BHARTI AIRTEL LIMITED

Registered Office: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110 070, India

Financial results for the second quarter and half year ended September 30, 2014

1. **Audited consolidated financial results of Bharti Airtel Limited and its subsidiaries prepared as per International Financial Reporting Standards (IFRS)**

Part I *(In Rs. Million except per share data)*

S.No.	Particulars	Quarter Ended September 30, 2014 Audited	Quarter Ended June 30, 2014 Audited	Quarter Ended September 30, 2013 Audited	Half Year Ended September 30, 2014 Audited	Half Year Ended September 30, 2013 Audited	Year Ended March 31, 2014 Audited
1	**Total Sales / Income**	**228,617**	**230,055**	**213,428**	**458,672**	**416,423**	**858,635**
	(a) Net Sales/ Income from Operations	228,452	229,616	213,244	458,068	415,883	857,461
	(b) Other Operating Income	165	439	184	604	540	1,174
2	**Total Expenditure**	**190,094**	**193,142**	**184,093**	**383,236**	**360,049**	**736,701**
	(a) Employee Cost	11,909	11,680	12,206	23,589	23,132	46,228
	(b) Depreciation & Amortisation	38,530	40,365	39,394	78,895	77,864	156,496
	(c) License Fees & Spectrum Charges	21,559	21,925	19,157	43,484	37,316	75,971
	(d) Access & Interconnection Charges	28,078	27,889	27,475	55,967	54,436	111,923
	(e) Network Operating Expenses	51,425	51,236	49,143	102,661	95,843	197,202
	(f) Sales & Marketing	22,321	21,976	21,963	44,297	40,724	86,075
	(g) Administration & others	15,749	17,304	14,635	33,053	30,461	61,904
	(h) Other Expenditure	523	767	120	1,290	273	902
3	**Profit from Operations before Other Income, Net Finance Charges (including exchange fluctuation and related expenses), Share of Loss / (Gain) in Joint Ventures / Associates, Exceptional Items and Tax (1-2)**	**38,523**	**36,913**	**29,335**	**75,436**	**56,374**	**121,934**
4	Other Income	-	-	-	-	-	-
5	**Profit before Net Finance Charges (including exchange fluctuation and related expenses), Share of Loss / (Gain) in Joint Ventures / Associates, Exceptional Items and Tax (3+4)**	**38,523**	**36,913**	**29,335**	**75,436**	**56,374**	**121,934**
6	Net Finance Charges (including exchange fluctuation and related expenses)	10,264	9,643	16,519	19,907	28,255	49,040
7	Share of Loss / (Gain) in joint ventures / associates	(1,709)	(1,578)	(1,652)	(3,287)	(2,474)	(5,211)
8	**Profit after Net Finance Charges (including exchange fluctuation and related expenses), Share of Loss / (Gain) in Joint Ventures / Associates but before Exceptional Items and Tax**	**29,968**	**28,848**	**14,468**	**58,816**	**30,593**	**78,105**
9	Exceptional Items - Loss / (Gain) (Refer Note 11 below)	1,750	1,820	819	3,570	(1,433)	(538)
10	**Profit (+) /Loss(-) from Ordinary Activities after Exceptional Items but before Tax**	**28,218**	**27,028**	**13,649**	**55,246**	**32,026**	**78,643**
11	Tax Expense (including benefit of Rs 62 Mn, expense of Rs 637 Mn for the quarter and half year ended Sep14, respectively, expense of Rs 699 Mn for the quarter ended Jun,14, benefit of Rs 246 Mn and expense of Rs 864 Mn for the quarter and half year ended Sep,13, respectively and expense of Rs 3,970 Mn for the year ended Mar,14 on exceptional items)	14,765	15,326	8,634	30,091	18,318	48,449
12	**Net profit (+)/ loss(-) from Ordinary Activities after tax**	**13,453**	**11,702**	**5,015**	**25,155**	**13,708**	**30,194**
13	Extraordinary items (net of tax expenses)	-	-	-	-	-	-
14	**Profit (+)/ Loss (-) for the period / year**	**13,453**	**11,702**	**5,015**	**25,155**	**13,708**	**30,194**
15	Minority Interest (including impact of Rs (107) Mn for the quarter and half year ended Sep,14, respectively, Rs (229) Mn and Rs 1,113 Mn for the quarter and half year ended Sep,13, respectively and Rs 1,558 Mn for the year ended Mar,14 on exceptional items)	(379)	617	(105)	238	1,699	2,467
16	**Net Profit/(Loss) for the period / year**	**13,832**	**11,085**	**5,120**	**24,917**	**12,009**	**27,727**
17	Paid-up equity share capital (Face value Rs.5/- each)	19,987	19,987	19,987	19,987	19,987	19,987
18	Reserves excluding revaluation reserves and foreign currency translation reserve (FCTR)	616,212	605,783	579,030	616,212	579,030	594,692
19	**Earnings per share (Face value Rs.5/- each) (in Rs.)**						
	a. Basic and diluted EPS before Extraordinary items						
	i) Basic	3.462	2.775	1.282	6.237	3.072	7.016
	ii) Diluted	3.461	2.773	1.281	6.234	3.070	7.010
	b. Basic and diluted EPS after Extraordinary items						
	i) Basic	3.462	2.775	1.282	6.237	3.072	7.016
	ii) Diluted	3.461	2.773	1.281	6.234	3.070	7.010

Part II

S.No.	Particulars	Quarter Ended September 30, 2014 Audited	Quarter Ended June 30, 2014 Audited	Quarter Ended September 30, 2013 Audited	Half Year Ended September 30, 2014 Audited	Half Year Ended September 30, 2013 Audited	Year Ended March 31, 2014 Audited
A	**Particulars of Shareholding**						
1	**Public Shareholding**						
	a. Number of shares	1,384,181,356	1,384,181,356	1,389,895,924	1,384,181,356	1,389,895,924	1,386,131,356
	b. Percentage of shareholding	34.63%	34.63%	34.77%	34.63%	34.77%	34.68%
2	**Promoters and Promoter Group Shareholding**						
	a) Pledged/ Encumbered						
	- Number of Shares	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of Shares (as a % of the total shareholding of the promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of Shares (as a % of the total share capital of the Company)	Nil	Nil	Nil	Nil	Nil	Nil
	b) Non-encumbered						
	- Number of Shares	2,613,218,746	2,613,218,746	2,607,504,178	2,613,218,746	2,607,504,178	2,611,268,746
	- Percentage of Shares (as a % of the total shareholding of the promoter and promoter group)	100%	100%	100%	100%	100%	100%
	- Percentage of Shares (as a % of the total share capital of the Company)	65.37%	65.37%	65.23%	65.37%	65.23%	65.32%

S.No.	Particulars	Quarter Ended September 30, 2014
B	**Status of investor complaints as on September 30, 2014 is as follows:**	
	Complaints pending as on July 1, 2014	Nil
	Complaints received during the quarter	1
	Complaints resolved during the quarter	1
	Complaints pending as on September 30, 2014	Nil

2. **Segment Reporting – Prepared as per International Financial Reporting Standards (IFRS) (as Consolidated Entity)**

(In Rs Million)

Particulars	Quarter Ended September 30, 2014 Audited	Quarter Ended June 30, 2014 Audited	Quarter Ended September 30, 2013 Audited	Half Year Ended September 30, 2014 Audited	Half Year Ended September 30, 2013 Audited	Year Ended March 31, 2014 Audited
1. Segment Revenue						
Net sales/income from each segment						
a) Mobile Services India	126,342	127,525	113,541	253,867	229,554	466,835
b) Mobile Services South Asia	3,893	4,371	4,537	8,264	8,450	17,403
c) Mobile Services Africa	68,956	69,685	70,258	138,641	129,567	272,488
d) Telemedia Services	11,160	10,705	9,757	21,865	19,241	39,352
e) Airtel Business	17,038	16,110	16,825	33,148	30,861	63,361
f) Digital TV Services	6,263	5,915	5,072	12,178	9,972	20,771
g) Tower Infrastructure Services	13,744	13,328	12,602	27,072	25,434	51,087
h) Others	727	781	836	1,508	1,696	3,197
i) Unallocated	-	-	-	-	-	-
Total	**248,123**	**248,420**	**233,428**	**496,543**	**454,775**	**934,494**
Less: Inter Segment Eliminations	19,671	18,804	20,184	38,475	38,892	77,033
Net sales/Income	**228,452**	**229,616**	**213,244**	**458,068**	**415,883**	**857,461**
2. Segment Results [$]						
Profit/(Loss) before tax, net Finance Charges (including exchange fluctuation and related expenses) and exceptional items from each segment						
a) Mobile Services India	28,986	29,516	21,773	58,502	42,725	91,298
b) Mobile Services South Asia	(1,340)	(1,076)	(1,051)	(2,416)	(2,059)	(4,271)
c) Mobile Services Africa	3,819	2,773	4,769	6,592	8,371	16,983
d) Telemedia Services	2,129	1,756	1,404	3,885	2,843	5,541
e) Airtel Business	2,487	1,755	1,844	4,242	3,266	8,078
f) Digital TV Services	(676)	(626)	(1,472)	(1,302)	(2,627)	(4,812)
g) Tower Infrastructure Services	5,306	4,964	4,045	10,270	6,883	16,185
h) Others	16	15	10	31	30	62
i) Unallocated	(458)	(499)	(300)	(957)	(604)	(1,644)
Total	**40,269**	**38,578**	**31,022**	**78,847**	**58,828**	**127,420**
Less: Inter Segment Eliminations	37	87	35	124	(20)	275
Total profit/(loss) before tax , Net Finance Charges (including exchange fluctuation and related expenses) and exceptional items	**40,232**	**38,491**	**30,987**	**78,723**	**58,848**	**127,145**
Less :						
Net Finance Charges (including exchange fluctuation and related expenses)	10,264	9,643	16,519	19,907	28,255	49,040
Exceptional Items - Loss / (Gain)	1,750	1,820	819	3,570	(1,433)	(538)
Total profit before tax	**28,218**	**27,028**	**13,649**	**55,246**	**32,026**	**78,643**
3. Capital Employed						
(Segment assets - Segment liabilities)						
a) Mobile Services India	771,492	746,297	671,118	771,492	671,118	718,552
b) Mobile Services South Asia	22,319	21,240	15,087	22,319	15,087	11,087
c) Mobile Services Africa	551,409	586,417	644,413	551,409	644,413	629,398
d) Telemedia Services	50,261	48,325	44,222	50,261	44,222	46,700
e) Airtel Business	78,651	76,777	70,445	78,651	70,445	75,301
f) Digital TV Services	(34,849)	(34,040)	(31,029)	(34,849)	(31,029)	(33,317)
g) Tower Infrastructure Services	166,709	188,284	173,802	166,709	173,802	183,527
h) Others	(348)	(362)	(449)	(348)	(449)	(314)
i) Unallocated (net of eliminations) *	(946,042)	(982,862)	(958,588)	(946,042)	(958,588)	(991,272)
Total	**659,602**	**650,076**	**629,021**	**659,602**	**629,021**	**639,662**

*Comprises borrowings, including borrowings for acquisition of Africa operations and other borrowings of Africa operations of Rs. 579,738 Mn (USD 9.41 Bn), Rs. 619,093 Mn (USD 10.30 Bn), Rs 640,237 Mn (USD 10.65 Bn) and Rs 633,707 Mn (USD 10.09 Bn), for 3G and BWA licenses (including spectrum) of Rs. 39,285 Mn, Rs. 39,285 Mn, Rs 62,900 Mn, and Rs 67,950 Mn as of September 30, 2014, June 30, 2014, March 31,2014 and September 30,2013, respectively, provision for taxes, deferred tax asset/ liabilities and fair value of derivative financial instruments.

$ Segment results include share of (loss) / gain in joint ventures / associates.

Notes to accounts

1. The above financial results for the second quarter and half year ended September 30, 2014 have been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on October 30, 2014.

2. In terms of clause 41 of the listing agreement, the Company has voluntarily adopted International Financial Reporting Standards (IFRS) notified by the International Accounting Standards Board, in the preparation of consolidated financial statements w.e.f. April 1, 2010 and has decided to publish only the consolidated financial results in the newspapers. However, the standalone financial results of the Company for the second quarter and half year ended September 30, 2014 are being submitted to the stock exchanges and will also be available on the Company's website (www.airtel.in).

3. Segment wise revenue, results and capital employed have been provided separately under segment reporting. The consolidated financial results have been furnished to provide information about overall business of the Company, its subsidiaries, joint ventures and associates.

4. During the quarter ended September 30, 2014, the Company made additional equity investments in its following wholly owned subsidiaries:

   i) Rs. 200 Mn in Airtel M Commerce Services Limited.
   ii) USD 370 Mn (Rs. 22,410) Mn in Bharti Airtel International (Mauritius) Limited.

5. During the quarter ended September 30, 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 has sold 85 Mn shares in Bharti Infratel Limited (BIL) for Rs 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%. Excess of proceeds over the change in non-controlling interests net of associated costs, taxes and levies, amounting to Rs 12,809 Mn has been recognised directly in consolidated statement of changes in equity.

6. During the quarter ended September 30, 2014, the Group formally designated for accounting purposes, a significant portion of its Euro borrowings as a hedge against net investments in subsidiaries (in 5 Francophone countries where the local currency is pegged to the Euro). Any foreign exchange gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income to offset the change in the value of the net investment being hedged. During the quarter, foreign exchange gain of Rs 11,643 Mn (USD 192 Mn) has been recognised in other comprehensive income.

7. On September 5, 2014, the Company's subsidiary, Bharti Airtel International (Netherlands) B.V. (BAIN)/ its subsidiaries and Eaton Towers Limited (Eaton)/ its subsidiaries have entered into agreements for the divestment of over 3,500 telecom towers in six countries across Africa operations from BAIN to Eaton. The Company's subsidiaries will have access to a dedicated portion of the towers from Eaton under long term lease contracts, considered as finance lease. As the criteria stated by IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' are met during the quarter, assets and associated liabilities that are part of this sale and will not be leased back amounting to Rs 15,274 Mn and Rs 1,960 Mn have been reclassified respectively 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. As of September 30, 2014, Rs. 30,875 Mn and Rs. 3,349 Mn have been reclassified as 'assets of disposal group classified as held for sale'

and 'liabilities of disposal group classified as held for sale', resepectively, in the statement of financial position.

8. During the quarter ended September 30, 2014, the Government of India issued Letters of Intent (LOI) earmarking spectrum in the 1800 MHz band that was successfully won by the Company in the auctions conducted in February 2014. From the date of such LOI, the reckoning of the validity period of 20 years has commenced. Accordingly, the Group has recognized deferred payment liability of Rs 64,452 Mn. The remaining amount of Rs 64,677 Mn for 900 MHz spectrum not yet assigned has been disclosed under capital commitments.

9. During the quarter ended September 30, 2014, Bharti Airtel Employee Welfare Trust (a trust set up for administration of ESOP Schemes of the Company) has transferred 230,168 shares to the employees upon exercise of stock options, under ESOP Scheme 2005. As of September 30, 2014, the trust holds 819,713 equity shares.

10. On January 8, 2013, the Department of Telecommunications ('DoT') issued a demand on the Company and one of its subsidiaries for Rs 52,013 Mn towards levy of one time spectrum charge. Based on a petition filed by the Company, the Hon'ble High Court of Bombay, through its order dated January 28, 2013, has directed DoT to respond and not to take any coercive action until the next date of hearing. The Company, based on independent legal opinions, has not given effect to the one time spectrum charges in these financial results.

11. Exceptional items during the quarter resulted in a net loss of Rs 1,581 Mn, comprising of: (i) charge of Rs 1,457 Mn related to post-acquisition integration activities in two countries and other costs attributable to restructuring activities in a few countries, (ii) charge of Rs 293 Mn on account of certain one-off disputes, (iii) tax credit of Rs 62 Mn with respect to (i) above, and (iv) impact on minority interest of Rs 107 Mn on (i) and (iii) above.

12. In its Annual General Meeting held on September 1, 2014, the Company declared final dividend at the rate of Rs. 1.80/- per equity share of Rs. 5/- each aggregating to Rs. 7,195 Mn.

13. In its Board Meeting held on August 13, 2014, the Company declared Interim dividend at the rate of Rs. 1.63/- per equity share of Rs. 5/- each aggregating to Rs. 6,516 Mn.

14. Audited financial results of the Company as per IGAAP (standalone information in terms of clause 41 (VI) (b) of the Listing agreement) are as follows:

(In Rs Million)

Sl. No.	Particulars	Quarter Ended September 30,	Quarter Ended June 30,	Quarter Ended September 30,	Half Year Ended September 30,	Half Year Ended September 30,	Year Ended March 31,
		2014	2014	2013	2014	2013	2014
		Audited	Audited	Audited	Audited	Audited	Audited
1	Net Sales / Income from operations	135,813	136,278	122,434	272,091	244,678	499,185
2	Profit before tax and exceptional items	55,251	28,140	22,010	83,391	36,019	85,845
3	Profit before tax and after exceptional items	55,251	28,140	22,010	83,391	33,720	83,774
4	Profit after tax and before exceptional items	49,373	21,604	17,844	70,977	29,134	66,893
5	Profit after tax and exceptional items	49,373	21,604	17,844	70,977	27,432	66,002

15. Consolidated statement of assets and liabilities as per IFRS in terms of clause 41 of the listing agreement is as follows:

(In Rs Million)

Particulars	As of	
	September 30, 2014	March 31, 2014
	Audited	Audited
Assets		
Property, plant and equipment	573,972	596,429
Goodwill on consolidation	462,578	469,136
Other Intangible assets	409,826	340,580
Investment (non-current)	36,461	36,341
Other non current and current assets	279,952	275,791
Inventories	1,308	1,422
Short term investments	72,901	62,265
Cash and cash equivalents	15,941	49,808
Assets of disposal group classified as held for sale	30,875	-
Total assets	**1,883,814**	**1,831,772**
Equity and liabilities		
Equity		
Issued capital	19,987	19,987
Treasury shares	(242)	(342)
Reserves and surplus	595,396	577,915
Equity attributable to equity holders of parent	**615,141**	**597,560**
Non-controlling interest	44,461	42,102
Total equity	**659,602**	**639,662**
Liabilities		
Borrowings	677,274	758,958
Provisions	10,254	11,769
Other non current and current liabilities	533,335	421,383
Liabilities of disposal group classified as held for sale	3,349	-
Total equity and liabilities	**1,883,814**	**1,831,772**

16. Previous year's / periods' figures have been regrouped/ rearranged, wherever required.

For Bharti Airtel Limited
Sd/-

Gopal Vittal
Managing Director and CEO (India & South Asia)

New Delhi
October 30, 2014

"Bharti Airtel", or "the Company", wherever stated stands for Bharti Airtel Limited.
Group, wherever stated stands for Bharti Airtel together with its subsidiaries. For more details on the financial results, please visit our website www.airtel.in