

Bharti Telecom Limited

Expected Credit Loss Policy

Owner
Finance Department

Effective Date
February 05, 2024

Expected Credit Loss/ Provisioning Policy

Regulatory Requirement

RBI in their circular ref RBI/2019-20/170 dated 13.03.20 has advised the Board of Directors of NBFC's to approve sound methodologies for computation of Expected Credit Losses(ECL) that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the NBFC/ARC. In pursuance of same the Board of Directors on February 05, 2024 has approved this **Expected Credit Loss/ Provisioning Policy ("Policy")**

1. ECL on Receivables

The Company is a Core Investment Company and not involved in active lending business. the Company being a CIC, is not in active lending business, does not grant any loan to anyone outside it's group. There is no customer of the Company per se. The Company has investment in the shares of it's subsidiary, a telecommunication company viz. Bharti Airtel Limited. However, Company used to have some receivables from its group entities. Therefore, ECL will be computed on receivables due from group entities.

a) **ECL Provision based on past due status of receivables of group companies:** The outstanding from group companies is generally considered good and therefore no ECL provision is made in periodic financial statements. However, ECL may be calculated on a case to case basis based on management assessment of prevalent credit risk.

b) **ECL Provision based on past due status of receivables of entities other than group entities:-** ECL Provision is made at the rate of 15% on outstanding beyond 90 days past dues in case of entities other than group entities. Higher or lower provision may be made in case required based on Management assessment of significant increase or decrease in applicable credit risk

2. ECL on inter Corporate Loans

The Company has been providing financial support to group companies in the form of inter corporate loans and / or equity infusions. The Company shall follow the applicable RBI prudential norms for calculating provisions (ECL) on inter-corporate loans outstanding periodically. In addition to making provision on standard assets as per norms and / or considering the applicable time lag between account becoming NPA /past due, appropriate provision will be made for sub-standard assets, doubtful asset and loss assets. Additional provision will be made, in case there is any indication where higher provisioning is required, based on management assessment.