



**SINGAPORE TELECOMMUNICATIONS LIMITED
(Incorporated in the Republic of Singapore) Company
Registration Number: 199201624D**

ANNOUNCEMENT

BHARTI AIRTEL LIMITED (“Airtel”) – EXCEPTIONAL ITEMS

Airtel announced its results for the quarter ended 30 June 2020 on 29 July 2020 as attached. During the quarter, Airtel recorded exceptional charges which have adversely impacted its reported results.

Singtel refers to Notes 3, 4 and 6 of the audited consolidated financial statements of Airtel which are prepared based on Indian Accounting Standards.¹

Airtel has recorded additional provisions for license fee and spectrum usage charges and related interests, amounting to Rs. 107.4 billion (Singtel’s equity share: S\$631 million) on account of Hon’ble Supreme Court of India’s decision on the Adjusted Gross Revenue matter on 20 July 2020.

Airtel has also recognised Rs. 67.1 billion (Singtel’s equity share: S\$394 million) as exceptional tax charge arising from reassessment of the carrying amounts of deferred tax balances (including minimum alternate tax credits) as well as adjustments from resolution of certain tax disputes.

Including the above, total exceptional charges by Airtel amounted to Rs. 155.0 billion (post tax and minority interest). Singtel’s equity share of this was S\$911 million.

In May 2020, Bharti Telecom Limited completed the sale of 2.75% stake in Airtel for a consideration of approximately S\$1.6 billion. Consequently, Singtel’s effective shareholding in Airtel was reduced from 33.3% to 31.9%. Singtel’s gain from this dilution of S\$550 million has been recorded as an exceptional item in the Group.

Singtel will disclose its share of the regional associates’ results in its business updates for the first quarter ended 30 June 2020 in August 2020.

Issued by Singapore Telecommunications Limited on 30 July 2020

¹ Airtel’s results are equity accounted by Singtel based on International Financial Reporting Standard (IFRS). The differences between Indian Accounting Standards and IFRS are not expected to be material.



Bharti Airtel Limited

Registered Office: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110 070, India
 CIN: L74899DL1995PLC070609
 T: +91-11-4666 6100, F: +91-11-4166 6137, Email id: compliance.officer@bharti.in

Statement of Audited Consolidated Financial Results for the quarter ended June 30, 2020

(Rs. Millions; except per share data)

Particulars	Quarter ended			Year ended
	June 30, 2020	March 31, 2020	June 30, 2019	March 31, 2020
	Audited	Audited	Audited	Audited
Income				
Revenue from operations	239,387	237,227	207,379	875,390
Other income	4,805	9,220	2,945	19,346
	244,192	246,447	210,324	894,736
Expenses				
Network operating expenses	51,036	52,015	46,636	197,685
Access charges	28,011	28,270	25,627	107,395
License fee / Spectrum charges	20,768	20,570	18,391	73,833
Employee benefits expense	11,566	10,316	8,641	38,072
Sales and marketing expenses	7,301	9,355	8,386	34,325
Other expenses	16,626	15,049	17,357	59,257
	135,308	135,575	125,038	510,567
Profit before depreciation, amortisation, finance costs, share of profit of associates and joint ventures and exceptional items	108,884	110,872	85,286	384,169
Depreciation and amortisation expense	72,268	70,550	67,587	276,896
Finance costs	34,562	41,302	33,928	139,918
Share of profit of associates and joint ventures (net)	(1,666)	(915)	(931)	(6,524)
Profit / (loss) before exceptional items and tax	3,720	(65)	(15,298)	(26,121)
Exceptional items (net)	117,457	70,040	14,694	402,344
Loss before tax	(113,737)	(70,105)	(29,992)	(428,465)
Tax expense / (credit)				
Current tax	5,086	4,385	7,763	23,738
Deferred tax	33,089	(24,720)	(13,833)	(145,561)
Loss for the period	(151,912)	(49,770)	(23,922)	(306,642)
Other comprehensive income ('OCI')				
Items to be reclassified subsequently to profit or loss :				
- Net (losses) / gains due to foreign currency translation differences	(863)	2,001	(2,470)	4,814
- Net losses on net investment hedge	(212)	(8,532)	(153)	(10,856)
- Net losses on cash flow hedge	-	(136)	(79)	(109)
- Net (losses) / gains on fair value through OCI investments	(189)	(1)	19	(108)
- Tax (charge) / credit on above	(12)	2,324	68	2,883
Items not to be reclassified to profit or loss :				
- Re-measurement (losses) / gains on defined benefit plans	(17)	34	(291)	(76)
- Tax (charge) / credit	(6)	(99)	80	(41)
- Share of OCI of joint ventures and associates	(73)	11	(6)	15
Other comprehensive loss for the period	(1,372)	(4,398)	(2,832)	(3,478)
Total comprehensive loss for the period	(153,284)	(54,168)	(26,754)	(310,120)
Loss for the period attributable to	(151,912)	(49,770)	(23,922)	(306,642)
Owners of the Parent	(159,331)	(52,370)	(28,660)	(321,832)
Non-controlling interests	7,419	2,600	4,738	15,190
Other comprehensive loss for the period attributable to :	(1,372)	(4,398)	(2,832)	(3,478)
Owners of the Parent	(704)	(9,847)	(1,950)	(11,748)
Non-controlling interests	(668)	5,449	(882)	8,270
Total comprehensive loss for the period attributable to :	(153,284)	(54,168)	(26,754)	(310,120)
Owners of the Parent	(160,035)	(62,217)	(30,610)	(333,580)
Non-controlling interests	6,751	8,049	3,856	23,460
Paid-up equity share capital (Face value : Rs. 5/- each)	27,278	27,278	25,655	27,278
Other equity	582,624	744,170	888,091	744,170
(Loss) / earnings per share (Face value : Rs. 5/- each)				
Basic	(29.22)	(9.69)	(6.18)	(63.41)
Diluted	(29.22)	(9.69)	(6.18)	(63.41)



Particulars	Quarter ended			Year ended
	June	March	June	March
	30, 2020	31, 2020	30, 2019	31, 2020
	Audited	Audited	Audited	Audited
1. Segment Revenue				
- Mobile Services India @	128,772	129,528	108,668	459,663
- Mobile Services Africa	64,513	64,888	55,433	242,173
- Mobile Services South Asia	1,088	1,203	1,089	4,552
- Airtel Business	35,019	33,762	32,080	132,331
- Tower Infrastructure Services	16,421	16,826	17,262	67,423
- Homes Services	5,785	5,725	5,705	22,451
- Digital TV Services	7,448	6,035	7,389	29,239
- Others	4	15	(80)	50
Total segment revenue	259,050	257,982	227,546	957,882
Less: Inter-segment eliminations *	19,663	20,755	20,167	82,492
Total revenue	239,387	237,227	207,379	875,390
2. Segment Results ^				
(Loss) / profit before finance costs (net), non-operating expenses (net), charity and donation, exceptional items and tax				
- Mobile Services India @	1,657	259	(11,966)	(31,379)
- Mobile Services Africa	16,210	17,708	13,912	64,488
- Mobile Services South Asia	(280)	(216)	(260)	(1,055)
- Airtel Business @	8,908	9,858	6,254	31,889
- Tower Infrastructure Services	8,778	8,014	9,572	38,127
- Homes Services @	1,592	1,774	1,082	5,191
- Digital TV Services	2,762	1,528	3,612	11,394
- Others	(1,085)	(1,258)	(1,727)	(6,629)
Total	38,542	37,667	20,479	112,026
- Unallocated	(421)	(1,394)	(403)	(2,975)
- Inter-segment eliminations *	(2,331)	(2,642)	(1,804)	(8,367)
Total segment results	35,790	33,631	18,272	100,684
Less:				
(i) Finance costs (net)	30,500	33,076	31,815	123,820
(ii) Non-operating expenses (net)	727	369	461	1,272
(iii) Charity and donation	843	251	1,294	1,713
(iv) Exceptional items (net)	117,457	70,040	14,694	402,344
Loss before tax	(113,737)	(70,105)	(29,992)	(428,465)
3. Segment Assets ^				
- Mobile Services India @	2,035,500	2,108,687	1,845,796	2,108,687
- Mobile Services Africa	680,343	675,156	592,423	675,156
- Mobile Services South Asia	7,904	8,188	7,760	8,188
- Airtel Business @	216,515	200,255	158,317	200,255
- Tower Infrastructure Services	188,188	202,823	183,355	202,823
- Homes Services @	35,052	42,425	46,209	42,425
- Digital TV Services	34,620	39,749	34,174	39,749
- Others	38,817	36,724	49,935	36,724
Total segment assets	3,236,939	3,314,007	2,917,969	3,314,007
- Unallocated	439,009	441,744	176,256	441,744
- Inter-segment eliminations*	(154,603)	(147,961)	(138,293)	(147,961)
Total assets	3,521,345	3,607,790	2,955,932	3,607,790
4. Segment Liabilities				
- Mobile Services India @	1,118,569	1,025,832	603,198	1,025,832
- Mobile Services Africa	205,947	201,937	180,297	201,937
- Mobile Services South Asia	3,947	3,943	3,740	3,943
- Airtel Business @	143,475	131,256	102,032	131,256
- Tower Infrastructure Services	41,819	41,839	42,959	41,839
- Homes Services @	24,948	23,355	23,465	23,355
- Digital TV Services	40,005	41,224	35,842	41,224
- Others	429	437	448	437
Total segment liabilities	1,579,139	1,469,823	991,981	1,469,823
- Unallocated	1,213,842	1,236,696	1,079,799	1,236,696
- Inter-segment eliminations*	(130,082)	(120,024)	(156,297)	(120,024)
Total liabilities	2,662,899	2,586,495	1,915,483	2,586,495

* Includes accounting policy alignment

^ Includes share of results/ net assets of joint ventures and associates

@ During the year ended March 31, 2020, the Group transferred its operations pertaining to optical fibre on a going concern basis on August 1, 2019 from the Company to its wholly owned subsidiary. As a result, the Group reorganised the business, whereby the assets and liabilities pertaining to bandwidth capacities have been allocated to Mobile Services India, Airtel Business and Homes Services. Previously, these operations were part of Mobile Services India and bandwidth capacities were billed by Mobile Services India to Airtel Business and Homes Services. Without such reorganisation for the three months ended June 30, 2020 and as of that date, segment revenue, segment results, segment assets and segment liabilities for Mobile Services India would have been Rs. 131,458 Mn, Rs. 1,291 Mn, Rs. 2,079,962 Mn and Rs. 1,168,152 Mn respectively; segment results, segment assets and segment liabilities for Airtel Business would have been Rs. 9,286 Mn, Rs. 194,143 Mn and Rs. 122,316 Mn respectively; and for Homes Services would have been Rs. 1,237 Mn, Rs. 37,427 Mn and Rs. 19,351 Mn respectively.




Notes to the Audited Consolidated Financial Results

1. The financial results for the quarter ended June 30, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on July 29, 2020.
2. The financial results are extracted from the audited interim condensed consolidated financial statements, which are prepared in accordance with Indian Accounting Standard ('Ind AS') 34, 'Interim Financial Reporting' as prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and generally accepted accounting principles in India. The said financial results represent results of the Group, and its share in the results of joint ventures and associates.
3. Pursuant to the judgement of the Hon'ble Supreme Court of India on October 24, 2019 ('Court Judgement') including subsequent supplementary judgements, and in the absence of any potential reliefs, the Group provided for Rs. 368,322 Mn for the periods upto March 31, 2020 on the basis of demands received and the period for which demands have not been received having regard to assessments carried out in earlier years and the guidelines / clarifications in respect of License Fees and Spectrum Usage Charges ('AGR Provision').

The Hon'ble Supreme Court on June 11, 2020 directed the telecom operators to file their proposals, as to the time frame required by them to make the payment and what kind of securities, undertakings and guarantees should be furnished to ensure that the Adjusted Gross Revenue ('AGR') dues are paid.

On June 18, 2020, the Hon'ble Supreme Court inter alia considered the affidavit filed by the telecom operators and directed all the telecom operators to file certain documents and also make payments of reasonable amounts to show their bonafides before the next date of hearing. The matter was listed for hearing on July 20, 2020 wherein the Hon'ble Supreme Court, after hearing all parties, observed that the amounts of AGR dues given by DoT is to be treated as final ('DoT Demand') and there can be no scope of re-assessment or recalculation. Further, the Hon'ble Supreme Court reserved its order on the issue of period over which such payments could be made and terms thereof.

Consequently, without prejudice and on prudence, during the quarter ended June 30, 2020 the Group has further recorded an incremental provision of Rs. 107,444 Mn (including net interest on total provision created considering interest rate as per the affidavit filed by DoT on March 16, 2020 with effect from the date of Court Judgement) to give effect of the differential amount between DoT Demand along with provision for subsequent periods for which demands have not been received computed based on the terms of the License Agreement, Court Judgement and the guidelines / clarifications and AGR Provision, which has been presented as exceptional item (refer Note 6).

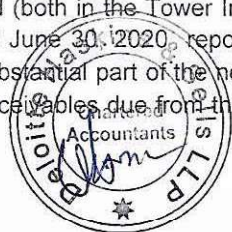
4. The Company, after considering its current business plans, likely adoption of lower income tax rate permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019, future projections and timing of taxable income, has re-assessed the carrying amounts of its deferred tax balances, including the Minimum Alternate Tax (MAT) credit available.

Simultaneously, the Company has opted for 'Vivad se Vishwas Scheme 2020', an income tax amnesty scheme to settle tax related litigations/disputes. The Company has decided to settle its disputes pertaining from Assessment Years 2010-11 to Assessment Years 2016-17 and accordingly, filed the necessary application and related documents on April 24, 2020 with the Income Tax Authorities.

Subsequent to the quarter ended June 30, 2020, the Income Tax Authorities on July 21, 2020, have approved the Company's application for all the assessment years and all required formalities in relation to this have been duly completed.

As a result of the above, tax expense for the quarter ended June 30, 2020 includes the impact of reversal of current tax liability relating to earlier years of Rs. 1,312 Mn, and net deferred tax charge of Rs. 68,442 Mn (including provision against MAT credit Rs. 48,081 Mn) aggregate to Rs. 67,130 Mn.

5. In respect of Tower Infrastructure Services Segment of the Group:
 - i) On July 20, 2020, Indus Towers Limited, a Joint Venture Company ('JVC') of a subsidiary of the Company, Bharti Infratel Limited (both in the Tower Infrastructure Service Segment), in its interim financial statements for the three months ended June 30, 2020, reported that the JVC's top two major customers in the telecom services industry contributed substantial part of the net sales of the JVC, for the same period, which also resulted in significant part of the trade receivables due from these two customers as at June 30, 2020. It also reported that the JVC's largest



customer (one of the two major customers) in its declared results for the quarter and twelve months period ended March 31, 2020, had expressed its ability to continue as going concern to be dependent on positive outcome of the application for modification of the Supplementary Order before the Hon'ble Supreme Court and subsequent agreement with DoT for the payment in instalments after some moratorium and other reliefs.

The Hon'ble Supreme Court on June 11, 2020 directed the telecom operators to file their proposals, as to the time frame required by them to make the payment and what kind of securities, undertakings and guarantees should be furnished to ensure that the AGR dues are paid.

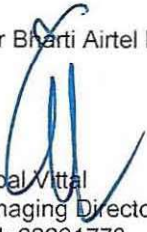
On June 18, 2020, the Hon'ble Supreme Court inter alia considered the affidavit filed by telecom operators and directed all the telecom operators to file certain documents and make payments of reasonable amount also to show their bonafides before the next date of hearing. The matter was listed for hearing on July 20, 2020 wherein the Hon'ble Supreme Court after hearing all parties, upheld the demands raised by DoT, but reserved its order on the issue of period over which such payments could be made and terms thereof.

The loss of a significant customer or the failure to attract new customers could have a material adverse effect on the business, results of operations and financial condition of the JVC. The auditors of the JVC have brought out this material uncertainty in their auditor's report.

- ii) On July 27, 2020, Bharti Infratel Limited ('BIL') has indicated that that the largest customer of the JVC (as referred above) is also a major customer of BIL. The loss of a significant customer or the failure to attract new business in both these entities could have an adverse effect on their business and results of operations. The Management of BIL and the Group have respectively also concluded that there is no impairment with respect to property, plant and equipment of BIL and the carrying value of its investment in the JVC.
6. The net exceptional charge of Rs. 117,457 Mn during the quarter ended June 30, 2020 comprises of a charge on account of incremental provision and interest on license fee and spectrum usage charges of Rs. 107,444 Mn as detailed in Note 3 above and net charge pertaining to re-assessment of levies of Rs. 10,013 Mn. Net tax benefit due to the above exceptional items; net charge due to re-assessment of deferred tax assets and adoption of 'Vivad Se Vishwas Scheme 2020' as detailed in Note 4 above and deferred tax asset pertaining to one of the subsidiary recognised in this quarter, aggregating Rs. 36,432 Mn is included under tax expense/ (credit). As a result, the overall net exceptional charge (after tax) is Rs. 153,889 Mn. The net share allocated to non-controlling interests on the above an exceptional items is Rs. 1,080 Mn.
7. The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the financial results. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Group, has used internal and external sources of information. The Group has carried out a detailed assessment for each business segment with regards to impact on revenue and costs, impact due to any extended credit terms, cancelled orders, change in contractual terms, price concession request, onerous obligations etc. and comprehensively evaluated any risk due to Covid-19 on revenue recognized and collectability thereof. The Group has also evaluated the impact on its borrowing arrangements, leasing arrangements, hedging arrangements and effectiveness thereof and recoverability of its financial and non- financial assets. No material impact has been noted. Considering that it is a dynamic and evolving situation, the management will continue to closely monitor and evaluate the impact of any material change in macro- economic and other related factors, which may have bearing on the Group's operations.
8. Previous period / year figures have been re-grouped or reclassified, to confirm to such current period classification.



For Bharti Airtel Limited



Gopal Mittal
Managing Director and CEO (India & South Asia)
DIN: 02291778



Gurugram
July 29, 2020

Notes:

- a) 'Bharti Airtel' or 'Company', stands for Bharti Airtel Limited
- b) 'Group' or 'Consolidated', stands for Bharti Airtel Limited together with its subsidiaries
- c) For more details on the financial results, please visit our website 'www.airtel.in'

