciliation with the carrying amount of the investment in consolidated financial statements is as follows:-

Summarised Information on Statement of Financial Position

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Assets		
Non Current Assets	**241,432**	**243,926**
Current Assets		
Cash and cash Equivalents	753	533
Other Current Assets (Excluding cash and cash equivalents)	17,556	18,868
Total Current Assets	**18,309**	**19,401**
Liabilities		
Non Current Liabilities		
Non Current Financial Liabilities (Other than trade and other payables and provisions) - Loans and borrowings	25,586	37,206
Other Non Current Liabilities	28,946	26,052
Total Non Current Liabilities	**54,532**	**63,258**
Current Liabilities		
Current Financial Liabilities (Other than trade and other payables and provisions) - Loans and borrowings	14,999	24,186
Other Current Liabilities	23,226	29,467
Total Current Liabilities	**38,225**	**53,653**
Equity	166,984	146,416
Percentage of Group's ownership interest	42%	42%
Interest in Joint Venture	70,133	61,495
Fair valuation adjustment with regard to property, plant and equipment on consolidation (net of depreciation impact thereon ₹ 2,805 Mn (March 31, 2015: ₹ 1,804 Mn))	(6,983)	(7,985)
Other fair value adjustments on consolidation	(7,376)	(7,376)
Carrying amount of investment	55,774	46,134

Notes to consolidated financial statements

Summarised Information on Income Statement

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Revenue	163,879	153,522
Depreciation and amortisation	31,594	32,459
Finance income (including Interest income of ₹ 697 Mn (March 31, 2015 - ₹ 394 Mn))	772	802
Finance cost (including Interest expense of ₹ 6,244 Mn (March 31, 2015 - ₹ 7,861 Mn))	6,257	7,872
Income tax expense	15,107	13,280
Profit for the year	**20,568**	**14,927**
Percentage of Group's ownership interest	42%	42%
Group's share in Joint Venture's profit for the year	8,638	6,269
Consolidation adjustments	1,002	1,000
Group's share in Joint ventures' profit recognised	9,640	7,269
Dividend received from Joint venture	-	16,407

17.1.1 (b) Information of other joint ventures

Aggregate information of joint ventures that are not individually material is as follows:-

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Carrying amount of investment	43	123
Cumulative unrecognised losses	2	2

(₹ Millions)

Group's share in joint ventures	Year ended March 31, 2016	Year ended March 31, 2015
Net profit / (loss)	14	5
Other comprehensive income	2	4
Total comprehensive income	16	9
Unrecognised losses	-	2

Refer Note 37 for Group's share of joint ventures commitments and contingencies.

17.1.2 Investments in Associates

The Group does not have any individually material associate. Aggregate information of associates that are not individually material is as follows:

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Carrying amount of investment	-	-
Cumulative unrecognised losses	1,765	1,559

(₹ Millions)

Group's share in associates'	Year ended March 31, 2016	Year ended March 31, 2015
Net profit / (loss)	(206)	(284)
Other comprehensive income / (loss)	-	(34)
Total comprehensive income / (loss)	(206)	(318)
Unrecognised losses	206	231

Refer Note 37 for Group's share of associates commitments.

Notes to consolidated financial statements

17.2 Investments in Subsidiaries

The details (Principal place of operation/country of incorporation, principal activities and percentage of ownership interest and voting power (direct / indirect) held by the Group) of subsidiaries are set out in Note 41.

Summarised financial information of subsidiaries (including fair valuation adjustments made at the time of acquisition, if any) having material non-controlling interests is as follows:

(₹ Millions)

Particulars	Bharti Infratel Limited*		Bharti Hexacom Limited		Airtel Networks Limited	
	As of March 31, 2016	As of March 31, 2015	As of March 31, 2016	As of March 31, 2015	As of March 31, 2016	As of March 31, 2015
Assets						
Non Current Assets	162,860	157,508	76,771	77,311	99,144	97,130
Current Assets	55,440	51,762	6,920	4,973	8,835	19,610
Liabilities						
Non Current Liabilities	18,705	17,030	10,703	16,636	45,831	37,249
Current Liabilities	14,166	13,797	10,536	12,385	50,294	85,573
Equity	185,429	178,443	62,452	53,263	11,854	(6,082)
Percentage of ownership interest held by non-controlling interests	28.24%	28.12%	30.00%	30.00%	20.94%	20.94%
Accumulated Non-controlling interests	52,364	50,183	18,738	15,977	2,482	(1,274)

(₹ Millions)

Particulars	Bharti Infratel Limited*		Bharti Hexacom Limited		Airtel Networks Limited	
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
Revenue	56,167	54,081	51,962	47,105	83,491	87,751
Net Profit/(loss)	21,425	20,995	10,275	10,382	8,990	(7,289)
Other Comprehensive Income	6	(2)	(2)	(1)	8,946	(7,761)
Total Comprehensive Income	21,431	20,993	10,273	10,381	17,936	(15,051)
Profit / (loss) allocated to Non-controlling interests	6,047	5,012	3,086	3,118	1,883	(1,526)

(₹ Millions)

Particulars	Bharti Infratel Limited*		Bharti Hexacom Limited		Airtel Networks Limited	
	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
Net cash inflow/(outflow) from operating activities	21,887	34,266	15,010	10,859	17,677	20,411
Net cash inflow/(outflow) from investing activities	12,673	(5,695)	(7,724)	(25,429)	19,090	(11,214)
Net cash inflow/(outflow) from financing activities	(14,492)	(28,981)	(7,527)	14,324	(34,240)	(9,929)
Net cash inflow/(outflow)	20,068	(410)	(241)	(246)	2,527	(732)
Dividend paid to Non-controlling interests (including tax)	4,183	4,062	325	175	-	-

* Based on consolidated financial statements, also refer Note 7(c).

Notes to consolidated financial statements

18. Derivative Financial Instruments

The Group uses foreign exchange option contracts, swap contracts, forward contracts and interest rate swaps to manage some of its transaction exposures. These derivative instruments (except for certain interest rate swaps, refer below, 'Hedging instruments') are not designated as cash flow, fair value or net investment hedges and are entered into for periods consistent with currency and interest exposures.

The details of derivative financial instruments are as follows:-

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Assets		
Currency swaps, forward and option contracts	3,788	280
Interest rate swaps	14,545	5,598
Embedded derivatives	431	2,632
	18,764	**8,510**
Liabilities		
Currency swaps, forward and option contracts	1,096	381
Interest rate swaps	-	73
Embedded derivatives	843	338
	1,939	**792**
Bifurcation of above derivative instruments into current and non current		
Non-current derivative financial assets	13,999	7,303
Current derivative financial assets	4,765	1,207
Non-current derivative financial liabilities	(8)	(164)
Current derivative financial liabilities	(1,931)	(628)
	16,825	**7,718**

Embedded Derivative

The Group entered into agreements denominated/determined in foreign currencies. The value of these contracts changes in response to the changes in specified foreign currencies. Some of these contracts have embedded foreign currency derivatives having economic characteristics and risks that are not closely related to those of the host contracts. These embedded foreign currency derivatives have been separated and carried at fair value through profit or loss.

19. Other Financial Assets

(a) Non-current

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Security deposits	9,948	7,937
Restricted cash	1,048	1,296
Rent equalisation	4,093	3,517
Claims recoverable	1,360	1,227
Receivable in respect of tower sale	10,658	-
Others	344	2,041
Total	**27,451**	**16,018**

Security deposits primarily include security deposits given towards rented premises, cell sites, interconnect ports and other miscellaneous deposits.

The Group has taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under Note 26.

Restricted cash represents amount given as collateral for legal cases or/and bank guarantees for disputed matters issued in usual course of business.

Notes to consolidated financial statements

(b) Current

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Restricted Cash	14,626	10,075
Total	**14,626**	**10,075**

Restricted cash represents amount given as collateral for legal cases or/and bank guarantees for disputed matters issued in usual course of business and cash received from subscribers of Mobile Commerce Services.

20. Other Non-financial Assets, Non-current

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Fair valuation adjustments - financial assets	1,616	2,131
Advances	27,580	25,449
Others	847	803
Total	**30,043**	**28,383**

Fair valuation of financial assets represents unamortised portion of the difference between the fair value of the financial assets (security deposits) on initial recognition and the amount paid.

Advances represent payments made to various Government authorities under protest and are disclosed net of provision of ₹ 42,096 Mn and ₹ 34,424 Mn as of March 31, 2016 and March 31, 2015, respectively.

21. Inventories

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Transmission equipment	222	160
Handsets	1,324	949
Others	146	230
Total	**1,692**	**1,339**

The Group has taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under Note 26.

22. Trade and Other Receivables

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Trade receivable*	101,029	89,999
Less: Allowance for doubtful debts	(35,080)	(27,795)
Total Trade receivables	**65,949**	**62,204**
Other receivables		
Due from related party	291	224
Receivables from joint ventures	26	236
Interest accrued on investments	1,554	68
Claim receivables	5,151	4,481
Others	135	39
Total	**73,106**	**67,252**

Notes to consolidated financial statements

Movement in allowances for doubtful debts

(₹ Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Balance, beginning of the year	27,795	25,868
Additions -		
Allowance for the year #	11,167	8,405
Currency translation adjustment	1,078	(2,232)
Application -		
Write off of bad debts (net of recovery)	(4,960)	(4,246)
Balance, end of the year	**35,080**	**27,795**

*Trade receivables include unbilled receivables.
#includes exceptional item of ₹ 2,066 Mn (refer note 12 (i) (e)) for the year ended March 31, 2016.

The Group has taken borrowings from banks and financial institutions which carry charge over certain of the above assets. Details towards security and pledge of the above assets are given under Note 26.

Refer Note 39 on credit risk of trade receivables.

23. Prepayments and Other Assets

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Prepaid expenses	15,590	10,212
Employee receivables	976	847
Advances to Suppliers	15,914	6,360
Taxes receivable	15,828	12,504
Others	524	1,905
Total	**48,832**	**31,828**

Employee receivables principally consist of advances given for business purposes.

Advance to Suppliers are disclosed net of provision of ₹ 2,056 Mn and ₹ 3,003 Mn as of March 31, 2016 and March 31, 2015, respectively.

Taxes receivables include customs duty, excise duty, service tax, sales tax and other recoverable.

24. Other Investments

(a) Non-current

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Held for trading securities - quoted *	20,792	23,970
Designated at fair value through profit or loss - quoted	4,251	7,290
Investment classified as Available for sale	3,579	-
Total	**28,622**	**31,260**

* Include investments reclassified from current investments to non-current investments basis the future utilisation plan of funds.

Notes to consolidated financial statements

(b) Current

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Held for trading securities - quoted	16,159	82,918
Designated at fair value through profit or loss - quoted	-	1,099
Loans and receivables - fixed deposits with banks	13,900	8,823
Total	**30,059**	**92,840**

The market values of quoted investments were assessed on the basis of the quoted prices as at the date of statement of financial position. Held for trading investments primarily comprises debt linked mutual funds and quoted liquid debt instruments in which the Group invests surplus funds to manage liquidity and working capital requirements. Investments designated at fair value through profit or loss comprises investments in debt linked mutual funds.

The Group has taken borrowings from banks and financial institutions which carry charge over certain of the above assets. Details towards security and pledge of the above assets are given under Note 26.

25. Cash and Cash Equivalents

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Cash and bank balances	15,942	8,869
Fixed deposits with banks	21,145	2,850
Total	**37,087**	**11,719**

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

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Cash and bank balances	15,942	8,869
Fixed deposits with banks	21,145	2,850
Add :- Included in the assets of the disposal group	-	73
Less :- Bank overdraft (refer Note 26.2)	(19,452)	(13,207)
Total	**17,635**	**(1,415)**

Notes to consolidated financial statements

26. Borrowings

26.1 Long Term Debts

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Secured		
Term loans	26,279	68,943
Others	20	19
Total	**26,299**	**68,962**
Less: Current portion (refer note 26.7)	(7,543)	(37,323)
Total secured loans, net of current portion	**18,756**	**31,639**
Unsecured		
Term loans #	126,402	209,366
Non-convertible bonds (refer note 26.6) @	399,067	298,664
Total	**525,469**	**508,030**
Less: Current portion (refer note 26.7)	(16,884)	(87,386)
Total unsecured loans, net of current portion	**508,585**	**420,644**
Total	**527,341**	**452,283**

@ Increased by ₹ 13,357 Mn and ₹ 3,977 Mn as of March 31, 2016 and March 31, 2015, respectively, for the impact of change in fair value with respect to the hedged risk.

Includes re-borrowable term loans of ₹ 2,887 Mn and ₹ Nil as of March 31, 2016 and March 31, 2015, respectively which have daily prepayment flexibility.

26.2 Short Term Debts and Current Portion of Long Term Debts

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Secured		
Term loans	17,165	10,396
Bank overdraft	513	987
Total	**17,678**	**11,383**
Add: Current portion of long term debts (refer note 26.7)	7,543	37,323
Total secured loans, including current portion	**25,221**	**48,706**
Unsecured		
Term Loans	20,621	63,077
Bank overdraft	18,939	12,220
Total	**39,560**	**75,297**
Add: Current portion of long term debts (refer note 26.7)	16,884	87,386
Total unsecured loans, including current portion	**56,444**	**162,683**
Total	**81,665**	**211,389**

26.3 The Group borrowed ₹ 187,265 Mn and ₹ 344,586 Mn during the year ended March 31, 2016 and March 31, 2015, respectively, (including amount received against non-convertible bonds during the year ended March 31, 2016 and March 31 2015, refer note 26.6 below). The Group repaid borrowings of ₹ 309,656 Mn and ₹ 420,325 Mn during the year ended March 31, 2016 and March 31, 2015, respectively. Other short term borrowings (net proceeds) (original maturity upto three months) amounted to ₹ 4,588 Mn and ₹ 3,288 Mn during the year ended March 31, 2016 and March 31, 2015, respectively.

Notes to consolidated financial statements

26.4 Analysis of Borrowings

The details given below are gross of debt origination cost and fair valuation adjustments with respect to the hedged risk.

26.4.1 Maturity of borrowings

The table below summarises the maturity profile of the Group's borrowings based on contractual undiscounted payments.

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Within one year	82,135	212,184
Between one and two years	27,533	32,108
Between two and five years	186,240	187,904
Over five years	303,654	232,435
Total	**599,562**	**664,631**

26.4.2 Interest rate & currency of borrowings

The below details do not necessarily represents foreign currency or interest rate exposure to the income statement, since the Group has taken derivatives for offsetting the foreign currency & interest rate exposure. For foreign currency and interest rate sensitivity refer Note 39.

(₹ Millions)

Particulars	Total borrowings	Floating rate borrowings	Fixed rate borrowings
INR	22,397	22,377	20
USD	369,054	133,185	235,869
Euro	136,356	4,715	131,641
CHF	24,211	-	24,211
NGN	6,490	6,490	-
XAF	9,438	-	9,438
XOF	5,831	-	5,831
BDT	18,485	513	17,972
Others	7,300	5,798	1,502
March 31, 2016	**599,562**	**173,078**	**426,484**
INR	35,226	35,207	19
USD	403,878	243,833	160,045
Euro	135,796	18,639	117,157
CHF	22,544	-	22,544
NGN	31,864	31,423	441
XAF	11,077	-	11,077
XOF	7,710	-	7,710
BDT	10,297	242	10,055
Others	6,239	2,981	3,258
March 31, 2015	**664,631**	**332,325**	**332,306**

Notes to consolidated financial statements

26.5 Other Loans

Others include vehicle loans taken from banks which were secured by hypothecation of the vehicles ₹ 20 Mn and ₹ 19 Mn as of March 31, 2016 and March 31, 2015, respectively.

The amounts payable for these obligations, excluding interest expense is ₹ 10 Mn and ₹ 8 Mn for the years ending on March 31, 2017 and 2018, respectively.

26.6 The Company issued senior unsecured notes (Non-convertible bonds or Notes) during the year ended March 31, 2016 and Bharti Airtel International (Netherlands) B.V., a subsidiary of the Company, issued senior unsecured guaranteed notes (Non-convertible bonds or Notes) during the year ended March 31, 2015. The Notes issued by Bharti Airtel International (Netherlands) B.V. are guaranteed by the Company.

During the year ended March 31, 2016:

	Issue price	Due in	Listed on stock exchange
4.375% USD 1,000 Mn (₹ 63,973 Mn)	99.304%	2025	Singapore

During the year ended March 31, 2015:

	Issue price	Due in	Listed on stock exchange
5.35% USD 1,000 Mn (₹ 58,746 Mn)	99.916%	2024	Singapore / Frankfurt
3.375% Euro 750 Mn (₹ 60,395 Mn)	99.248%	2021	Singapore / Frankfurt

26.7 Considering the utilisation plan of the expected sale consideration receivable from the highly probable forecasted transaction relating to the sale of telecom towers (Refer Note 43), the Group had reclassified ₹ 80,190 Mn, from “Long term debts” to “Short term debts and current portion of long term debts” during the year ended March 31, 2015.

Notes to consolidated financial statements

26.8 Security Details

The Group has taken borrowings in various countries towards funding of its acquisition and working capital requirements. The borrowings comprise of funding arrangements with various banks and financial institutions taken by the Parent and subsidiaries. The details of security provided by the Group in various countries, to various banks on the assets of Parent and subsidiaries are as follows:

(₹ Millions)

Entity	Relation	Outstanding loan amount As of March 31, 2016	Outstanding loan amount As of March 31, 2015	Security Detail
Bharti Airtel Ltd	Parent	20	19	Hypothecation of vehicles
Airtel Bangladesh Ltd	Subsidiary	26,289	21,731	(i) Deed of Hypothecation by way of fixed charge creating a first-ranking pari passu fixed charge over listed machinery and equipment of the company, favouring the Bank / FIIs investors and the Offshore Security Agent and filed with the Registrar of Joint Stock Companies. Third Modification to Deed of Hypothecation for EKN-1, EKN-2, SCB Mauritius & HDFC Loan facilities. (ii) Deed of Hypothecation by way of floating charge creating a first-ranking pari passu floating charge over plant, machinery and equipment, both present and future, excluding machinery and equipment covered under the foregoing Deed of Hypothecation by way of fixed charge and a first-ranking pari passu floating charge over all current assets of the company, both present and future, including but not limited to stock, book debts, receivables and accounts of the company, entered into or to be entered into by the company, favouring the Bank / FIIs Facility Investors and Offshore Security Agent and filed with the Registrar of Joint Stock Companies for EKN-1, EKN-2, SCB Mauritius & HDFC loan facility. (iii) Corporate Guarantee by BAHSPL (Bharti Airtel Holdings Pte. Ltd.) to Airtel Bangladesh Limited for EKN-1, EKN-2, HDFC & SCB Mauritius loan facility. Counter Guarantee to BAHSPL by BAL (Bharti Airtel Limited) for EKN-1, EKN-2, HDFC loan facility. (iv) Register Hypothecations of all present and future book debts, receivables, monies, and movable property of the Borrower consisting of raw materials, stocks, inventory work in progress, finished goods and insurance proceeds thereof, of Airtel Bangladesh on Pari Passu basis with other Lenders, under a Letter of Hypothecation dated February 8, 2012 and its subsequent modifications to the hypothecation executed in favor of the existing lenders and filed with the Registrar of Joint Stock Companies. (For Short Term Working Capital Lenders (STL & OD) except Citibank N.A).
Bharti Airtel Africa BV and its subsidiaries	Subsidiary	18,062	59,349	(i) Pledge of all fixed and floating assets - Kenya, Nigeria, Tanzania, Uganda, DRC, Ghana (ii) Pledge on specific fixed assets - Chad
Total		**44,371**	**81,099**	

Notes to consolidated financial statements

Africa Operations Acquisition Related Borrowing:
Loans outstanding as at the balance sheet date includes certain loans which have been taken to refinance the Africa operations acquisition related borrowing. These loan agreements contain a negative pledge covenant that prevents the Group (excluding Airtel Bangladesh Limited, Bharti Airtel Africa B.V, Bharti Infratel Limited, and their respective subsidiaries) to create or allow to exist any security interest on any of its assets without prior written consent of the majority lenders except in certain agreed circumstances.

The Euro Notes due in 2018 and USD Notes due in 2023 issued by BAIN contain certain covenants relating to limitation on indebtedness and all notes carry a restriction on incurrence of any lien on its assets other than as permitted under the agreement, unless an effective provision is made to secure the Notes and guarantee equally and ratably with such indebtedness for so long as such indebtedness is so secured by such lien. The limitation on indebtedness covenant on Euro Notes due 2018 and USD Notes due 2023 gets suspended on Notes meeting certain agreed criteria. The debt covenants remained suspended as of the date of the authorisation of the financial statements. The other notes issued do not carry any restrictions on the limitation on indebtedness.

26.9 Unused Lines of Credit *

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Secured	19,909	20,253
Unsecured	156,999	160,722
Total Unused lines of credit	**176,908**	**180,975**

* Excluding non fund based facilities.

27. Deferred Payment Liability

During the year ended March 31, 2015 and 2014, the Group had won the auction for spectrum aggregating to 226.60 Mhz. The Group has opted for deferred payment in certain circles for a specified portion of the auction price, whereby it is payable in 10 equal installments (including the related interest) after an initial moratorium period of two years. As of March 31, 2016, the Government of India has allotted 218.2 MHz spectrum to the Group (March 31, 2015: 115.0 MHz), accordingly, the Group has recognised deferred payment liability (including accrued interest thereto) towards the same for of ₹ 341,424 Mn (March 31, 2015: ₹ 143,167). Further, pending the allocation of balance spectrum by GOI, an amount of ₹ 10,970 Mn (March 31, 2015: 244,040 Mn) has been disclosed under capital commitment in the notes to the consolidated financial statements.

28. Provisions

(₹ Millions)

Particulars	Employee benefits	Asset retirement obligation*	Total
As of March 31, 2014	**3,426**	**8,343**	**11,769**
Of which: current	1,725		1,725
Provision during the year	734	44	778
Remeasurement losses accounted for in OCI	(75)	-	(75)
Payment during the year	(498)	-	(498)
Interest charge	-	416	416
Derecognised due to sale (refer Note 43)	-	(20)	(20)
Classified as held for sale (refer Note 43)	-	(4,061)	(4,061)
As of March 31, 2015	**3,587**	**4,722**	**8,309**
Of which: current	2,061		2,061
Provision during the year	925	175	1,100
Remeasurement losses accounted for in OCI	129	-	129
Payment during the year	(719)	-	(719)
Interest charge	-	286	286

Notes to consolidated financial statements

(₹ Millions)

Particulars	Employee benefits	Asset retirement obligation*	Total
Classified from held for sale (refer Note 43)	-	571	571
As of March 31, 2016	**3,922**	**5,754**	**9,676**
Of which: current	2,326	-	2,326

"Provision during the year" for asset retirement obligation is after considering the impact of change in discount rate. Due to large number of lease arrangements of the Group, the range of expected period of outflows of provision for asset retirement obligation is significantly wide.

The movement of provision towards subjudice matters disclosed under other non-financial assets, non-current (refer Note 20), other non - financial liabilities, current (refer Note 30) and trade and other payables (refer Note 31) is as below:

(₹ Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening Balance	86,531	74,674
Additions (Net)	26,905	11,857
Closing Balance	**113,436**	**86,531**

29. Other Financial Liabilities, Non-current

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Equipment Supply Payable - Non Current	264	939
Security deposits	5,504	5,152
Lease rent equalisation	12,671	11,107
Finance lease liabilities *	53,125	1,071
Others	2,136	670
Total	**73,700**	**18,939**

* includes finance lease liabilities arising on sale and lease back of tower assets (refer note 43 (e))

30. Other Non-financial Liabilities

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Non - current		
Fair valuation adjustments - financial liabilities*	692	630
Others	836	836
	1,528	1,466
Current		
Taxes payable	21,844	15,897
	21,844	15,897
Total	**23,372**	**17,363**

* represents unamortised portion of the difference between the fair value of the financial liability (security deposit) on initial recognition and the amount received.

Taxes payable include service tax, sales tax and other taxes payable and also include provision of ₹ 4,318 Mn and ₹ 3,529 Mn as of March 31, 2016 and March 31, 2015, respectively towards sub judice matters.

Notes to consolidated financial statements

31. Trade and Other Payables

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Trade creditors	137,409	103,291
Equipment supply payables	103,988	102,787
Dues to employees	6,509	4,212
Accrued expenses	118,590	112,719
Interest accrued but not due	6,599	6,802
Due to related parties	1,055	528
Finance Lease Liabilities *	4,746	557
Others	8,560	8,774
Total	**387,456**	**339,670**

* includes finance lease liabilities arising on sale and lease back of tower assets (refer note 43 (e))

"Others" include non-interest bearing advance received from customers and international operators.

Trade creditors, accrued expenses and equipment supply payable include provision of ₹ 67,022 Mn and ₹ 48,578 Mn as of March 31, 2016 and March 31, 2015, respectively towards sub judice matters.

32. Equity

(i) Shares

(₹ Millions)

Particulars	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
Treasury shares		
1,881,958 (March 31, 2015- 1,410,642)		
equity shares of ₹ 5 each	(524)	(114)

a) Treasury Shares

Particulars	(Shares in Thousands) As of March 31, 2016	As of March 31, 2015	(₹ Millions) As of March 31, 2016	As of March 31, 2015
Opeining Balance	1,411	2,375	114	342
Purchased during the year	1,500	-	514	-
Issued during the year	(1,029)	(964)	(104)	(228)
Closing Balance	**1,882**	**1,411**	**524**	**114**

Notes to consolidated financial statements

(ii) Other Reserves

(₹ Millions)

Particulars	Foreign currency translation reserve	Cash flow Hedge reserve	Reserve arising on transactions with non-controlling interests	Available - for - sale financial investments reserves	Share-based payment transcations reserves	Total
As of April 1, 2014	**(16,777)**	**-**	**29,084**	**-**	**4,985**	**17,292**
Exchange differences on translation of foreign operations	(68,165)	-	-	-	-	(68,165)
Gain / (loss) on effective portion on hedge of net investment	32,925	-	-	-	-	32,925
Gain / (loss) on effective portion on cash flow hedge	-	(4,204)	-	-	-	(4,204)
Share based compensation	-	-	-	-	(7)	(7)
Receipt on exercise of share options (refer Note 8.2)	-	-	-	-	(173)	(173)
Transaction with non-controlling interests (refer Note 7)	-	-	25,542	-	-	25,542
As of March 31, 2015	**(52,017)**	**(4,204)**	**54,626**	**-**	**4,805**	**3,210**
Exchange differences on translation of foreign operations	(4,638)	-	-	-	-	(4,638)
Gain / (loss) on effective portion on hedge of net investment	(6,651)	-	-	-	-	(6,651)
Gain / (loss) on effective portion on cash flow hedge	-	3,480	-	-	-	3,480
Change in value of available-for-sale investments	-	-	-	4	-	4
Share based compensation	-	-	-	-	237	237
Receipt on exercise of share options (refer Note 8.2)	-	-	-	-	127	127
Transaction with non-controlling interests	-	-	531	-	-	531
As of March 31, 2016	**(63,306)**	**(724)**	**55,157**	**4**	**5,169**	**(3,700)**

Notes to consolidated financial statements

a) Foreign currency translation reserve

(i) Foreign currency translation reserve represents exchange differences arising on account of the translation of the financial statements of foreign subsidiaries including net investment hedges.

(ii) During the year ended March 31, 2016, the Group has formally designated, finance lease obligation (FLO), disclosed under other financial liabilities, arising out of sale and lease back of tower assets in Africa (denominated in USD currency) and bonds issued by the Company (denominated in USD currency) as a hedge against net investments in Airtel Congo (RDC) SA, Network i2i Limited and Bharti Airtel Africa B.V., respectively, whose functional currency is USD. Any foreign exchange gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income, net of income taxes and non-controlling interests, to offset the change in the value of the net investment being hedged. Net foreign exchange loss of ₹ 3,401 Mn (₹ 2,944 Mn, net of tax and non-controlling interests) and ₹ Nil during the year ended March 31, 2016 and March 31, 2015, respectively, has been recognised in other comprehensive income.

During the year ended March 31, 2015, the Group formally designated, for accounting purposes, certain Euro borrowings as a hedge against net investments in subsidiaries (in 5 Francophone countries where the local currency is pegged to the Euro). Foreign exchange loss of ₹ 3,707 Mn (₹ 3,707 Mn, net of tax and non-controlling interests) and foreign exchange gain of ₹ 32,925 Mn (₹ 32,925 Mn, net of tax and non-controlling interests) during the year ended March 31, 2016 and March 31, 2015, respectively, has been recognised in other comprehensive income. The ineffective portion of gain of ₹ Nil and ₹ 162 Mn has been recognised as gain in the consolidated income statement during the year ended March 31, 2016 and March 31, 2015, respectively.

b) Cash flow hedge reserve

During the year ended March 31, 2016, Bharti Airtel International Netherlands B.V., a subsidiary of the Company, entered into Euro / USD and CHF / USD forward exchange contract to hedge the cash flow risk on its foreign currency borrowings denominated in Euro and CHF to be repaid in December 2018 and March 2021, respectively. The Group has designated these forward contracts as a cash flow hedge of the foreign currency risk arising from the Euro borrowings. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income, net of income tax. Amounts that had been recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. Loss on derivative financial instruments (net of reclassification adjustment) of ₹ 724 Mn (₹ 724 Mn, net of tax and non-controlling interests) and ₹ Nil during the year ended March 31, 2016 and March 31, 2015, respectively, has been recognised in other comprehensive income.

The Group had designated certain of its foreign currency borrowings denominated in USD as a cash flow hedge of the foreign currency risk arising from the expected sale consideration receivable from the highly probable forecasted transaction relating to the sale of telecom towers (Refer Note 24). Foreign exchange loss of ₹ 1,701 Mn (₹ 1,084 Mn, net of tax and non-controlling interests) and ₹ 5,350 Mn (₹ 4,204 Mn, net of tax and non-controlling interests) during the year ended March 31, 2016 and March 31, 2015, respectively, has been recognised in other comprehensive income. Further, on occurrence of forecasted sale transaction during the year ended March 31, 2016, foreign exchange loss of ₹ 7,051 Mn (₹ 5,288 Mn, net of tax and non-controlling interests) during the year ended March 31, 2016, has been reclassified from other comprehensive income to income statement and disclosed as exceptional item.

c) Reserves arising on transactions with non-controlling interests

The transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. Gains or losses on transactions with holders of non-controlling interests which does not result in the change of control are recorded in equity. Further liability for purchase of non-controlling interests is recognised against equity. Refer Note 7 for details.

d) Share-based payment transactions reserve

The share-based payment transactions reserve comprise the value of equity-settled share-based payment transactions provided to employees including key management personnel, as part of their remuneration.

Notes to consolidated financial statements

(iii) Dividends Paid and Proposed

(₹ Millions)

	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
A	**Declared and paid during the year:**		
	Interim dividend : ₹ 1.63 per share of ₹ 5 each	-	7,620
	Dividend on treasury shares	-	3
	(including dividend distribution tax of ₹ 1,107 Mn)		
	Final dividend for 2013-14 : ₹ 1.80 per share of ₹ 5 each	-	8,414
	Dividend on treasury shares	-	4
	(including dividend distribution tax of ₹ 1,223 Mn)		
	Final dividend for 2014-15 : ₹ 2.22 per share of ₹ 5 each	10,679	-
	Dividend on treasury shares	2	-
	(including dividend distribution tax of ₹ 1,807 Mn)		
		10,681	**16,041**
B.	**Proposed for approval at the annual general meeting (not recognised as a liability):**		
	Final dividend for 2015-16 : ₹ 1.36 per share (2014-15 : ₹ 2.22 per share) of ₹ 5 each	5,436	8,874
	Dividend distribution tax	1,107	1,807
		6,543	**10,681**

33. Employee Benefits

The following table sets forth the changes in the projected benefit obligation / long term employee benefit and plan assets and amounts recognised in the consolidated statement of financial position as of March 31, 2016 and March 31, 2015, being the respective measurement dates:

Movement in Obligation

(₹ Millions)

Particulars	Gratuity	Compensated absence
Obligation - April 1, 2014	2,334	1,123
Current service cost	354	220
Interest cost	187	90
Benefits paid	(405)	(184)
Acquisitions / Transfer in/ Transfer out	(44)	(3)
Remeasurements - actuarial loss/ (gain)	(0)	(175)
Obligation - March 31, 2015	**2,426**	**1,071**
Obligation - April 1, 2015	2,426	1,071
Current service cost	416	233
Interest cost	209	92
Benefits paid	(494)	(209)
Acquisitions / Transfer in/ Transfer out	(22)	1
Remeasurements - actuarial loss/ (gain)	121	(61)
Obligation - March 31, 2016	**2,656**	**1,127**

Notes to consolidated financial statements

Movement in Plan Assets - Gratuity

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Fair value of plan assets at beginning of year	104	179
Interest income	9	13
Benefits paid	(39)	(2)
Amount received on redemption of plan assets	-	(161)
Actuarial gain / (loss)	(8)	75
Fair value of plan assets at end of year	**66**	**104**
Net funded status of plan	**(2,590)**	**(2,322)**
Actual return on plan assets	**1**	**88**

The components of the gratuity & compensated absence cost were as follows:

Recognised in profit or loss

(₹ Millions)

Particulars	Gratuity	Compensated absence
Current service cost	416	233
Interest cost / (income) (net)	200	92
Remeasurements - actuarial loss/ (gain)	-	(61)
For the year ended March 31, 2016	**616**	**264**
Current service cost	354	220
Interest cost / (income) (net)	174	90
Remeasurements - actuarial loss/ (gain)	-	(175)
For the year ended March 31, 2015	**528**	**135**

Recognised in other comprehensive income

(₹ Millions)

Particulars	Gratuity	Compensated absence
Remeasurements - actuarial loss/ (gain)	129	-
For the year ended March 31, 2016	**129**	**-**
Remeasurements - actuarial loss/ (gain)	(75)	-
For the year ended March 31, 2015	**(75)**	**-**

The principal actuarial assumptions used for estimating the Group's defined benefit obligations are set out below:

(₹ Millions)

Weighted average actuarial assumptions	As of March 31, 2016	As of March 31, 2015
Discount Rate	8.00%	8.50%
Expected Rate of increase in Compensation levels	10.00%	10.00%
Expected Rate of Return on Plan Assets	9.00%	8.00%
Expected Average remaining working lives of employees (years)	25.06 years	24.95 years

Notes to consolidated financial statements

Sensitivity Analysis:

For the year ended March 31, 2016

Particulars	Change in assumption	Effect on Gratuity obligation	Effect on Compensated absence obligation
Discount Rate	+1%	(243)	(98)
	-1%	267	107
Salary Growth Rate	+1%	265	104
	-1%	(246)	(98)

For the year ended March 31, 2015

Particulars	Change in assumption	Effect on Gratuity obligation	Effect on Compensated absence obligation
Discount Rate	+1%	(237)	(103)
	-1%	277	123
Salary Growth Rate	+1%	294	131
	-1%	(253)	114

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the statement of financial position.

History of Experience Adjustments is as follows:

(₹ Millions)

Particulars	Gratuity	Compensated absence
For the year ended March 31, 2016		
Plan Liabilities - (loss)/gain	(8)	95
Plan Assets - (loss)/gain	(1)	-
For the year ended March 31, 2015		
Plan Liabilities - (loss)/gain	(139)	110
Plan Assets - (loss)/gain	75	-

Disclosure of other long term employee benefits:

Long term service award

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Estimated liability	205	194

Statement of employee benefit provision

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Gratuity	2,590	2,322
Compensated absences	1,127	1,071
Other employee benefits	205	194
Total	**3,922**	**3,587**

Notes to consolidated financial statements

34. Fair Value of Financial Assets and Liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are recognised in the financial statements.

(₹ Millions)

Particulars	Carrying Amount		Fair Value	
	As of March 31, 2016	As of March 31, 2015	As of March 31, 2016	As of March 31, 2015
Financial Assets				
Assets carried at fair value through profit or loss				
Derivatives - not designated as hedging instruments				
- Currency swaps, forward and option contracts	601	280	601	280
- Interest rate swaps	1,235	619	1,235	619
- Embedded derivatives	431	2,632	431	2,632
Derivatives - designated as hedging instruments				
- Currency swaps, forward and option contracts (in cash flow hedge)	3,187	-	3,187	-
- Interest rate swaps (in fair value hedge)	13,310	4,979	13,310	4,979
Held for trading securities - quoted	36,951	106,888	36,951	106,888
Investments designated at fair value through profit or loss - quoted	4,251	8,389	4,251	8,389
Available for sale investments	3,579	-	3,579	-
Assets carried at amortised cost				
Fixed deposits with banks	35,045	11,673	35,045	11,673
Cash and bank balances	15,942	8,869	15,942	8,869
Trade and other receivables	73,106	67,252	73,106	67,252
Other financial assets	42,077	26,093	42,113	26,070
	229,715	**237,674**	**229,751**	**237,651**
Financial Liabilities				
Liabilities carried at fair value through profit or loss				
Derivatives - not designated as hedging instruments				
- Currency swaps, forward and option contracts	1,096	381	1,096	381
- Interest rate swaps	-	49	-	49
- Embedded derivatives	843	338	843	338
Derivatives - designated as hedging instruments in fair value hedge				
- Interest rate swaps	-	24	-	24

Notes to consolidated financial statements

(₹ Millions)

Particulars	Carrying Amount		Fair Value	
	As of March 31, 2016	As of March 31, 2015	As of March 31, 2016	As of March 31, 2015
Liabilities carried at amortised cost				
Borrowings designated as hedging instruments - Fixed rate				
- In hedge of net investment	124,858	118,364	125,238	125,682
Borrowings designated as hedging instruments - Floating rate				
- In cash flow hedge	-	41,131	-	41,131
- In hedge of net investment	-	5,015	-	5,015
Other borrowings- fixed rate	304,637	216,311	321,682	229,144
Other borrowings- floating rate	179,511	282,851	179,511	282,851
Deferred payment liability	341,424	143,167	351,978	143,167
Trade & other payables	387,456	339,670	387,456	339,670
Other financial liabilities designated as hedging instruments *				
- In hedge of net investment	54,539	-	57,073	-
Other financial liabilities	19,161	18,939	19,270	18,879
	1,413,525	**1,166,240**	**1,444,147**	**1,186,331**

* Represents finance lease obligations arising from sale and lease back of towers in Africa. Refer Note 32 ii (a) (ii).

Fair Values

The Group maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Group internally reviews valuation, including independent price validation for certain instruments. Further, in other instances, the Group retains independent pricing vendors to assist in corroborating the valuation of certain instruments.

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

i. Cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

ii. Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of March 31, 2016, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

iii. Fair value of quoted mutual funds is based on price quotations at the reporting date. Fair value of quoted non – convertible bonds is based on the quoted market prices. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities

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

Market practice in pricing derivatives initially assumes all counterparties have the same credit quality. Credit valuation adjustments are necessary when the market parameter (for example, a benchmark curve) used to value derivatives is not indicative of the credit quality of the Group or its counterparties. The Group manages derivative counterparty credit risk by considering the current exposure, which is the replacement cost of contracts on the measurement date, as well as estimating the maximum potential value of the contracts over their remaining lives, considering such factors as maturity date and the volatility of the underlying or reference index. The Group mitigates

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derivative credit risk by transacting with highly rated counterparties. Management has evaluated the credit and non-performance risks associated with its derivative counterparties and believe them to be insignificant and not warranting a credit adjustment.

Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of Group's asset and liabilities, grouped into Level 1 to Level 3 as described below:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

Derivative assets and liabilities included in Level 2 primarily represent interest rate swaps, cross-currency swaps, foreign currency forward and option contracts and embedded derivatives.

Assets / Liabilities Measured at Fair Value

(₹ Millions)

Particulars	As of March 31, 2016		
	Level 1	Level 2	Level 3
Financial assets			
Derivatives - not designated as hedging instruments			
- Currency swaps, forward and option contracts	-	601	-
- Interest rate swaps	-	1,235	-
- Embedded derivatives	-	380	51
Derivatives - designated as hedging instruments			
- Currency swaps, forward and option contracts (in cash flow hedge)	-	3,187	-
- Interest rate swaps (in fair value hedge)	-	13,310	-
Held for trading securities - quoted	36,951	-	-
Designated at fair value through profit or loss - quoted	4,251	-	-
Available for sale investments	3,579	-	-
Financial liabilities			
Derivatives - not designated as hedging instruments			
- Currency swaps, forward and option contracts	-	1,096	-
- Interest rate swaps	-	-	-
- Embedded derivatives	-	843	-
Derivatives - designated as hedging instruments			
- Interest rate swaps (in fair value hedge)	-	-	-

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(₹ Millions)

Particulars	As of March 31, 2015		
	Level 1	Level 2	Level 3
Financial assets			
Derivatives - not designated as hedging instruments			
- Currency swaps, forward and option contracts	-	280	-
- Interest rate swaps	-	619	-
- Embedded derivatives	-	147	2,485
Derivatives - designated as hedging instruments			
- Interest rate swaps (in fair value hedge)	-	4,979	-
Held for trading securities - quoted	106,888	-	-
Designated at fair value through profit or loss - quoted	8,389	-	-
Financial liabilities			
Derivatives - not designated as hedging instruments			
- Currency swaps, forward and option contracts	-	381	-
- Interest rate swaps	-	49	-
- Embedded derivatives	-	338	-
Derivatives - designated as hedging instruments			
- Interest rate swaps (in fair value hedge)	-	24	-

Assets / Liabilities for which fair value is disclosed

(₹ Millions)

Particulars	As of March 31, 2016		
	Level 1	Level 2	Level 3
Financial assets			
Other financial assets	-	42,113	-
Financial liabilities			
Borrowings designated as hedging instruments - Fixed rate			
- In hedge of net investment	-	125,238	-
Other borrowings- fixed rate		321,682	
Deferred payment liability		351,978	
Other financial liabilities designated as hedging instruments			
- In hedge of net investment		57,073	
Other financial liabilities	-	19,270	-

(₹ Millions)

Particulars	As of March 31, 2015		
	Level 1	Level 2	Level 3
Financial assets			
Other financial assets	-	26,070	-
Financial liabilities			
Borrowings designated as hedging instruments - Fixed rate			
- In hedge of net investment	-	125,682	-
Other borrowings- fixed rate	-	229,144	-
Deferred payment liability	-	143,167	-
Other financial liabilities	-	18,879	-

During the year ended March 31, 2016 and March 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

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Following table describes the valuation techniques used and key inputs to valuation within level 2 and 3, and quantitative information about significant unobservable inputs for fair value measurements within Level 3 of the fair value hierarchy as of March 31, 2016 and March 31, 2015, respectively:

a) Assets / Liabilities measured at fair value

Particulars	Fair value hierarchy	Valuation technique	Inputs used	Quantitative information about significant unobservable inputs
Financial assets				
Derivatives - not designated as hedging instruments				
- Currency swaps, forward and option contracts	Level 2	Market valuation techniques	Forward foreign currency exchange rates, Interest rates to discount future cash flow	-
- Interest rate swaps	Level 2	Market valuation techniques	Prevailing/forward interest rates in market, Interest rates to discount future cash flow	-
- Embedded derivatives	Level 3	Discounted Cash Flow	Expected future payouts to vendor, Forward foreign currency exchange rates, Interest rates to discount future cash flow	Expected future payouts to vendor ranging from USD 13 Mn to USD 18 Mn and USD 31 Mn to USD 46 Mn per quarter as of March 31, 2016 and as of March 31, 2015, respectively
- Embedded derivatives (others)	Level 2	Discounted Cash Flow	Amount payable in future, Forward foreign currency exchange rates, Interest rates to discount future cash flow	-
Derivatives - designated as hedging instruments				
- Currency swaps, forward and option contracts (in cash flow hedge)	Level 2	Market valuation techniques	Forward foreign currency exchange rates, Interest rates to discount future cash flow	-
- Interest rate swaps (in fair value hedge)	Level 2	Market valuation techniques	Prevailing/forward interest rates in market, Interest rates to discount future cash flow	-
Financial liabilities				
Derivatives - not designated as hedging instruments				
- Currency swaps, forward and option contracts	Level 2	Market valuation techniques	Forward foreign currency exchange rates, Interest rates to discount future cash flow	-
- Interest rate swaps	Level 2	Market valuation techniques	Prevailing/forward interest rates in market, Interest rates to discount future cash flow	-
- Embedded derivatives (others)	Level 2	Discounted Cash Flow	Amount payable in future, Forward foreign currency exchange rates, Interest rates to discount future cash flow	-
Derivatives - designated as hedging instruments				
- Interest rate swaps (in fair value hedge)	Level 2	Market valuation techniques	Prevailing/forward interest rates in market, Interest rates to discount future cash flow	-

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b) Assets / Liabilities for which fair value is disclosed

Particulars	Fair value hierarchy	Valuation technique	Inputs used
Financial assets			
Other financial assets	Level 2	Discounted Cash Flow	Prevailing interest rates to discount future cash flows
Financial liabilities			
Borrowings designated as hedging instruments - fixed rate			
- In hedge of net investment	Level 2	Discounted Cash Flow	Prevailing interest rates in market, Future payouts
Other borrowings- fixed rate	Level 2	Discounted Cash Flow	Prevailing interest rates in market, Future payouts
Deferred payment liability	Level 2	Discounted Cash Flow	Prevailing interest rates in market, Future payouts
Other financial liabilities designated as hedging instruments			
- In hedge of net investment	Level 2	Discounted Cash Flow	Prevailing interest rates to discount future cash flows
Other financial liabilities	Level 2	Discounted Cash Flow	Prevailing interest rates to discount future cash flows

Reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy – Financial assets / (liabilities) (net)

(₹ Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening balance	2,485	2,997
Gain / (losses) recognised in consolidated income statement (including settlements)*		
- Recognised in finance income / (finance costs)	(352)	(181)
- Recognised in exceptional items (net) (refer note 12 (i) d)	(2,096)	-
Exchange difference on translation of foreign operation recognised in OCI	14	(331)
Closing balance	51	2,485

* Out of these gains / (losses), gain of ₹ 23 Mn and loss of ₹ 342 Mn relates to assets/liabilities held at the end of March 31, 2016 and March 31, 2015, respectively.

Valuation process used for fair value measurements categorised within level 3 of the fair value hierarchy

The Group has entered into technology outsourcing contract under which payouts are linked to revenue during the contract period. The portion of the payout payable at spot rate of foreign currency, results in an embedded derivative. The significant inputs to the valuation model of these embedded derivatives are future revenue projections and foreign exchange forward rates over the contract period. The revenue projections, being based on the rolling ten year financial plan approved by management, constitute a significant unobservable input to the valuation, thereby resulting in the embedded derivative being classified as Level 3 in the fair value hierarchy.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's embedded derivative categorised within level 3. The value of embedded derivative is the differential of the present value of future payouts on the reporting date, over that determined based on the forward rates prevailing at the inception of the contract. The present value is calculated using a discounted cash flow model.

Narrative description of sensitivity of fair value changes to changes in unobservable inputs

The fair value of embedded derivative is directly proportional to the expected future payouts to vendor (considered for the purpose of valuation of the embedded derivative). If future payouts to vendor were to increase/decrease by 5% with all the other variables held constant, the fair value of embedded derivative would increase/decrease by 5%.

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35. Related Party Transactions

Related party transactions represent transactions entered into by the Group with entities having significant influence over the Group ('significant influence entities'), associates, joint ventures and other related parties. The transactions with the related parties for the years ended March 31, 2016 and March 31, 2015, respectively, are described below:

a) Transactions for the period

(₹ Millions)

Relationship	Year ended March 31, 2016				Year ended March 31, 2015			
	Significant influence entities	Associates	Joint Ventures	Other related parties	Significant influence entities	Associates	Joint Ventures	Other related parties
Purchase of assets	-	-	-	(2,475)	-	(111)	-	(1,297)
Purchase of investment	-	-	-	-	-	-	(10)	-
Reduction of share capital	-	-	-	-	-	-	87	-
Sale / Rendering of services	1,313	125	36	385	1,444	140	-	274
Purchase of goods / Receiving of services	(629)	(928)	(38,633)	(4,831)	(614)	(305)	(35,096)	(3,769)
Reimbursement of energy expenses	-	-	(23,219)	(4)	-	-	(23,300)	(3)
Loans to related party	-	14	5	40	-	154	-	-
Loan repayment	-	(14)	-	-	-	-	(9,173)	-
Expenses incurred by the Group on behalf of related party	-	5	14	42	-	23	-	2
Expenses incurred by related party for the Group	-	-	(113)	(355)	-	-	(114)	(949)
Security deposit paid	-	-	125	73	1	0	73	0
Refund of security deposit	-	-	(4)	(32)	(1)	-	(384)	-
Interest income on loan	-	21	0	1	-	47	-	-
Claim received	-	-	-	72	-	-	-	46
Dividend paid	(5,199)	-	-	(590)	(8,022)	-	-	(912)
Dividend received	-	-	-	-	-	-	16,407	-

b) Closing Balances

(₹ Millions)

Relationship	Closing balance as of March 31, 2016				Closing balance as of March 31, 2015			
	Significant influence entities	Associates	Joint Ventures	Other related parties	Significant influence entities	Associates	Joint Ventures	Other related parties
Due From	233	-	3,836	1,433	342	591	3,925	1,223
Due To	(533)	(613)	(8,733)	(718)	(436)	(146)	(8,928)	(759)
	(300)	**(613)**	**(4,897)**	**715**	**(94)**	**445**	**(5,003)**	**464**

(1) "Other Related Parties" includes certain entities belonging to the overall Bharti group which, though not covered as 'Related Parties' as per the definition under IAS 24, have been included voluntarily for disclosure purpose.

(2) Outstanding balances at period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is taken each year through examining the financial position of the related party and the market in which the related party operates.

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(3) In addition to the above, ₹ 830 Mn and ₹ 633 Mn donation has been given to Bharti Foundation during the year ended March 31, 2016 and March 31, 2015, respectively.

Purchase of assets – includes primarily purchase of bandwidth, computer software, telephone instruments and network equipments.

Expenses incurred by/for the Group – include expenses of general and administrative nature.

Sale of services – includes primarily billing for broadband, international long distance services, mobile, access and roaming services.

Purchase of services – includes primarily billing for broadband, international long distance services, billing for tower infrastructure services, maintenance charges towards network equipments and leasing of premises.

Remuneration to key management personnel were as follows:

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Short-term employee benefits	274	250
Performance linked incentive ('PLI')#	153	153
Post-Employment benefits		
Defined contribution plan	24	22
Defined benefit plan*	-	-
Other long-term benefits*	-	-
Share-based payment**	57	35
	508	**460**

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. Additional provision of ₹ 29 Mn and ₹ 23 Mn has been recorded in the books towards PLI for the year ended March 31, 2016 and March 31, 2015, respectively. During the year ended March 31, 2016, PLI of ₹ 143 Mn (March 31, 2015: ₹ 250 Mn) pertaining to previous year has been paid.

*As the liabilities for defined benefit plan i.e. gratuity and other long term benefits i.e. compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to key management personnel are not included above.

**It represents expense recognised in the income statement for options granted.

In addition to above ₹ 322 thousand during the year ended March 31, 2016 and ₹ 167 thousand during the year ended March 31, 2015 has been paid as equity dividend to key management personnel.

36. Lease Disclosure

Operating Lease

As lessee, the Group's obligations arising from non-cancellable lease are mainly related to lease arrangements for passive infrastructure and real estate. These leases have various extension options and escalation clause. As per the agreements maximum obligation on long-term non-cancellable operating leases are as follows:

The future minimum lease payments obligations, **as lessee** are as follows:-

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Obligations on non-cancellable leases :		
Not later than one year	58,732	51,007
Later than one year but not later than five years	173,036	174,444
Later than five years	88,217	82,463
Total	**319,985**	**307,914**
Lease Rentals (Excluding lease equalisation adjustment of ₹ 1,445 Mn and ₹ 1,909 Mn for the year ended March 31, 2016 and March 31, 2015)	65,174	60,449

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The future minimum lease payments obligation disclosed above include the below future minimum lease payments obligations payable to joint ventures, which mainly pertain to amounts payable under the Master Services Agreement entered by the Parent and its subsidiaries, with Indus Towers Limited, a joint venture of the Group.

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Obligations to joint venture on non-cancellable leases :		
Not later than one year	38,053	35,511
Later than one year but not later than five years	97,262	117,671
Later than five years	25,779	24,640
Total	**161,094**	**177,822**

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

As lessor, the Group's receivables arising from non-cancellable lease are mainly related to lease arrangements for passive infrastructure.

The future minimum lease payments receivable, **as lessor** are as follows:-

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Receivables on non-cancellable leases :		
Not later than one year	19,835	16,761
Later than one year but not later than five years	70,185	64,870
Later than five years	32,648	29,777
Total	**122,668**	**111,408**

Finance Lease

(i) Finance lease obligation of the Group **as lessee** as of March 31, 2016 is as follows:-

(₹ Millions)

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	10,161	5,415	4,746
Later than one year but not later than five years	38,263	16,973	21,290
Later than five years	39,380	7,545	31,835
Total	**87,804**	**29,933**	**57,871**

Finance lease obligation of the Group **as lessee** as of March 31, 2015 is as follows:

(₹ Millions)

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	721	164	557
Later than one year but not later than five years	1,083	421	662
Later than five years	575	166	409
Total	**2,379**	**751**	**1,628**

The escalation clause includes escalation ranging from 0% to 7.5%, includes option of renewal in block of 3 years.

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(ii) The future minimum lease payments receivable of the Group **as lessor** as of March 31, 2016 is as follows:-

(₹ Millions)

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	126	33	93
Later than one year but not later than five years	297	37	260
Later than five years	-	-	-
Total	**423**	**70**	**353**

The future minimum lease payments receivable of the Group **as lessor** as of March 31, 2015 is as follows:-

(₹ Millions)

Particulars	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**

37. Commitments and Contingencies

(i) Commitments

a. Capital commitments

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Contracts placed for future capital expenditure not provided for in the financial statements (refer Note 27)	74,061	343,859

The above includes ₹ 2,537 Mn as of March 31, 2016 (₹ 38,083 Mn as of March 31, 2015), pertaining to certain outsourcing agreements, under which the vendor supplies assets as well as services to the Group. The amount represents total minimum commitment over the unexpired period of the contracts (upto five years from the reporting date), since it is not possible for the Group to determine allocation between assets and services to be provided over the unexpired period of the contract. However, the actual charges/ payments may exceed the above mentioned minimum commitment based on the terms of the agreements.

In addition to the above, the Group's share of joint ventures and associates capital commitments is ₹ 1,624 Mn and ₹ 1,214 Mn as of March 31, 2016 and March 31, 2015, respectively.

b. Guarantees

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Financial bank guarantees*	106,255	109,395
Guarantees to third parties	-	3,130

* The Company has issued corporate guarantees of ₹ 4,152 Mn and ₹ 3,365 Mn as of March 31, 2016 and March 31, 2015 respectively, to banks and financial institutions for issuing bank guarantees on behalf of the Group companies at no cost to the latter.

It also includes certain financial bank guarantees which have been given for sub judice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under capital commitments, contingencies and financial liabilities, as applicable, in compliance with the applicable accounting standards.

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(ii) Contingencies

(₹ 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	40,214	38,225
	-Income Tax	19,746	20,130
	-Customs Duty	6,601	6,136
	-Entry Tax	8,201	6,957
	-Stamp Duty	596	603
	-Municipal Taxes	1,114	863
	-DoT demands *	5,273	5,020
	-Other miscellaneous demands	7,105	2,133
(ii)	Claims under legal cases including arbitration matters		
	-Access Charges / Port Charges	8,761	7,443
	-Others	4,370	5,703
	Total	**101,981**	**93,213**

*in addition, refer Note f(v), f(vi), f(vii) and f(viii) below for other DoT matters.

In addition to the above, the Group's share of joint ventures contingent liabilities is ₹ 12,032 Mn and ₹ 9,083 Mn as of March 31, 2016 and March 31, 2015, respectively.

The contingent liabilities mentioned in the table above represent disputes with various government authorities in the respective jurisdiction where the operations are based and it is not possible for the Group to predict the timing of final outcome of these contingent liabilities. Currently, the Group has operations in India, South Asia region and Africa region.

Based on the Company's evaluation, it believes that it is not probable that the claim will materialise for the cases discussed below and therefore, no provision has been recognised.

a) Sales and Service Tax

The claims for sales tax as of March 31, 2016 and as of March 31, 2015 comprised of cases relating to the appropriateness of declarations made by the Company under relevant sales tax legislation which was primarily procedural in nature and the applicable sales tax on disposals of certain property and equipment items. Pending final decisions, the Company has deposited amounts with statutory authorities for certain cases.

Further, in the State of J&K, the Company has disputed the levy of General Sales Tax on its telecom services and towards which the Company has received a stay from the Hon'ble J&K High Court. The demands received to date have been disclosed under contingent liabilities.

The service tax demands as of March 31, 2016 and March 31, 2015 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 service tax demand on employee talk time.

b) Income Tax Demand

Income tax demands under appeal mainly included the appeals filed by the Group before various appellate authorities against the disallowance by income tax authorities of certain expenses being claimed, non-deduction of tax at source with respect to dealers/ distributor's margin and non-deduction of tax on payments to international operators for access charges, etc.

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

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 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.

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,

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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.

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 29th May 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.

d) Customs 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 along with which the same has been imported. The view of the Company is that such imports should not be subject to any custom duty as it would be 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.

f) 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 FY 06-07 and FY 07-08 due to difference of interpretation of Adjusted Gross Revenue (AGR) between Group and DoT and interest thereon, which the Group 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 Group (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 from the date of last hearing. In the meanwhile, DoT further had issued LF demand cum show cause notice for FY 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 off.

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 mobility circles.

iv. DoT demands also include penalty for alleged failure to meet the procedural requirement for submission of EMF radiation self-certification.

The matters stated above are being contested by the Company and based on legal advice, the Company 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 amounts 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

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thereon. Accordingly, the license fee on such foreign exchange gain has not been provided in these 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 of the Hon'ble Kerala High Court, stay has been obtained, wherein the licensee can continue making the payment 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 and one of its subsidiaries for ₹ 52,013 Mn towards levy of one time spectrum charge. The demand includes a retrospective charge of ₹ 9,090 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 ₹ 42,923 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. The Department of Telecommunications (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. The 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.

g) Airtel Networks Limited – Ownership

Airtel Networks Limited ("Airtel Networks") (formerly known as Celtel Nigeria Limited) was incorporated on December 21, 2000 as Econet Wireless Nigeria Limited and is a subsidiary of Bharti Airtel Nigeria B.V. (BANBV) (formerly, Celtel Nigeria B.V.), which in turn, is an indirect subsidiary of Bharti Airtel International (Netherlands) B.V., a subsidiary of Bharti Airtel Limited.

Airtel Networks and/or BANBV are defendants in cases filed by Econet Wireless Limited (EWL) where EWL is claiming, amongst others, a breach of its alleged pre-emption rights against erstwhile and current shareholders.

Under the transaction to acquire 65% controlling stake in Airtel Networks Limited in 2006, the erstwhile selling shareholders were obliged under the pre-emption right provision contained in the shareholders' agreement dated April 30, 2002 (the "Shareholders Agreement") to first offer the shares to each other before offering the shares to a third party. The sellers waived the pre-emption rights amongst themselves and the shares were offered to EWL despite the fact that EWL's status as a shareholder itself was in dispute. However, the offer to EWL lapsed since EWL did not meet its payment obligations to pay for the shares within the 30 days deadline as specified in the shareholders' agreement and the shares were acquired by Celtel Nigeria B.V. (now, Bharti Airtel Nigeria B.V.) in 2006. EWL has inter alia commenced arbitral proceedings in Nigeria contesting the acquisition. BANBV, which is the current owner of approximately 79.059% (increased from 65.7% to 79.059% in March, 2013) of the equity in Airtel Networks Limited has been defending these cases and the arbitration since it was commenced.

On December 22, 2011, the Tribunal in the Arbitration commenced by EWL issued a Partial Final Award stating, amongst others, that the Shareholders Agreement had been breached by the erstwhile shareholders and, accordingly, the acquisition was null and void. However, the Tribunal has rejected EWL's claim for reversal of the 2006 transaction. Instead, the Tribunal ordered a damages hearing.

On February 3, 2012, BANBV filed an application before the Lagos State High Court to set aside the Partial Final

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Award. In addition, BANBV filed an application for an injunction to restrain the parties to the Arbitration from further convening the arbitration for the purposes of considering the quantum of damages that could be awarded to EWL until the conclusion of the matter to set aside the Partial Final Award. The application to set aside the Partial Final Award was heard by the Lagos State High Court on June 4, 2012 and by a Judgement delivered on October 4, 2012, the Lagos State High Court dismissed BANBV's application to set aside the Partial Final Award against which, BANBV lodged an appeal at the Court of Appeal in Lagos, Nigeria. The appeal was dismissed by the Court of Appeal on February 14, 2014. BANBV not satisfied with the judgement of the Court of Appeal, Lagos, on March 27, 2014 has filed its appeal with the Supreme Court of Nigeria.

Without prejudice to the application by BANBV before the Nigerian courts to set aside the Partial Final Award, the Tribunal has taken steps in relation to the damages hearing in the Arbitration. The damages claim was heard by the Tribunal during October 2013 and the parties submitted their closing arguments on December 20, 2013.

The Tribunal issued its Final Award on damages dated June 30, 2014 on July 4, 2014. The Tribunal found that EWL has suffered losses as a result of breaches of the Shareholders' Agreement and calculated the losses against BANBV to be an amount of USD 132.8 Mn and costs of USD 10.9 Mn, totaling USD 143.7 Mn.

The Company has filed an application for setting aside of the Final Award before the High Court in Nigeria. On the other hand, EWL has filed applications before the High Court in Nigeria to seek to enforce both the Final Award and the Partial Final Award. The Company is contesting these enforcement applications. These matters are currently adjourned to May 12, 2016.

In addition, EWL has filed conservatory attachment proceedings and proceedings for enforcement of the Final Award, inter alia, against BANBV in the Netherlands. On January 22, 2015 the Amsterdam District Court granted a stay in the proceedings related to the enforcement of the final award and denied EWL's request that BANBV provide security as a condition of the stay. EWL has appealed the latter decision and the Amsterdam Court of Appeal's decision is awaited. Meanwhile the Amsterdam District Court held that the proceedings before it stand suspended pending the outcome of EWL's appeal before the Amsterdam Court of Appeal.

In the Haarlem District Court, where EWL is pursuing its claim for compensation against (BANBV's parent- Bharti Airtel Nigeria Holdings II B.V.) and Grandparent Bharti Airtel Africa B.V. together, the Bharti Defendants) claiming that these entities acted unlawfully and induced breach of contract by the "Selling Shareholders" of the VNL shares with the intent of impending EWL in the exercise of its rights in order to finalise its own share sale transaction with the Selling Shareholders, the pleadings are complete.

Based on Company's assessment and indemnities under the Share Sale Agreement with Zain Group, this Award is not likely to have any material adverse effect on the Company's consolidated financial position as of March 31, 2016.

In addition, Airtel Networks Limited is a defendant in an action where EWL is claiming entitlement to 5% of the issued share capital of Airtel Networks Limited. This case was commenced by EWL in 2004 (prior to the Vee Networks Limited acquisition in 2006). The Court at first instance on January 24, 2012 held that EWL should be reinstated as a 5% shareholder in Airtel Networks Limited. Despite the fact that the 5% shares claimed by EWL had been set aside in escrow since 2006 and therefore will not impact the present ownership of BANBV on a fully diluted basis in Airtel Networks Limited, the company believed that there were good grounds to appeal the first instance judgement and accordingly, filed a Notice of Appeal and made applications before the Federal High Court for a stay of execution of judgement pending appeal and a motion for injunction. These applications were heard on March 13, 2012 and on May 7, 2012, the High Court held that the company had failed to make out a case for the Court to exercise its discretion in its favour of granting the application and accordingly refused it.

Immediately, a similar application for injunction and stay of execution were filed at the Court of Appeal, Kaduna on May 7, 2012. After several adjournments, the substantive appeal was heard on October 3, 2013 and on November 1, 2013 the Court of Appeal dismissed the appeal.

On June 20, 2014, the Company filed its appeal to the Supreme Court of Nigeria together with an application for injunction and stay of execution of the judgement of the Court of Appeal. The Appeal and the Applications are pending before the Supreme Court. The date for the hearing has not yet been fixed.

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38. Earnings Per Share

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

(Shares in Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Weighted average shares outstanding- Basic	3,996	3,996
Effect of dilutive securities on account of ESOP	1	2
Weighted average shares outstanding- diluted	**3,997**	**3,998**

Net profit available to equity holders of the Parent used in the basic and diluted earnings per share was determined as follows:

(₹ Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Net profit available to equity holders of the Parent	54,842	51,835
Effect on account of ESOP on profits for the year	-	-
Net profit available for computing diluted earnings per share	54,842	51,835
Basic Earnings per Share	13.72	12.97
Diluted Earnings per Share	13.72	12.97

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the impact is anti-dilutive.

39. Financial Risk Management Objectives and Policies

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to manage finances for the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Group are accountable to the Board of Directors and Audit Committee. This process provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and Group risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:-

- **Market Risk**

  Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

  The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

  The analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations, provisions and on the non-financial assets and liabilities.

  The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2016 and March 31, 2015.

  The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

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The Group uses derivative financial instruments such as foreign exchange forward contracts, options, currency swaps and interest rate swaps & options to manage its exposures to foreign exchange fluctuations and interest rate.

- **Foreign Currency Risk**

  Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group transacts business in local currency and in foreign currency, primarily U.S. dollars. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Group may use foreign exchange options, currency swaps or forward contracts towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirement and risk management strategy of the company.

  The Group manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy.

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD, Euro, CHF and other currencies to the functional currency of the respective entity, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives (excluding options and currency swaps) . The impact on Group's equity is due to change in the fair value of intra-group monetary items that form part of net investment in foreign operation and other foreign currency monetary items designated as a hedge of the net investment in foreign operations or cash flow hedge of a highly probable forecast transaction.

(₹ Millions)

Particular	Change in currency exchange rate	Effect on profit before tax	Effect on equity (OCI)
For the year ended March 31, 2016			
US Dollars	+5%	(9,437)	(9,421)
	-5%	9,437	9,421
Euro	+5%	(1,449)	(2,737)
	-5%	1,449	2,737
CHF	+5%	(174)	-
	-5%	174	-
Others	+5%	16	-
	-5%	(16)	-
For the year ended March 31, 2015			
US Dollars	+5%	(11,732)	(4,035)
	-5%	11,732	4,035
Euro	+5%	(642)	(6,073)
	-5%	642	6,073
CHF	+5%	(1,127)	-
	-5%	1,127	-
Others	+5%	(1)	-
	-5%	1	-

- **Interest Rate Risk**

  Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt interest obligations. Further, the Group engages in financing activities at market linked rates, any changes in the interest rates environment may impact future rates of borrowing. To manage this, the Group may enter into interest rate derivatives like swap and option contracts. The management also maintains a portfolio mix of floating and fixed rate debt. As of March 31, 2016, after taking into account the effect of interest rate swaps, approximately 28.39% of the Group's borrowings are at a fixed rate of interest (March 31, 2015: 23.50%).

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Interest Rate Sensitivity of Borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings after considering the impact of interest rate swaps.

(₹ Millions)

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax
For the year ended March 31, 2016		
INR - borrowings	+100	(224)
	-100	224
US Dollar -borrowings	+100	(3,253)
	-100	3,253
Euro - borrowings	+100	(688)
	-100	688
Nigerian Naira - borrowings	+100	(65)
	-100	65
Other Currency -borrowings	+100	(63)
	-100	63
For the year ended March 31, 2015		
INR - borrowings	+100	(352)
	-100	352
US Dollar -borrowings	+100	(3,629)
	-100	3,629
Euro - borrowings	+100	(757)
	-100	757
Nigerian Naira - borrowings	+100	(314)
	-100	314
Other Currency -borrowings	+100	(32)
	-100	32

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

- **Price Risk**

  The Group invests its surplus funds in various debt instruments and debt mutual funds. These comprise of mainly liquid schemes of mutual funds (liquid investments), short term debt funds & income funds (duration investments) and fixed deposits.

  Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. However due to the very short tenor of the underlying portfolio in the liquid schemes, these do not pose any significant price risk.

  On the duration investment balance, an increase/ decrease of 25 basis points in market yields (parallel shift of the yield curves), will result in decrease/increase in the marked to market value of the investments by ₹ 720 Mn and ₹ 965 Mn as on March 31, 2016 and March 31, 2015, respectively. The adverse marked to market movement on these schemes is notional and gets recouped through the fixed coupon accruals on the underlying portfolio since some of the asset management companies have adopted the strategy of holding the underlying securities to maturity to ensure stability of actual realised returns without realising any adverse marked to market movement on the underlying asset. Accordingly, in case the Group continues to hold such investments having negative marked to market value, the overall realised yield over the entire tenor of the investment shall turn out to be positive.

- **Credit Risk**

  Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions, foreign exchange transactions and other financial instruments.

1) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 14 days to 30 days credit term except in case of balances due from trade receivables in Airtel Business Segment which are generally on 7 days to 90 days credit terms. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Notes to consolidated financial statements

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

(₹ Millions)

Particular	Neither past due nor impaired (including unbilled)	Past due but not impaired				Total
		Less Than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade Receivables as of March 31, 2016	33,435	15,834	5,297	5,143	6,240	65,949
Trade Receivables as of March 31, 2015	34,523	12,498	6,075	5,896	3,212	62,204

The requirement for impairment is analysed at each reporting date. Refer Note 22 for details on the impairment of trade receivables.

2) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Group monitors ratings, credit spreads and financial strength of its counter parties. Based on its on-going assessment of counterparty risk, the Group adjusts its exposure to various counterparties. The Group's maximum exposure to credit risk for the components of the statement of financial position as of March 31, 2016 and March 31, 2015 is the carrying amounts as disclosed in Note 34 except for financial guarantees. The Group's maximum exposure for financial guarantees is given in Note 37.

- **Liquidity Risk**

  Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt, and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic and international capital markets across debt, equity and hybrids.

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

(₹ Millions)

Particular	As of March 31, 2016						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	615,605	19,452	67,612	24,857	49,333	575,796	737,050
Financial derivatives	1,939	-	1,787	144	3	5	1,939
Deffered Payment Laibility*	341,424	-	-	25,428	58,230	498,644	582,302
Other financial liabilities*	73,700	-	-	-	9,747	89,134	98,881
Trade and other payables#	380,857	-	377,079	4,645	-	-	381,724
	1,413,525	**19,452**	**446,478**	**55,074**	**117,313**	**1,163,579**	**1,801,896**

Particular	As of March 31, 2015						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	670,474	13,207	185,330	45,890	51,327	494,525	790,279
Financial derivatives	792	-	545	83	153	11	792
Deffered Payment Laibility*	143,167	-	-	-	25,428	228,855	254,283
Other financial liabilities*	18,939	-	-	-	2,055	17,564	19,619
Trade and other payables#	332,868	-	332,050	818	-	-	332,868
	1,166,240	13,207	517,925	46,791	78,963	740,955	1,397,841

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest rate swaps, over the tenor of the borrowings.

\# Interest accrued but not due of ₹ 6,599 Mn and ₹ 6,802 Mn as of March 31, 2016 and March 31, 2015, respectively, has been included in interest bearing borrowings and excluded from trade and other payables.

The derivative financial instruments disclosed in the above table represent fair values of the instrument. However, those amounts may be settled gross or net.

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- **Capital Management**

  Capital includes equity attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

  The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

  No changes were made in the objectives, policies or processes during the year ended March 31, 2016 and March 31, 2015.

  The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalents.

(₹ Millions)

Particulars	As of March 31, 2016	As of March 31, 2015
Loans & Borrowings	609,006	663,672
Less: Cash and Cash Equivalents	37,087	11,719
Net Debt	**571,919**	**651,953**
Equity	656,301	619,564
Total Capital	**656,301**	**619,564**
Capital and Net Debt	**1,228,220**	**1,271,517**
Gearing Ratio	**46.6%**	**51.3%**

40. New Developments

a) The Scheme of Arrangement ('Scheme') under Sections 391 to 394 of the Companies Act, 1956 with respect to the amalgamation of Airtel Broadband Services Private Limited (ABSPL) with the Company, was approved by the Hon'ble High Court of Bombay on April 11, 2014. The Company has filed the Scheme with Registrar of Companies ('ROC') on April 9, 2015 which is the effective date and appointed date of merger. From the filing of the said Scheme with the ROC, ABSPL has ceased to exist and have merged with the Company with effect from April 9, 2015.

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

b) During the year ended March 31, 2016, Bharti Airtel International Netherlands B.V. (a subsidiary of the Company), has entered into non-binding but exclusive agreement with Orange to explore the possible acquisition of Group's subsidiaries in Burkina Faso, Chad, Congo Brazzaville and Sierra Leone. On January 12, 2016, the Group has entered into definitive agreement to sell group's operations in Burkina Faso and Sierra Leone and the exclusive agreement for the remaining two countries have lapsed. The transaction is subject to certain customary regulatory approvals and other closing conditions.

c) During the year ended March 31, 2016, the Group has entered into an exclusive discussion with Axiata Group Berhad to explore the possibility of combining the business operations of their telecommunication subsidiaries in Bangladesh. On January 28, 2016, the Group has entered into definitive agreement which is subject to certain customary regulatory approvals and other closing conditions.

d) During the year ended March 31, 2016, the Group has purchased 100% stake in Augere Wireless Broadband Private Limited (AWBPL). The consummation of the said transaction is subject to the approval from statutory authorities.

e) During the year ended March 31, 2016, the Group 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. The closing of the said transaction is subject to certain customary regulatory approvals and other closing conditions.

f) Subsequent to the balance sheet date, the Group has entered into a definitive agreement with Aircel Limited and its subsidiaries Dishnet Wireless Limited and Aircel cellular Limited, to acquire rights to use spectrum in the 2300 Mhz band for eight circles. The closing of the transaction is subject to certain customary regulatory approvals and other closing conditions.

Notes to consolidated financial statements

41. Companies in the Group, Joint Ventures and Associates

The Group conducts its business through Bharti Airtel and its directly and indirectly held subsidiaries, joint ventures and associates. Information about the composition of the Group is as follows:-

S. No.	Principal activity	Principal place of operation / country of incorporation	Number of wholly-owned subsidiaries	
			As of March 31, 2016	As of March 31, 2015
1	Telecommunication services	Africa	10	10
2	Telecommunication services	India	3	4
3	Telecommunication services	South Asia	2	2
4	Telecommunication services	Other	6	7
5	Mobile commerce services	Africa	16	17
6	Mobile commerce services	India	-	1
7	Infrastructure services	Africa	6	9
8	Infrastructure services	South Asia	2	2
9	Investment company	Africa	2	3
10	Investment company	Netherlands	25	25
11	Investment company	Mauritius	6	6
12	Investment company	Other	2	2
13	Direct to Home services	Africa	2	3
14	Submarine cable system	Mauritius	1	1
15	Holding, finance services and management services	Netherlands	1	1
16	Other	India	1	1
			85	**94**

S. No.	Principal Activity	Principal place of operation / country of incorporation	Number of Non-wholly-owned subsidiaries	
			As of March 31, 2016	As of March 31, 2015
1	Telecommunication services	Africa	8	9
2	Telecommunication services	India	2	1
3	Infrastructure services	India	2	2
4	Infrastructure services	Africa	5	7
5	Mobile commerce services	Africa	2	-
6	Mobile commerce services	India	1	-
7	Investment company	Africa	1	-
8	Direct to Home services	India	1	1
9	Uplinking channels for broadcasters	India	1	-
			23	20

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Additionally the Group also controls the trusts as mentioned in Note 41(b) below.

Information of Group's directly and indirectly held subsidiaries, joint ventures and associates is as follows:

(a) Details of Subsidiaries:-

S. no	Name of subsidiary	Principal place of operation / country of incorporation	Principal activities	Percentage of ownership interest and voting power (direct / indirect) - effective shareholding held by the Group	
				As of March 31, 2016 %	As of March 31, 2015 %
1	Airtel Bangladesh Limited (refer Note 40(c))	Bangladesh	Telecommunication services	100	100
2	Airtel M Commerce Services Limited	India	Mobile commerce services	80.10	100
3	Bangladesh Infratel Networks Limited#	Bangladesh	Passive infrastructure Services	100	100
4	Bharti Airtel (Canada) Limited##	Canada	Telecommunication services	-	100
5	Bharti Airtel (France) SAS	France	Telecommunication services	100	100
6	Bharti Airtel (Hongkong) Limited	Hongkong	Telecommunication services	100	100
7	Bharti Airtel (Japan) Kabushiki Kaisha	Japan	Telecommunication services	100	100
8	Bharti Airtel Services Limited	India	Administrative support to Group companies and trading activities	100	100
9	Bharti Airtel (UK) Limited	United Kingdom	Telecommunication services	100	100
10	Bharti Airtel (USA) Limited	United States of America	Telecommunication services	100	100
11	Bharti Airtel Holdings (Singapore) Pte Ltd	Singapore	Investment Company	100	100
12	Bharti Airtel International (Mauritius) Limited	Mauritius	Investment Company	100	100
13	Bharti Airtel International (Netherlands) B.V.	Netherlands	Holding, Finance Services and Management Services	100	100
14	Bharti Airtel Lanka (Private) Limited	Sri Lanka	Telecommunication services	100	100
15	Bharti Hexacom Limited	India	Telecommunication services	70	70
16	Indo Teleports Limited (formerly known as Bharti Teleports Limited) @	India	Uplinking channels for broadcasters	95	-
17	Bharti Infratel Lanka (Private) Limited#	Sri Lanka	Passive infrastructure Services	100	100
18	Bharti Infratel Limited	India	Passive infrastructure Services	71.76	71.88
19	Bharti Infratel Services Limited* #	India	Passive infrastructure Services	71.76	71.88
20	Smartx Services Limited (subsidiary w.e.f. September 21, 2015)*	India	Telecommunication services	71.76	-
21	Bharti International (Singapore) Pte. Ltd	Singapore	Telecommunication services	100	100
22	Bharti Telemedia Limited	India	Direct To Home services	95	95
23	Network i2i Limited	Mauritius	Submarine Cable System	100	100
24	Telesonic Networks Limited	India	Network Services	100	100
25	Airtel Broadband Services Private Limited (Merged with Bharti Airtel Limited w.e.f. April 9, 2015)	India	Telecommunication services	-	100

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S. no	Name of subsidiary	Principal place of operation / country of incorporation	Principal activities	Percentage of ownership interest and voting power (direct / indirect) - effective shareholding held by the Group As of March 31, 2016 %	As of March 31, 2015 %
26	Nxtra Data Limited	India	Data Center and Managed Services	100	100
27	Wynk Limited	India	Content Procurement and Selling	100	100
28	Africa Towers N.V.	Netherlands	Investment Company	100	100
29	Africa Towers Services Limited	Kenya	Infrastructure sharing services	100	100
30	Airtel Ghana Limited^	Ghana	Telecommunication services	75	75
31	Airtel (Seychelles) Limited	Seychelles	Telecommunication services	100	100
32	Airtel (SL) Limited	Sierra Leone	Telecommunication services	100	100
33	Airtel Burkina Faso S.A.	Burkina Faso	Telecommunication services	100	100
34	Airtel Congo S.A.	Congo Brazzavile	Telecommunication services	90	90
35	Airtel DTH Services (SL) Limited^^	Sierra Leone	Direct To Home services	100	100
36	Airtel DTH Services Congo (RDC) S.p.r.l.##	Democratic Republic of Congo	Direct To Home services	-	100
37	Airtel DTH Services Nigeria Limited#	Nigeria	Direct To Home services	100	100
38	Airtel Gabon S.A.	Gabon	Telecommunication services	90	90
39	Airtel Madagascar S.A.	Madagascar	Telecommunication services	100	100
40	Airtel Malawi Limited	Malawi	Telecommunication services	100	100
41	Airtel Mobile Commerce (SL) Limited	Sierra Leone	Mobile commerce services	100	100
42	Airtel Mobile Commerce B.V.	Netherlands	Investment Company	100	100
43	Airtel Mobile Commerce Burkina Faso S.A.	Burkina Faso	Mobile commerce services	100	100
44	Airtel Mobile Commerce (Ghana) Limited	Ghana	Mobile commerce services	75	100
45	Airtel Mobile Commerce Holdings B.V.	Netherlands	Investment Company	100	100
46	Airtel Mobile Commerce (Kenya) Limited	Kenya	Mobile commerce services	100	100
47	Airtel Mobile Commerce Limited	Malawi	Mobile commerce services	100	100
48	Airtel Mobile Commerce Madagascar S.A.	Madagascar	Mobile commerce services	100	100
49	Airtel Mobile Commerce Rwanda Limited	Rwanda	Mobile commerce services	100	100
50	Airtel Mobile Commerce (Seychelles) Limited	Seychelles	Mobile commerce services	100	100
51	Airtel Mobile Commerce (Tanzania) Limited	Tanzania	Mobile commerce services	100	100
52	Airtel Mobile Commerce Tchad S.a.r.l.	Chad	Mobile commerce services	100	100
53	Airtel Mobile Commerce Uganda Limited	Uganda	Mobile commerce services	100	100
54	Airtel Mobile Commerce Zambia Limited	Zambia	Mobile commerce services	100	100

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S. no	Name of subsidiary	Principal place of operation / country of incorporation	Principal activities	Percentage of ownership interest and voting power (direct / indirect) - effective shareholding held by the Group As of March 31, 2016 %	As of March 31, 2015 %
55	Airtel Money (RDC) S.A.	Democratic Republic of Congo	Mobile commerce services	100	100
56	Airtel Money Niger S.A.	Niger	Mobile commerce services	90	100
57	Airtel Money S.A. (Gabon)	Gabon	Mobile commerce services	100	100
58	Airtel Networks Kenya Limited^	Kenya	Telecommunication services	100	100
59	Airtel Networks Limited	Nigeria	Telecommunication services	79.059	79.059
60	Airtel Networks Zambia Plc	Zambia	Telecommunication services	96.36	96.36
61	Airtel Rwanda Limited	Rwanda	Telecommunication services	100	100
62	Airtel Tanzania Limited	Tanzania	Telecommunication services	60	60
63	Airtel Tchad S.A.	Chad	Telecommunication services	100	100
64	Airtel Towers (Ghana) Limited	Ghana	Infrastructure sharing services	75	75
65	Airtel Towers (SL) Company Limited	Sierra Leone	Infrastructure sharing services	100	100
66	Airtel Uganda Limited^	Uganda	Telecommunication services	100	100
67	Bharti Airtel Africa B.V.	Netherlands	Investment Company	100	100
68	Bharti Airtel Burkina Faso Holdings B.V.	Netherlands	Investment Company	100	100
69	Bharti Airtel Chad Holdings B.V.	Netherlands	Investment Company	100	100
70	Bharti Airtel Congo Holdings B.V.	Netherlands	Investment Company	100	100
71	Bharti Airtel Developers Forum Limited	Zambia	Investment Company	96.36	100
72	Bharti Airtel DTH Holdings B.V.	Netherlands	Investment Company	100	100
73	Bharti Airtel Gabon Holdings B.V.	Netherlands	Investment Company	100	100
74	Bharti Airtel Ghana Holdings B.V.	Netherlands	Investment Company	100	100
75	Bharti Airtel Kenya B.V.	Netherlands	Investment Company	100	100
76	Bharti Airtel Kenya Holdings B.V.	Netherlands	Investment Company	100	100
77	Bharti Airtel Madagascar Holdings B.V.	Netherlands	Investment Company	100	100
78	Bharti Airtel Malawi Holdings B.V.	Netherlands	Investment Company	100	100
79	Bharti Airtel Mali Holdings B.V.	Netherlands	Investment Company	100	100
80	Bharti Airtel Niger Holdings B.V.	Netherlands	Investment Company	100	100
81	Bharti Airtel Nigeria B.V.	Netherlands	Investment Company	100	100
82	Bharti Airtel Nigeria Holdings B.V.#	Netherlands	Investment Company	100	100
83	Bharti Airtel Nigeria Holdings II B.V.	Netherlands	Investment Company	100	100
84	Bharti Airtel RDC Holdings B.V.	Netherlands	Investment Company	100	100
85	Bharti Airtel Services B.V.	Netherlands	Investment Company	100	100
86	Bharti Airtel Sierra Leone Holdings B.V.	Netherlands	Investment Company	100	100
87	Bharti Airtel Tanzania B.V.	Netherlands	Investment Company	100	100
88	Bharti Airtel Uganda Holdings B.V.	Netherlands	Investment Company	100	100
89	Bharti Airtel Zambia Holdings B.V.	Netherlands	Investment Company	100	100
90	Burkina Faso Towers S.A.##	Burkina Faso	Infrastructure sharing services	-	100
91	Celtel (Mauritius) Holdings Limited	Mauritius	Investment Company	100	100
92	Airtel Congo (RDC) S.A. (formerly known as Celtel Congo (RDC) S.a.r.l.)	Democratic Republic of Congo	Telecommunication services	98.5	98.5

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S. no	Name of subsidiary	Principal place of operation / country of incorporation	Principal activities	Percentage of ownership interest and voting power (direct / indirect) - effective shareholding held by the Group	
				As of March 31, 2016 %	As of March 31, 2015 %
93	Celtel Niger S.A.	Niger	Telecommunication services	90	90
94	Channel Sea Management Company (Mauritius) Limited	Mauritius	Investment Company	100	100
95	Congo RDC Towers S.A.	Democratic Republic of Congo	Infrastructure sharing services	100	100
96	Congo Towers S.A.^^	Congo Brazzavile	Infrastructure sharing services	90	90
97	Gabon Towers S.A. #	Gabon	Infrastructure sharing services	90	90
98	Indian Ocean Telecom Limited	Jersey	Investment Company	100	100
99	Kenya Towers Limited (refer Note 43)	Kenya	Infrastructure sharing services	-	100
100	Madagascar Towers S.A.	Madagascar	Infrastructure sharing services	100	100
101	Malawi Towers Limited	Malawi	Infrastructure sharing services	100	100
102	Mobile Commerce Congo S.A.	Congo Brazzavile	Mobile commerce services	100	100
103	Montana International	Mauritius	Investment Company	100	100
104	MSI-Celtel Nigeria Limited#	Nigeria	Investment Company	100	100
105	Niger Towers S.A.##	Niger	Infrastructure sharing services	-	90
106	Partnership Investments S.a.r.l.	Democratic Republic of Congo	Investment Company	100	100
107	Société Malgache de Téléphone Cellulaire S.A.	Mauritius	Investment Company	100	100
108	Tanzania Towers Limited	Tanzania	Infrastructure sharing services	60	60
109	Tchad Towers S.A.	Chad	Infrastructure sharing services	100	100
110	Towers Support Nigeria Limited#	Nigeria	Infrastructure sharing services	79.059	79.059
111	Uganda Towers Limited (refer Note 43)	Uganda	Infrastructure sharing services	-	100
112	Warid Telecom Uganda Limited (in process of Amalgamation with Airtel Uganda Limited)	Uganda	Telecommunication services	100	100
113	Warid Congo S.A. (Merged with Airtel Congo S.A. w.e.f. November 9, 2015)	Congo Brazzavile	Telecommunication services	-	90
114	Zambian Towers Limited (refer Note 43)	Zambia	Infrastructure sharing services	-	96.36
115	Zap Trust Company Nigeria Limited#	Nigeria	Mobile commerce services	100	100
116	Airtel Money Transfer Limited (subsidiary w.e.f. July 20, 2015)	Kenya	Mobile commerce services	100	-
117	Bharti Airtel Rwanda Holdings Limited (formerly known as Zebrano (Mauritius) Limited)	Mauritius	Investment Company	100	100

^ The Group also holds 100% preference shareholding in these companies. The preference shares does not carry any voting rights.
^^ Dissolved subsequent to the balance sheet date on April 1, 2016.
# Under Liquidation.
Dissolved during the year ended March 31, 2016.
Note: Augere Wireless Broadband Private Limited has not been considered as a subsidiary (Refer note 40(d))

Notes to consolidated financial statements

(b) Details of Controlled Trust:

S.no	Name of trust	Principal place of operation / country of incorporation
1	Bharti Airtel Employees' Welfare Trust	India
2	Bharti Infratel Employees' Welfare Trust	India

(c) Details of Joint ventures:

S.no	Name of joint ventures	Principal place of operation / country of incorporation	Principal activities	Percentage of ownership interest and voting power (direct / indirect) - effective shareholding held by the Group	
				As of March 31, 2016 %	As of March 31, 2015 %
1	Indus Towers Limited *	India	Passive infrastructure services	30.14	30.19
2	Bridge Mobile Pte Limited	Singapore	Provision of regional mobile services	10	10
3	Forum I Aviation Ltd	India	Aircraft chartering services	-	16.67
4	FireFly Networks Limited	India	Telecommunication services	50	50

* Bharti Infratel Limited ("BIL"), in which the Group has 71.76% equity interest (71.88% as of March 31, 2015), owns 100% of Bharti Infratel Services Limited, 100% of Smartx Services Limited and 42% of Indus Towers Limited (100% of Bharti Infratel Services Limited and 42% of Indus Towers Limited as of March 31, 2015).

(d) Details of Associates:

S.no	Name of associates	Principal place of operation / country of incorporation	Principal activities	Percentage of ownership interest and voting power (direct / indirect) - effective shareholding held by the Group	
				As of March 31, 2016 %	As of March 31, 2015 %
1	Indo Teleports Limited (formerly known as Bharti Teleports Limited) @	India	Uplinking channels for broadcasters	-	49
2	Tanzania Telecommunications Company Limited	Tanzania	Telecommunication services	35	35
3	Seychelles Cable Systems Company Limited	Seychelles	Submarine Cable System	26	26

@ The Group has acquired additional 46% stake in the company and therefore became subsidiary w.e.f. from August 27, 2015.

Notes to consolidated financial statements

42. Other Significant Matter

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 Hon'ble Delhi High Court. The Appeal of DoT on the issue of condonation of delay was allowed on July 16, 2013. The next date of hearing is May 12, 2016. However, the Company on October 30, 2013 has filed Writ Petition for recovery in Hon'ble Delhi High Court, notice issued by High Court. The matter was listed on November 6, 2015 and is reserved for judgement.

43. Non-current Assets held for Sale

a. During the year ended March 31, 2015, the Group decided to sell and lease back a dedicated portion of towers under long term lease contracts, considered as finance lease in following countries:

- approximately 4,800 telecom towers in Nigeria to American Towers Cooperation / its subsidiaries (ATC);
- approximately 1,100 telecom towers in Zambia and Rwanda to IHS;
- approximately 3,500 telecom towers in six countries (Burkina Faso, Ghana, Kenya, Malawi, Niger and Uganda) to Eaton Towers Limited/ its subsidiaries (Eaton); and
- approximately 3,100 telecom towers in four countries (Tanzania, Congo Brazzavile, Democratic Republic of Congo and Chad) to Helios Towers Africa / its subsidiaries (Helios).

Further during the year ended March 31, 2016, after cancellation of tower sale agreement with Helios in Tanzania, the Group has entered into an agreement with ATC to sale and lease back a dedication portion of towers in Tanzania.

b. The Group, on the basis of approval by Board of Directors of respective subsidiaries/BAIN, considers that the criteria stated by IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" have been met, and accordingly has classified the assets and associated liabilities (collectively referred to as "disposal group") that are part of the sale and will not be leased back as "assets of disposal group classified as held for sale" and "liabilities of disposal group classified as held for sale" in the statement of financial position. These assets and liabilities are included under "Mobile Services Africa" segment in Segment Reporting.

The Group has ceased depreciation and amortisation on the telecom tower assets, to the extent it has estimated such assets would not be leased back, from the respective dates of classification as held for sale. Had the Group not decided to sell these assets, depreciation and amortisation would have been higher by ₹ 1,806 Mn and ₹ 4,325 Mn for the year ended March 31, 2016 and March 31, 2015, respectively.

The completion of the transactions is subject to certain customary closing conditions and is expected to be completed within a period of one year from the date of classification as held for sale.

Notes to consolidated financial statements

c. The major classes of assets and liabilities classified as held for sale as of March 31, 2016 are as follows:

(₹ Millions)

Assets of disposal group classified as held for sale	As of March 31, 2016	As of March 31, 2015
Non current assets	6,870	42,677
Other current assets	132	2,968
	7,002	**45,645**

(₹ Millions)

Liabilities of disposal group classified as held for sale	As of March 31, 2016	As of March 31, 2015
Non current liabilities	(1,039)	(4,164)
Current liabilities	-	(1,281)
	(1,039)	**(5,445)**

d. During the year ended March 31, 2016, the agreement for sale of tower assets in Tanzania, Chad and Democratic Republic of Congo with Helios Towers Africa and in Malawi with Eaton Towers Limited have lapsed and therefore stand terminated thereby. Accordingly, assets and the related liabilities have been re-classified from held for sale to its earlier classification and the Group has recorded and presented the related depreciation charge of ₹ 1,809 Mn pertaining to previous periods as an exceptional item for the year ended March 31, 2016.

e. During the year ended March 31, 2016 and March 31, 2015, sale and lease back of 8,740 towers in Congo, Ghana, Uganda, Nigeria, Zambia, Kenya and Burkina Faso and 200 towers in Rwanda was completed for a consideration of ₹ 116,229 Mn and ₹ 1,153 Mn, respectively. The portion leased back, classified as finance lease, representing the technical capacities of the dedicated part of the towers on which Company's equipment are located, has been retained at the carrying value of ₹ 16,339 Mn and ₹ 431 Mn, respectively, during the year ended March 31, 2016 and March 31, 2015 and the finance lease obligation has been recorded at ₹ 51,141 Mn and ₹ 609 Mn, respectively, during the year ended March 31, 2016 and March 31, 2015, being the fair value of the leased back portion. Accordingly, the gain on the portion sold and not leased back amounting to ₹ 40,129 Mn and ₹ 142 Mn, respectively, during the year ended March 31, 2016 and March 31, 2015, has been recognised in the income statement and disclosed as an exceptional item.

44. Previous year's figures in the consolidated financial statements, including the notes thereto, have been reclassified wherever required to conform to the current year's presentation/classification. These do not affect the previously reported net profit or equity.