bharti

July 27, 2016

National Stock Exchange of India Limited
Exchange Plaza, C-1 Block G
Bandra Kurla Complex, Bandra (E)
Mumbai – 400051

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

***Ref: Bharti Airtel Limited (532454 / BHARTIARTL)***

***Sub: Quarterly report for the first quarter (Q1) ended June 30, 2016***

Dear Sir / Madam,

Pursuant to Regulation 30 and other applicable provisions of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, we are enclosing herewith the quarterly report for the first quarter (Q1) ended June 30, 2016 being released by the Company.

Kindly take the same on record.

Thanking you,

Sincerely yours,

**For Bharti Airtel Limited**

**Rajendra Chopra**
**Sr. Vice President & Company Secretary**

**Quarterly report on the results for the first quarter ended June 30, 2016**

**Bharti Airtel Limited**
(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110 070, India




**July 27, 2016**

The financial statements included in this quarterly report fairly presents in all material respects the financial position, results of operations, cash flow of the company as of, and for the periods presented in this report.

# Supplemental Disclosures

**Safe Harbor**: - Some information in this report may contain forward-looking statements. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words.

A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward-looking statements and assumed facts or basis almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or basis and actual results can be material, depending on the circumstances. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as of the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this report after the date hereof. In light of these risks and uncertainties, any forward-looking statement made in this report or elsewhere may or may not occur and has to be understood and read along with this supplemental disclosure.

**General Risk**: - Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Company without necessary diligence and relying on their own examination of Bharti Airtel, along with the equity investment risk which doesn't guarantee capital protection.

**Convenience translation**: - We publish our financial statements in Indian Rupees. All references herein to "Indian Rupees" and "Rs" are to Indian Rupees and all references herein to "US dollars" and "US$" are to United States dollars. Translation of income statement items have been made from Indian Rupees to United States dollars (unless otherwise indicated) using the respective quarter average rate. Translation of Statement of financial position items have been made from Indian Rupees to United States dollars (unless otherwise indicated) using the closing rate. The rates announced by the Reserve Bank of India are being used as the Reference rate for respective translations. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

**Functional Translation**: - Africa financials reported in the quarterly report are in its functional currency i.e. US$ (Refer Section "9.4 Key Accounting Policies as per Ind-AS"). South Asia financials reported in the quarterly report are in its presentation currency i.e. Rs.

**Use of Certain Non-GAAP measures**: - This result announcement contains certain information on the Company's results of operations and cash flows that have bkeen derived from amounts calculated in accordance with Indian Accounting Standards (Ind-AS), but are not in themselves Ind-AS measures. They should not be viewed in isolation as alternatives to the equivalent Ind-AS measures and should be read in conjunction with the equivalent Ind-AS measures.
**Further, disclosures are also provided under "7.4 Use of Non - GAAP Financial Information" on page 37**

**Others:** In this report, the terms "we", "us", "our", "Bharti", or "the Company", unless otherwise specified or the context otherwise implies, refer to Bharti Airtel Limited ("Bharti Airtel") and its subsidiaries, Bharti Hexacom Limited ("Bharti Hexacom"), Bharti Airtel (Services) Limited, Bharti Infratel Limited (Bharti Infratel), Indo Teleports Limited (Formerly Bharti Teleports Limited), SmartX Services Limited, Airtel Money Transfer Limited, Bharti Telemedia Limited (Bharti Telemedia), Bharti Airtel (USA) Limited, Bharti Airtel (UK) Limited, Bharti Airtel (Hong Kong) Limited, Bharti Airtel Lanka (Private) Limited, Network i2i Limited, Telesonic Networks Limited (formerly Alcatel Lucent Network Management Services India Limited), Bharti Airtel Holdings (Singapore) Pte Limited, Bharti Infratel Lanka (Private) Limited, Bharti Airtel International (Netherlands) B.V., Bharti International (Singapore) Pte Ltd, Airtel Bangladesh Limited, Airtel Payments Bank Limited (Formerly known as Airtel M Commerce Services Limited), Bharti Airtel (Japan) Kabushiki Kaisha, Bharti Airtel (France) SAS, Bharti Airtel International (Mauritius) Limited, Indian Ocean Telecom Limited, Airtel (Seychelles) Limited, Bharti Airtel Africa B.V., Bharti Airtel Burkina Faso Holdings B.V., Bharti Airtel Chad Holdings B.V., Bharti Airtel Congo Holdings B.V., Bharti Airtel Gabon Holdings B.V., Bharti Airtel Ghana Holdings B.V., Bharti Airtel Kenya B.V., Bharti Airtel Kenya Holdings B.V., Bharti Airtel Madagascar Holdings B.V., Bharti Airtel Malawi Holdings B.V., Bharti Airtel Mali Holdings B.V., Bharti Airtel Niger Holdings B.V., Bharti Airtel Nigeria Holdings B.V., Bharti Airtel Nigeria Holdings II B.V., Bharti Airtel RDC Holdings B.V., Bharti Airtel Services B.V., Bharti Airtel Sierra Leone Holdings B.V., Bharti Airtel Tanzania B.V., Bharti Airtel Uganda Holdings B.V., Bharti Airtel Zambia Holdings B.V., Airtel Burkina Faso S.A., Airtel Congo S.A, Airtel Congo (RDC) S.A. (Formerly Celtel Congo (RDC) S.a.r.l.), Airtel Gabon S.A., Airtel (Ghana) Limited, Airtel Networks Kenya Limited, Airtel Madagascar S.A., Airtel Malawi Limited, Celtel Niger S.A., Airtel Networks Limited, Airtel Tanzania Limited, Airtel Uganda Limited, Airtel Networks Zambia Plc (formerly known as Celtel Zambia plc), Bharti Airtel DTH Holdings B.V., Partnership Investments S.a.r.l., MSI-Celtel Nigeria Limited, Celtel (Mauritius) Holdings Limited, Channel Sea Management Co Mauritius Limited, Montana International, Zap Trust Company Nigeria Limited, Airtel Mobile Commerce Tchad SARL, Airtel Mobile Commerce Zambia Limited (formerly known as ZMP Ltd. (Zambia)), Airtel Mobile Commerce Ghana Limited, Airtel Mobile Commerce Kenya Limited, Airtel Money Niger S.A., Airtel Mobile Commerce (SL) Limited, Africa Towers N.V., Airtel Towers (Ghana) Limited, Malawi Towers Limited, Airtel Money S.A. (Gabon), Société Malgache de Telephonie Cellulaire SA, Airtel (SL) Limited, Airtel DTH Services Nigeria Limited, Airtel Money (RDC) S.A., Wynk Limited, Augere Wireless Broadband India Private Limited, Congo RDC Towers S.A., Gabon Towers S.A., Madagascar Towers S.A., Mobile Commerce Congo S.A., Tanzania Towers Limited, Tchad Towers S.A., Towers Support Nigeria Limited, Bharti Airtel Developers Forum Ltd., Bangladesh Infratel Networks Limited, Africa Towers Services Limited, Airtel Mobile Commerce B.V., Airtel Mobile Commerce Burkina Faso S.A., Airtel Mobile Commerce Holdings B.V., Airtel Mobile Commerce Madagascar S.A., Airtel Mobile Commerce Uganda Limited, Airtel Rwanda Limited, Airtel Towers (S.L.) Company Limited, Airtel Tchad S.A., Bharti Airtel Rwanda Holdings Limited (formerly known as Zebrano (Mauritius) Limited), Airtel Mobile Commerce Rwanda Limited, Warid Telecom Uganda Limited, Bharti Infratel Services Limited, Nxtra Data Limited, Airtel Mobile Commerce (Seychelles) Limited., Airtel Mobile Commerce Tanzania Limited, Airtel Mobile Commerce Limited (Malawi), Bharti Airtel Nigeria B.V.

**Disclaimer: -** This communication does not constitute an offer of securities for sale in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus and will contain detailed information about the Company and its management, as well as financial statements.

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# SECTION 1

# BHARTI AIRTEL – PERFORMANCE AT A GLANCE

| Particulars | Unit | Full Year Ended | | | Quarter Ended | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | IFRS | | Ind-AS | Ind-AS | | | | |
| | | 2014 | 2015 | 2016 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 |
| **Operating Highlights** | | | | | | | | | |
| Total Customer Base | 000's | 295,948 | 324,368 | 357,428 | 331,860 | 339,999 | 350,855 | 357,428 | 357,846 |
| Total Minutes on Network | Mn Min | 1,211,522 | 1,266,914 | 1,386,313 | 342,987 | 336,002 | 343,999 | 363,325 | 371,238 |
| Network Sites | Nos | 163,361 | 172,225 | 181,376 | 173,703 | 175,851 | 177,977 | 181,376 | 183,937 |
| Total Employees | Nos | 24,893 | 24,694 | 24,940 | 24,670 | 24,784 | 24,868 | 24,940 | 24,883 |
| No. of countries of operation | Nos | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 19 |
| Population Covered | Bn | 1.99 | 2.02 | 2.03 | 2.02 | 2.02 | 2.02 | 2.03 | 2.00 |
| **Consolidated Financials (Rs Mn)** | | | | | | | | | |
| Total revenues | Rs Mn | 857,461 | 920,395 | 965,320 | 236,709 | 238,357 | 240,659 | 249,596 | 255,465 |
| EBITDA | Rs Mn | 278,430 | 314,517 | 341,683 | 82,397 | 82,656 | 84,747 | 91,882 | 95,913 |
| EBIT | Rs Mn | 121,933 | 158,571 | 166,216 | 41,938 | 40,115 | 40,970 | 43,194 | 45,343 |
| Cash profit from operations before Derivative & Exchange Fluctuations | Rs Mn | 241,813 | 285,280 | 289,084 | 71,019 | 71,114 | 70,855 | 76,096 | 79,414 |
| Profit before tax | Rs Mn | 78,105 | 115,662 | 106,726 | 25,053 | 23,130 | 29,464 | 29,078 | 28,467 |
| Net income | Rs Mn | 27,727 | 51,835 | 60,773 | 21,132 | 15,364 | 11,082 | 13,195 | 14,620 |
| Capex | Rs Mn | 105,843 | 186,682 | 205,919 | 39,921 | 50,343 | 55,082 | 60,574 | 49,252 |
| Operating Free Cash Flow (EBITDA - Capex) | Rs Mn | 172,587 | 127,834 | 135,763 | 42,476 | 32,313 | 29,665 | 31,309 | 46,661 |
| Net Debt | Rs Mn | 605,416 | 668,417 | 835,106 | 677,460 | 703,896 | 784,515 | 835,106 | 834,915 |
| Shareholder's Equity | Rs Mn | 597,560 | 619,564 | 667,693 | 650,083 | 640,931 | 652,129 | 667,693 | 642,886 |
| **Consolidated Financials (US$ Mn)** | | | | | | | | | |
| Total Revenue [1] | US$ Mn | 14,151 | 15,064 | 14,742 | 3,729 | 3,673 | 3,654 | 3,688 | 3,824 |
| EBITDA [1] | US$ Mn | 4,595 | 5,148 | 5,218 | 1,298 | 1,274 | 1,287 | 1,358 | 1,436 |
| EBIT [1] | US$ Mn | 2,012 | 2,595 | 2,538 | 661 | 618 | 622 | 638 | 679 |
| Cash profit from operations before Derivative & Exchange Fluctuations [1] | US$ Mn | 3,991 | 4,669 | 4,415 | 1,119 | 1,096 | 1,076 | 1,124 | 1,189 |
| Profit before Tax [1] | US$ Mn | 1,289 | 1,893 | 1,630 | 395 | 356 | 447 | 430 | 426 |
| Net income [1] | US$ Mn | 458 | 848 | 928 | 333 | 237 | 168 | 195 | 219 |
| Capex [1] | US$ Mn | 1,747 | 3,055 | 3,145 | 629 | 776 | 836 | 895 | 737 |
| Operating Free Cash Flow (EBITDA - Capex) | US$ Mn | 2,848 | 2,092 | 2,073 | 669 | 498 | 450 | 463 | 698 |
| Net Debt [2] | US$ Mn | 10,074 | 10,679 | 12,604 | 10,626 | 10,707 | 11,850 | 12,604 | 12,365 |
| Shareholder's Equity [2] | US$ Mn | 9,943 | 9,899 | 10,078 | 10,197 | 9,749 | 9,851 | 10,078 | 9,521 |
| **Key Ratios** | | | | | | | | | |
| EBITDA Margin | % | 32.5% | 34.2% | 35.4% | 34.8% | 34.7% | 35.2% | 36.8% | 37.5% |
| EBIT Margin | % | 14.2% | 17.2% | 17.2% | 17.7% | 16.8% | 17.0% | 17.3% | 17.7% |
| Net Profit Margin | % | 3.2% | 5.6% | 6.3% | 8.9% | 6.4% | 4.6% | 5.3% | 5.7% |
| Net Debt to Funded Equity Ratio | Times | 1.01 | 1.08 | 1.25 | 1.04 | 1.10 | 1.20 | 1.25 | 1.30 |
| Net Debt to EBITDA (LTM) - US$ [3 & 4] | Times | 2.19 | 2.08 | 2.46 | 2.08 | 2.11 | 2.34 | 2.46 | 2.37 |
| Net Debt to EBITDA (Annualised) - US$ [3] | Times | 2.12 | 2.06 | 2.38 | 2.05 | 2.15 | 2.36 | 2.38 | 2.21 |
| Interest Coverage ratio | Times | 7.58 | 8.43 | 7.06 | 8.25 | 7.02 | 6.75 | 6.51 | 5.87 |
| Return on Shareholder's Equity [4] | % | 5.0% | 8.5% | 9.4% | 9.1% | 9.3% | 8.7% | 9.4% | 8.3% |
| Return on Capital employed [4 & 4(a)] | % | 6.1% | 7.6% | 8.3% | 8.6% | 9.1% | 8.6% | 8.4% | 7.6% |
| **Valuation Indicators** | | | | | | | | | |
| Market Capitalization | Rs Bn | 1,275 | 1,575 | 1,403 | 1,679 | 1,351 | 1,359 | 1,403 | 1,464 |
| Market Capitalization | US$ Bn | 21.2 | 25.2 | 21.2 | 26.3 | 20.6 | 20.5 | 21.2 | 21.7 |
| Enterprise Value | Rs Bn | 1,880 | 2,243 | 2,296 | 2,398 | 2,109 | 2,200 | 2,296 | 2,353 |
| EV / EBITDA (LTM) [4] | Times | 6.75 | 7.13 | 6.72 | 7.53 | 6.52 | 6.67 | 6.72 | 6.62 |
| P/E Ratio (LTM) [4] | Times | 45.44 | 30.36 | 23.08 | 29.80 | 23.41 | 24.93 | 23.08 | 26.97 |

*Note 1: Average exchange rates used for Rupee conversion to US$ is (a) Rs 60.59 for the financial year ended March 31, 2014 (b) Rs 61.10 for the financial year ended March 31, 2015 (c) Rs 65.48 for the financial year ended March 31, 2016 (d) Rs 63.48 for the quarter ended June 30, 2015 (e) Rs 64.90 for the quarter ended September 30, 2015 (f) Rs 65.85 for the quarter ended December 31, 2015 (g) Rs 67.68 for the quarter ended March 31, 2016 (h) Rs 66.81 for the quarter ended June 30, 2016 based on the RBI Reference rate.*
*Note 2: Closing exchange rates used for Rupee conversion to US$ is (a) Rs 60.10 for the financial year ended March 31, 2014 (b) Rs 62.59 for the financial year ended March 31, 2015 (c) Rs 66.26 for the quarter ended March 31, 2016 (d) Rs 63.75 for the quarter ended June 30, 2015 (e) Rs 65.74 for the quarter ended September 30,2015 (f) Rs 66.20 for the quarter ended December 31,2015 (g) Rs 66.26 for the quarter ended March 31, 2016 (h) Rs 67.53 for the quarter ended June 30, 2016 being the RBI Reference rate.*
*Note 3: For calculation of this ratio, EBITDA is* adjusted downwards to the extent of finance lease charges on towers in Africa.
*Note 4: These ratios for quarter ended Jun-15, Sep-15, and Dec-15 have not been re-instated to Ind-AS and are based on consolidated IFRS results.*
*Note 4(a): Methodology for computation of ROCE has been revised and historical periods have been re-instated for like to like comparisons. Please refer Section 10 "Glossary" for revised definition of ROCE on page 59.*
*Note 5: Key Ratios computed using translated US$ values may yield different results in comparison with ratios computed using Rupee values.*

# SECTION 2

# BHARTI AIRTEL - AN INTRODUCTION

## 2.1 Introduction

We are one of the world's leading providers of telecommunication services with significant presence in 19 countries representing India, Bangladesh, Sri Lanka and 16 countries in Africa. As per United Nations data published on January 01, 2013, the population of these 19 countries represents around 26% of the world's population.

We provide telecom services under wireless and fixed line technology, national and international long distance connectivity, Digital TV and IPTV services; and complete integrated telecom solutions to our enterprise customers. All these services are rendered under a unified brand "airtel". 'Airtel Money' extends our product portfolio to further our financial inclusion agenda and offers convenience of payments and money transfers on mobile phones over secure and stable platforms in India, Bangladesh and across all 16 countries in Africa. The Company also owns Tower Infrastructure pertaining to telecom operations through its subsidiary and joint venture entity.

The shares of Bharti Airtel Ltd are listed on the Indian Stock Exchanges, NSE & BSE.

## 2.2 Business Divisions

**2.2.1 India & South Asia** – We follow a segmented approach for our operations in India with clear focus on retail and corporate customers.

**B2C Services:**

**Mobile Services (India)** – We are the largest wireless operator in the country both in terms of customers and revenues. We offer postpaid, pre-paid, roaming, internet, m-Commerce (Airtel Money) and other value added services using GSM mobile technology. Our distribution channel is spread across 1.5 Mn outlets with network presence in 7,885 census and 781,484 non-census towns and villages in India covering approximately 95.1% of the country's population.

Our 3G services are spread across key cities in the country offering high-speed internet access and a host of innovative services like Mobile TV, video calls, live-streaming videos and gaming. Our 4G services, currently present in 14 markets, offer the fastest wireless services with buffer-less HD video streaming and multi-tasking capabilities to our customers.

Our national long distance infrastructure provides a pan-India reach with 214,031 Rkms of optical fiber.

**Homes Services** – The Company provides fixed-line telephone and broadband (DSL) services for homes in 87 cities pan-India. The product offerings include high-speed broadband on copper and fiber and voice connectivity, up to the speeds of 100 mbps for the home segment.

**Digital TV Services** – Our Direct-To-Home (DTH) platform offers both standard and high definition (HD) digital TV services with 3D capabilities and Dolby surround sound. We currently offer a total of 520 channels including 51 HD channels, 5 international channels and 5 interactive services.

**B2B Services:**

**Airtel Business –** We are India's leading and most trusted provider of ICT services with a diverse portfolio of services to enterprises, governments, carriers and small and medium business. For small and medium business, Airtel is a trusted solution provider for fixed-line voice (PRIs), data and other connectivity solutions like MPLS, VoIP, SIP trunking. Additionally, the Company offers solutions to businesses Audio, Video and Web Conferencing. Cloud portfolio is also an integral part of its office solutions suite, which offers Storage, compute, Microsoft office 365, ecommerce package through shopify and CRM packages on a pay as you go model.

Along with voice, data and video, our services also include network integration, data centers, managed services, enterprise mobility applications and digital media. Airtel Business provides 'One solution, bill, support, face' experience to our customers.

We offer global services in both voice and data including VAS services like International Toll Free Services and SMS hubbing. Our strategically located submarine cables and satellite network enable our customers to connect across the world including hard-to-reach areas. Our global network runs across 230,000 Rkms, covering 50 countries and 5 continents.

**Tower Infrastructure Services** – Our subsidiary, Bharti Infratel Ltd (Infratel), is India's leading provider of tower and related infrastructure and it deploys, owns & manages telecom towers and communication structures, for various mobile operators. It holds 42% equity interest in Indus towers, a joint venture with Vodafone India and Aditya Birla Telecom who hold 42% and 16% respectively. The Company's consolidated portfolio of 89,352 telecom towers, which includes 38,642 of its own towers and the balance from its 42% equity interest in Indus Towers, makes it one of the largest tower infrastructure providers in the country with presence in all 22 telecom circles. The Company has been the industry pioneer in adopting green energy initiatives for its operations.

Infratel is listed on Indian Stock exchanges, NSE and BSE.

**South Asia** – South Asia represents our operations in Bangladesh and Sri Lanka. In Bangladesh, we are present across 64 districts with a distribution network comprising of 161 K retailers across the country. We have a robust 3G network with more than 2,700 3G sites across Bangladesh. In Sri Lanka, we operate across 25 administrative districts with distribution network of over 48 K retailers across the country. Our 3.5G services are present across major towns in Sri Lanka.

**2.2.2 Africa**

We are present in 16 countries across Africa, namely: Nigeria, Chad, Congo B, Democratic Republic of Congo, Gabon, Madagascar, Niger, Ghana, Kenya, Malawi, Seychelles, Sierra Leone, Tanzania, Uganda, Zambia and Rwanda. We offer post-paid, pre-paid, roaming, internet services, content, media & entertainment, and corporate solutions. 3G, 4G data and m-Commerce (Airtel Money) are the next growth engines for the Company in Africa. We offer 3G services, Airtel Money across all 16 countries and 4G services in 3 countries of Africa.

## 2.3 Partners

SingTel, our strategic equity partner, has made one of their largest investments outside Singapore with us. This partnership has enabled us to expand and further enhance the quality of services to our customers. We also pioneered the outsourcing business model with long term strategic partnership in all areas including network equipment, information technology and call center. We partnered with global leaders who share our drive for co-creating innovative and tailor made solutions. To name a few, our strategic partners include Ericsson, Nokia Siemens Networks (NSN), Huawei, Cisco, IBM, Infosys, Avaya, etc.

# SECTION 3

# FINANCIAL HIGHLIGHTS

## 3.1 Adoption of Indian Accounting Standards (Ind-AS) w.e.f. April 01, 2016

The Ministry of Corporate Affairs (MCA) vide notification dated 16th February, 2015 notified the Companies (India Accounting Standards) Rules 2015, in which the Companies are required to adopt India Accounting Standards (Ind-AS) for the preparation of its consolidated financial statements w.e.f. April 01, 2016. Erstwhile In terms of clause 41 of the listing agreement, the Company had voluntarily reporting its consolidated financial results under IFRS since April 01, 2010 till March 31, 2016. The historical periods have been re-instated as per Ind-AS to make them comparable.

Please refer to section 5.3 “Impact of adoption of Indian Accounting Standards (Ind-AS)” on page 21 for the impact of changes for the previous four quarters and financial year ended March 31, 2016.

## 3.2 Segmental Changes in India Operations

During the quarter ended June 30, 2016, the Group has realigned the internal business segments and accordingly the following changes have been done for reporting of segments operation in India.

a) **Homes Services:** Erstwhile Telemedia Services comprised of: i) Homes business providing fixed-line telephone and broadband (DSL) services to retail customers, and ii) Corporate fixed line voice and fixed line data business. Effective quarter ended June 30, 2016, the Company has realigned the reporting of its Corporate fixed line voice and fixed line data business with Airtel Business and accordingly Telemedia Service renamed to Homes Services.

b) **Airtel Business:** Effective quarter ended June 30, 2016, the Company has realigned the reporting of its Corporate fixed line voice and fixed line data business (erstwhile reported under Telemedia Services) with Airtel Business.

The historical periods have been re-instated for the above mention segmental changes to make them comparable.

The financial results presented in this section are compiled based on the audited consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind-AS) and the underlying information.

*Detailed financial statements, analysis & other related information is attached to this report (page 29 - 32). Also, kindly refer to Section 7.4 - use of Non - GAAP financial information (page 37) and Glossary (page 56) for detailed definitions.*

### 3.3 Consolidated - Summary of Consolidated Financial Statements

#### 3.3.1 Consolidated Summarized Statement of Operations (net of inter segment eliminations)

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Growth |
| **Total revenues** | **255,465** | **236,709** | **8%** |
| EBITDA | 95,913 | 82,397 | 16% |
| *EBITDA / Total revenues* | *37.5%* | *34.8%* | |
| EBIT | 45,343 | 41,938 | 8% |
| Finance cost (net) | 19,399 | 19,206 | 1% |
| Share of results of Joint Ventures/Associates | 2,548 | 2,405 | 6% |
| Profit before tax [7] | 28,467 | 25,053 | 14% |
| Income tax expense [7] | 12,331 | 13,428 | -8% |
| Net income [6 & 8] | 14,620 | 21,132 | -31% |
| Capex | 49,252 | 39,921 | 23% |
| Operating Free Cash Flow (EBITDA - Capex) | 46,661 | 42,476 | 10% |
| Cumulative Investments | 2,693,396 | 2,450,094 | 10% |

*Note 6: Refer section 5.3 on Reconciliation between Ind-AS & IFRS for previous periods on page 21.*
*Note 7: Profit before Tax and Income Tax expense reported above excludes the impact of exceptional items.*
*Note 8: Net Income reported above includes the impact of exceptional items. Refer section 5.4.3 on "Exceptional Items" on page 23 for details.*

#### 3.3.2 Consolidated Summarized Statement of Financial Position

*Amount in Rs Mn*

| Particulars | As at Jun 30, 2016 | As at Mar 31, 2016 |
|---|---|---|
| **Assets** | | |
| Non-current assets | 2,004,783 | 2,028,680 |
| Current assets | 246,489 | 228,551 |
| **Total assets** | **2,251,272** | **2,257,231** |
| **Liabilities** | | |
| Non-current liabilities | 942,990 | 952,446 |
| Current liabilities | 613,100 | 582,111 |
| **Total liabilities** | **1,556,090** | **1,534,557** |
| **Equity & Non Controlling Interests** | | |
| Equity [9] | 642,886 | 667,693 |
| Non controlling interests | 52,296 | 54,981 |
| **Total Equity & Non Controlling Interests** | **695,182** | **722,674** |
| **Total Equity and liabilities** | **2,251,272** | **2,257,231** |

*Note 9: Refer section 5.3 on Reconciliation between Ind-AS & IFRS for previous periods on page 21.*

### 3.4 Region wise - Summary of Consolidated Financial Statements

#### 3.4.1 Summarized Statement of Operations (net of inter segment eliminations)

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended Jun 2016 | | | Quarter Ended Jun 2015 | | |
|---|---|---|---|---|---|---|
| | India SA | Africa | Total | India SA | Africa | Total |
| **Total revenues** | **195,451** | **62,493** | **255,465** | **177,344** | **61,595** | **236,709** |
| EBITDA | 81,932 | 13,998 | 95,913 | 69,723 | 12,674 | 82,397 |
| *EBITDA / Total revenues* | *419%* | *22.4%* | *37.5%* | *39.3%* | *20.6%* | *34.8%* |
| EBIT | 43,385 | 1,975 | 45,343 | 41,178 | 761 | 41,938 |
| Profit before tax [10] | 30,192 | (2,472) | 28,467 | 33,437 | (8,772) | 25,053 |
| **Net income (before exceptional items [11])** | **18,008** | **(5,204)** | **13,800** | **20,349** | **(9,763)** | **10,986** |
| Exceptional Items (net) [11 & 12] | | | (819) | | | (10,145) |
| **Net income [11]** | | | **14,620** | | | **21,132** |
| Capex | 41,748 | 7,504 | 49,252 | 30,410 | 9,511 | 39,921 |
| Operating Free Cash Flow (EBITDA - Capex) | 40,184 | 6,495 | 46,661 | 39,313 | 3,163 | 42,476 |
| Cumulative Investments | 2,075,646 | 617,751 | 2,693,396 | 1,740,919 | 709,175 | 2,450,094 |

*Note 10: Profit before Tax reported above excludes the impact of exceptional items.*
*Note 11: Refer section 5.3 on Reconciliation between Ind-AS & IFRS for previous periods on page 21.*
*Note 12: Refer section 5.4.3 on "Exceptional Items" on page 23 for details.*

#### 3.4.2 Region wise Summarized Statement of Financial Position

*Amount in Rs Mn*

| Particulars | As at Jun 30, 2016 | | | |
|---|---|---|---|---|
| | India SA | Africa | Eliminations | Total |
| **Assets** | | | | |
| Non-current assets | 2,059,359 | 564,361 | (618,937) | 2,004,783 |
| Current assets | 152,781 | 95,316 | (1,609) | 246,489 |
| **Total assets** | **2,212,140** | **659,677** | **(620,546)** | **2,251,272** |
| **Liabilities** | | | | |
| Non-current liabilities | 866,268 | 391,262 | (314,540) | 942,990 |
| Current liabilities | 442,860 | 171,849 | (1,609) | 613,100 |
| **Total liabilities** | **1,309,128** | **563,111** | **(316,149)** | **1,556,090** |
| **Equity & Non Controlling Interests** | | | | |
| Equity | 825,963 | 121,319 | (304,397) | 642,886 |
| Non controlling interests | 77,049 | (24,753) | 0 | 52,296 |
| **Total Equity & Non Controlling Interests** | **903,012** | **96,566** | **(304,397)** | **695,182** |
| **Total Equity and liabilities** | **2,212,140** | **659,677** | **(620,546)** | **2,251,272** |

### 3.5 Segment wise Summarized Statement of Operations

#### 3.5.1 India & South Asia

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Grow th |
| **Total revenues** | **195,451** | **177,344** | **10%** |
| EBITDA | 81,932 | 69,723 | 18% |
| *EBITDA / Total revenues* | *419%* | *39.3%* | |
| EBIT | 43,385 | 41,178 | 5% |
| Capex | 41,748 | 30,410 | 37% |
| Operating Free Cash Flow (EBITDA - Capex) | 40,184 | 39,313 | 2% |
| Cumulative Investments | 2,075,646 | 1,740,919 | 19% |

#### 3.5.2 India

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Grow th |
| **Total revenues** | **191,547** | **173,696** | **10%** |
| EBITDA | 81,958 | 69,994 | 17% |
| *EBITDA / Total revenues* | *42.8%* | *40.3%* | |
| EBIT | 44,960 | 42,797 | 5% |
| Capex | 41,217 | 29,418 | 40% |
| Operating Free Cash Flow (EBITDA - Capex) | 40,740 | 40,576 | 0% |
| Cumulative Investments | 1,999,608 | 1,670,679 | 20% |

#### B2C Services

**3.5.3 Mobile Services (India) –** comprises of Mobile Services, Airtel Money and Network Groups building / providing fiber connectivity.

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Grow th |
| **Total revenues** | **150,526** | **137,987** | **9%** |
| EBITDA | 63,875 | 53,425 | 20% |
| *EBITDA / Total revenues* | *42.4%* | *38.7%* | |
| EBIT | 34,436 | 33,681 | 2% |
| Capex | 31,941 | 22,337 | 43% |
| Operating Free Cash Flow (EBITDA - Capex) | 31,935 | 31,088 | 3% |
| Cumulative Investments | 1,595,444 | 1,290,579 | 24% |

### 3.5.4 Homes Services

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Grow th |
| **Total revenues** | **6,644** | **5,987** | **11%** |
| EBITDA | 2,914 | 2,521 | 16% |
| *EBITDA / Total revenues* | *43.9%* | *42.1%* | |
| EBIT | 1,614 | 1,367 | 18% |
| Capex | 2,571 | 1,053 | 144% |
| Operating Free Cash Flow (EBITDA - Capex) | 343 | 1,468 | -77% |
| Cumulative Investments | 60,257 | 56,663 | 6% |

*Refer Section 3.2 "Segmental changes in India Operation" on page 6 for details.*

### 3.5.5 Digital TV Services

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Grow th |
| **Total revenues** | **8,369** | **6,848** | **22%** |
| EBITDA | 3,011 | 2,408 | 25% |
| *EBITDA / Total revenues* | *36.0%* | *35.2%* | |
| EBIT | 1,219 | 415 | 194% |
| Capex | 2,030 | 2,113 | -4% |
| Operating Free Cash Flow (EBITDA - Capex) | 981 | 295 | 232% |
| Cumulative Investments | 66,936 | 56,216 | 19% |

## B2B Services

### 3.5.6 Airtel Business

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Grow th |
| **Total revenues** | **26,793** | **24,280** | **10%** |
| EBITDA | 7,733 | 6,893 | 12% |
| *EBITDA / Total revenues* | *28.9%* | *28.4%* | |
| EBIT | 4,695 | 4,069 | 15% |
| Capex | 1,937 | 785 | 147% |
| Operating Free Cash Flow (EBITDA - Capex) | 5,796 | 6,107 | -5% |
| Cumulative Investments | 87,680 | 79,678 | 10% |

*Refer Section 3.2 "Segmental changes in India Operation" on page 6 for details.*

### 3.5.7 Tower Infrastructure Services

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Growth |
| **Total revenues** | **14,557** | **13,737** | **6%** |
| EBITDA | 6,838 | 6,392 | 7% |
| *EBITDA / Total revenues* | *47.0%* | *46.5%* | |
| EBIT | 3,826 | 3,574 | 7% |
| Share of results of joint ventures/associates | 2,771 | 2,433 | 14% |
| Capex | 2,054 | 2,902 | -29% |
| Operating Free Cash Flow (EBITDA - Capex) | 4,784 | 3,489 | 37% |
| Cumulative Investments | 183,331 | 182,618 | 0% |

*Refer Section 3.1 "Adoption of India Accounting Standards (Ind-AS)" on page 6 for details.*

## Others

### 3.5.8 Others (India)

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Growth |
| **Total revenues** | **771** | **796** | **-3%** |
| EBITDA | (471) | (488) | 4% |
| EBIT | (474) | (492) | 4% |
| Capex | 685 | 252 | 172% |
| Operating Free Cash Flow (EBITDA - Capex) | (1,157) | (741) | -56% |
| Cumulative Investments | 5,960 | 4,925 | 21% |

### 3.5.9 South Asia – comprises of operations in Bangladesh and Sri Lanka

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Growth |
| **Total revenues** | **4,143** | **3,886** | **7%** |
| EBITDA | (26) | (476) | 95% |
| *EBITDA / Total revenues* | *-0.6%* | *-12.2%* | |
| EBIT | (1,580) | (1,829) | 14% |
| Capex | 531 | 992 | -47% |
| Operating Free Cash Flow (EBITDA - Capex) | (557) | (1,468) | 62% |
| Cumulative Investments | 76,038 | 70,241 | 8% |

**3.5.10 Africa –** comprises of operations in 16 countries in Africa

**In USD Constant Currency** [Note 13]

*Amount in US$ Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Growth |
| **Total revenues** | **935** | **916** | **2%** |
| EBITDA | 210 | 187 | 12% |
| *EBITDA / Total revenues* | *22.4%* | *20.5%* | |
| EBIT | 30 | 13 | 129% |
| Capex | 112 | 150 | -25% |
| Operating Free Cash Flow (EBITDA - Capex) | 97 | 38 | 159% |
| Cumulative Investments | 9,149 | 11,095 | -18% |

*Note 13: Constant currency rates have been changed to March 1, 2016 (AOP FY 16-17 currency) for above financials upto EBIT and accordingly previous quarter nos. have been re-instated for like to like comparisons. Actual currency rates are taken for Capex & Cumulative Investments. For the last 5 quarter trends in constant currency and reported currency, please refer to pages 43 & 44.*

### 3.6 Region wise & Segment wise - Investment & Contribution

**Quarter Ended:**

*Amount in Rs Mn, except ratios*

| Segment | Quarter Ended Jun 2016 | | | | | | As at Jun 30, 2016 | |
|---|---|---|---|---|---|---|---|---|
| | Revenue | % of Total | EBITDA | % of Total | Capex | % of Total | Cummulative Investments | % of Total |
| Mobile Services [14] | 150,526 | 77% | 63,875 | 78% | 31,941 | 77% | 1,595,444 | 77% |
| Homes Services | 6,644 | 3% | 2,914 | 4% | 2,571 | 6% | 60,257 | 3% |
| Digital TV Services | 8,369 | 4% | 3,011 | 4% | 2,030 | 5% | 66,936 | 3% |
| Airtel Business | 26,793 | 14% | 7,733 | 9% | 1,937 | 5% | 87,680 | 4% |
| Tower Infrastructure Services | 14,557 | 7% | 6,838 | 8% | 2,054 | 5% | 183,331 | 9% |
| Others | 771 | 0% | (471) | -1% | 685 | 2% | 5,960 | 0% |
| South Asia | 4,143 | 2% | (26) | 0% | 531 | 1% | 76,038 | 4% |
| **Sub Total** | **211,803** | **108%** | **83,874** | **102%** | **41,748** | **100%** | **2,075,646** | **100%** |
| Eliminations | (16,351) | -8% | (1,942) | -2% | 0 | 0% | | |
| Accumulated Depreciation and Amortisation | | | | | | | (752,381) | |
| **Total (India SA)** | **195,451** | **100%** | **81,932** | **100%** | **41,748** | **100%** | **1,323,265** | |
| **India SA % of Consolidated** | **77%** | | **85%** | | **85%** | | **77%** | |
| Africa | 62,493 | | 13,998 | | 7,504 | | 617,751 | |
| Accumulated Depreciation and Amortisation | | | | | | | (86,791) | |
| **Total (Africa)** | **62,493** | | **13,998** | | **7,504** | | **530,960** | |
| **Africa % of Consolidated** | **24%** | | **15%** | | **15%** | | **23%** | |
| Eliminations | (2,480) | | (17) | | 0 | | 0 | |
| Eliminations % of Consolidated | -1% | | 0% | | 0% | | 0% | |
| **Consolidated** | **255,465** | | **95,913** | | **49,252** | | **2,693,396** | |

*Note 14: Cumulative Investments include National optic fiber network.*

# SECTION 4

# OPERATING HIGHLIGHTS

The financial figures used for computing ARPU, Realization per Minute, Revenue per Site, Non Voice revenue, Messaging & VAS revenue, Data revenue, Others revenue, Gross revenue per employee per month, Personnel cost per employee per month are based on Ind-AS.

## 4.1 Customers and Non Voice % - Consolidated

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| **Mobile Services** | **000's** | **341,965** | **342,040** | **0.0%** | **318,004** | **7.5%** |
| India | 000's | 255,735 | 251,237 | 1.8% | 230,662 | 10.9% |
| South Asia | 000's | 9,245 | 10,238 | -9.7% | 9,019 | 2.5% |
| Africa | 000's | 76,986 | 80,564 | -4.4% | 78,323 | -1.7% |
| Homes Services | 000's | 2,020 | 1,949 | 3.6% | 1,707 | 18.3% |
| Digital TV Services | 000's | 12,149 | 11,725 | 3.6% | 10,412 | 16.7% |
| Airtel Business | 000's | 1,712 | 1,714 | -0.1% | 1,737 | -1.4% |
| **Total** | **000's** | **357,846** | **357,428** | **0.1%** | **331,860** | **7.8%** |
| Non Voice Revenue as a % of Total Revenues | % | 37.8% | 37.5% | | 35.0% | |

*Refer Section 3.2 "Segmental changes in India Operation" on page 6 for details.*

## 4.2 Traffic Details – Consolidated

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| **Mobile Services** | **Mn Min** | **359,551** | **353,031** | **1.8%** | **332,690** | **8.1%** |
| India | Mn Min | 314,831 | 307,988 | 2.2% | 290,802 | 8.3% |
| South Asia | Mn Min | 9,427 | 10,102 | -6.7% | 9,097 | 3.6% |
| Africa | Mn Min | 35,293 | 34,940 | 1.0% | 32,791 | 7.6% |
| Homes Services | Mn Min | 2,823 | 2,542 | 11.1% | 1,585 | 78.2% |
| Airtel Business | Mn Min | 3,190 | 3,139 | 1.6% | 3,150 | 1.3% |
| National Long Distance Services | Mn Min | 33,552 | 33,345 | 0.6% | 32,038 | 4.7% |
| International Long Distance Services | Mn Min | 5,695 | 4,622 | 23.2% | 5,772 | -1.3% |
| **Total Minutes on Network (Gross)** | **Mn Min** | **404,812** | **396,679** | **2.1%** | **375,235** | **7.9%** |
| Eliminations | Mn Min | (33,573) | (33,354) | -0.7% | (32,248) | -4.1% |
| **Total Minutes on Network (Net)** | **Mn Min** | **371,238** | **363,325** | **2.2%** | **342,987** | **8.2%** |

*Refer Section 3.2 "Segmental changes in India Operation" on page 6 for details.*

### 4.3 Mobile Services India

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Customer Base | 000's | 255,735 | 251,237 | 1.8% | 230,662 | 10.9% |
| VLR | % | 97.5% | 97.0% | | 95.8% | |
| Net Additions | 000's | 4,497 | 7,948 | -43.4% | 4,644 | -3.2% |
| Pre-Paid (as % of total Customer Base) | % | 93.9% | 94.0% | | 94.4% | |
| Monthly Churn | % | 3.6% | 3.3% | | 3.3% | |
| Average Revenue Per User (ARPU) | Rs | 196 | 194 | 0.8% | 198 | -1.3% |
| Average Revenue Per User (ARPU) | US$ | 2.9 | 2.9 | 2.1% | 3.1 | -6.2% |
| Revenue per towers per month | Rs | 318,741 | 314,570 | 1.3% | 308,227 | 3.4% |
| **Revenues** | | | | | | |
| Total Revenues | Rs Mn | 150,526 | 146,525 | 2.7% | 137,987 | 9.1% |
| Mobile Services | Rs Mn | 148,765 | 144,043 | 3.3% | 136,000 | 9.4% |
| Others | Rs Mn | 1,760 | 2,482 | -29.1% | 1,987 | -11.4% |
| ***Voice*** | | | | | | |
| Minutes on the network | Mn | 314,831 | 307,988 | 2.2% | 290,802 | 8.3% |
| Voice Average Revenue Per User (ARPU) | Rs | 139 | 138 | 0.5% | 148 | -6.3% |
| Voice Usage per customer | min | 414 | 415 | -0.2% | 424 | -2.3% |
| Voice Realization per minute | paisa | 33.49 | 33.25 | 0.7% | 34.93 | -4.1% |
| ***Non Voice Revenue*** | | | | | | |
| % of Mobile Services | % | 29.1% | 28.9% | | 25.3% | |
| ***Of Which*** | | | | | | |
| Messaging & VAS as % of Mobile Services | % | 5.0% | 5.2% | | 5.7% | |
| Data as % of Mobile Services | % | 23.7% | 23.3% | | 19.2% | |
| Others as % of Mobile Services | % | 0.4% | 0.4% | | 0.4% | |
| ***Data*** | | | | | | |
| Data Customer Base | 000's | 58,903 | 58,216 | 1.2% | 49,470 | 19.1% |
| *Of which Mobile Broadband costumers* | *000's* | 36,572 | *35,460* | 3.1% | *21,733* | 68.3% |
| *As % of Customer Base* | *%* | *23.0%* | *23.2%* | | *21.4%* | |
| Total MBs on the network | Mn MBs | 158,035 | 146,768 | 7.7% | 102,015 | 54.9% |
| Data Average Revenue Per User (ARPU) | Rs | 202 | 196 | 2.6% | 181 | 11.7% |
| Data Usage per customer | MBs | 904 | 859 | 5.2% | 706 | 28.1% |
| Data Realization per MB | paisa | 22.31 | 22.87 | -2.5% | 25.57 | -12.8% |

### 4.4 Homes Services

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Homes Customers | 000's | 2,020 | 1,949 | 3.6% | 1,707 | 18.3% |
| *Of which no. of broadband (DSL) customers* | *000's* | 1,811 | 1,731 | 4.6% | 1,459 | 24.2% |
| *As % of Customer Base* | *%* | 89.7% | 88.8% | | 85.4% | |
| Net additions | 000's | 70 | 76 | -7.2% | 28 | 149.8% |
| Average Revenue Per User (ARPU) | Rs | 1,118 | 1,148 | -2.7% | 1,181 | -5.4% |
| Average Revenue Per User (ARPU) | US$ | 16.7 | 17.0 | -1.4% | 18.6 | -10.1% |
| Non Voice Revenue as % of Homes revenues | % | 88.4% | 86.5% | | 84.3% | |

*Refer Section 3.2 "Segmental changes in India Operation" on page 6 for details.*

### 4.5 Digital TV Services

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Digital TV Customers | 000's | 12,149 | 11,725 | 3.6% | 10,412 | 16.7% |
| Net additions | 000's | 424 | 619 | -31.4% | 339 | 25.1% |
| Average Revenue Per User (ARPU) | Rs | 233 | 229 | 1.8% | 222 | 4.8% |
| Average Revenue Per User (ARPU) | US$ | 3.5 | 3.4 | 3.1% | 3.5 | -0.4% |
| Monthly Churn | % | 0.8% | 0.8% | | 0.8% | |

### 4.6 Network and Coverage - India

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| **Mobile Services** | | | | | | |
| Census Towns [15] | Nos | 7,885 | 7,885 | 0 | 5,137 | 2748 |
| Non-Census Towns and Villages [15] | Nos | 781,484 | 779,919 | 1,565 | 524,917 | 256,567 |
| Population Coverage [15] | % | 95.1% | 95.6% | | 94.1% | |
| Optic Fibre Network | R Kms | 214,031 | 210,155 | 3,876 | 199,991 | 14,039 |
| Network towers | Nos | 157,055 | 154,097 | 2,958 | 147,616 | 9,439 |
| *Of which Mobile Broadband towers* | *Nos* | 108,015 | *105,465* | 2,550 | *57,078* | 50,937 |
| Total Mobile Broadband Base stations | Nos | 137,567 | 118,197 | 19,370 | 66,322 | 71,245 |
| **Homes Services-** Cities covered | Nos | 87 | 87 | 0 | 87 | 0 |
| **Airtel Business -** Submarine cable systems | Nos | 7 | 7 | 0 | 7 | 0 |
| **Digital TV Services** | | | | | | |
| Districts Covered | Nos | 639 | 639 | 0 | 639 | 0 |
| Coverage | % | 100% | 100% | | 100% | |

*Note 15: Numbers from Quarter ended Dec'15 are as per year 2011 census and prior to Dec'15 are as per year 2001 census.*

### 4.7 Tower Infrastructure Services

#### 4.7.1 Bharti Infratel Standalone

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Total Towers | Nos | 38,642 | 38,458 | 184 | 37,486 | 1,156 |
| Total Co-locations | Nos | 81,908 | 81,632 | 276 | 77,292 | 4,616 |
| **Key Indicators** | | | | | | |
| Sharing Revenue per sharing operator per month | Rs | 37,698 | 37,622 | 0.2% | 36,936 | 2.1% |
| Average Sharing Factor | Times | 2.12 | 2.11 | | 2.05 | |

**Additional Information:**

#### 4.7.2 Indus Towers

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Total Towers | Nos | 120,739 | 119,881 | 858 | 116,454 | 4,285 |
| Total Co-locations | Nos | 272,603 | 270,006 | 2,597 | 256,960 | 15,643 |
| Average Sharing Factor | Times | 2.26 | 2.25 | | 2.20 | |

#### 4.7.3 Bharti Infratel Consolidated

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Total Towers | Nos | 89,352 | 88,808 | 544 | 86,397 | 2,956 |
| Total Co-locations | Nos | 196,401 | 195,035 | 1,367 | 185,215 | 11,186 |
| Average Sharing Factor | Times | 2.20 | 2.19 | | 2.13 | |

### 4.8 Human Resource Analysis – India

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Total Employees | Nos | 19,861 | 19,523 | 338 | 18,764 | 1,097 |
| Number of Customers per employee | Nos | 13,590 | 13,657 | (67) | 13,031 | 558 |
| Personnel cost per employee per month | Rs | 98,396 | 112,982 | -12.9% | 108,926 | -9.7% |
| Gross Revenue per employee per month | Rs | 3,214,791 | 3,129,319 | 2.7% | 3,085,632 | 4.2% |

## 4.9 South Asia

### 4.9.1 Operational Performance

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Customer Base | 000's | 9,245 | 10,238 | -9.7% | 9,019 | 2.5% |
| VLR | % | 97.0% | 90.4% | | 88.1% | |
| Net Additions | 000's | (994) | (554) | -79.3% | 416 | -339.1% |
| Pre-Paid (as % of total Customer Base) | % | 97.8% | 98.0% | | 97.7% | |
| Monthly Churn | % | 6.4% | 4.4% | | 3.8% | |
| Average Revenue Per User (ARPU) | Rs | 136 | 140 | -2.4% | 147 | -7.5% |
| Revenue per site per month | Rs | 194,887 | 206,760 | -5.7% | 187,606 | 3.9% |
| ***Voice*** | | | | | | |
| Minutes on the network | Mn | 9,427 | 10,102 | -6.7% | 9,097 | 3.6% |
| Voice Average Revenue Per User (ARPU) | Rs | 97 | 101 | -4.3% | 115 | -15.5% |
| Voice Usage per customer | min | 310 | 321 | -3.5% | 345 | -10.1% |
| Voice Realization per minute | paisa | 31.21 | 31.48 | -0.8% | 33.22 | -6.0% |
| ***Non Voice Revenue*** | | | | | | |
| % of Mobile revenues | % | 29.0% | 27.5% | | 22.2% | |
| ***Of Which*** | | | | | | |
| Messaging & VAS as % of Mobile revenues | % | 6.2% | 6.1% | | 5.6% | |
| Data as % of Mobile revenues | % | 19.0% | 17.9% | | 14.2% | |
| Others as % of Mobile revenues | % | 3.8% | 3.6% | | 2.4% | |
| ***Data*** | | | | | | |
| Data Customer Base | 000's | 2,749 | 2,941 | -6.5% | 2,435 | 12.9% |
| *As % of Customer Base* | *%* | 29.7% | 28.7% | | 27.0% | |
| Total MBs on the network | Mn MBs | 8,189 | 7,704 | 6.3% | 3,991 | 105.2% |
| Data Average Revenue Per User (ARPU) | Rs | 89 | 87 | 1.7% | 78 | 14.7% |
| Data Usage per customer | MBs | 926 | 858 | 7.9% | 560 | 65.2% |
| Data Realization per MB | paisa | 9.61 | 10.19 | -5.7% | 13.84 | -30.6% |

*Refer table 8.9.2 on page 49 for KPI's in constant currency.*

### 4.9.2 Network & Coverage

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Sites on Network | Nos | 7,089 | 7,083 | 6 | 6,941 | 148 |
| *Of which no. of 3G sites* | *Nos* | *4,147* | *4,115* | 32 | *3,291* | 856 |

### 4.9.3 Human Resource Analysis

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Total Employees | Nos | 634 | 646 | (12) | 715 | (81) |
| Number of Customers per employee | Nos | 14,581 | 15,849 | (1,267) | 12,614 | 1,967 |
| Personnel cost per employee per month | Rs. | 183,941 | 174,764 | 5.3% | 149,042 | 23.4% |
| Gross Revenue per employee per month | Rs. | 2,178,182 | 2,264,121 | -3.8% | 1,811,513 | 20.2% |

### 4.10 Africa

#### 4.10.1 Operational Performance (In Constant Currency)

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Customer Base | 000's | 76,986 | 80,564 | -4.4% | 78,323 | -1.7% |
| VLR | % | 87.1% | 84.8% | | 83.5% | |
| Net Additions [17] | 000's | 1,057 | (1,505) | 170.2% | 2,061 | -48.7% |
| Pre-Paid (as % of total Customer Base) | % | 99.2% | 99.3% | | 99.4% | |
| Monthly Churn [18] | % | 5.0% | 6.7% | | 5.4% | |
| Average Revenue Per User (ARPU) [18] | US$ | 3.8 | 3.9 | -1.2% | 3.9 | -2.5% |
| Revenue per site per month | US$ | 15,175 | 15,673 | -3.2% | 15,945 | -4.8% |
| ***Voice*** | | | | | | |
| Minutes on the network | Mn | 35,293 | 34,940 | 1.0% | 32,791 | 7.6% |
| Voice Average Revenue Per User (ARPU) [18] | US$ | 2.6 | 2.7 | -3.3% | 2.9 | -8.0% |
| Voice Usage per customer [18] | min | 145 | 143 | 1.4% | 141 | 2.9% |
| Voice Realization per minute | US¢ | 1.82 | 1.91 | -4.6% | 2.04 | -10.6% |
| ***Non Voice Revenue*** | | | | | | |
| % of Mobile revenues | % | 31.3% | 29.8% | | 27.2% | |
| ***Of Which*** | | | | | | |
| Messaging & VAS as % of Mobile revenues | % | 11.0% | 10.5% | | 9.8% | |
| Data as % of Mobile revenues | % | 16.5% | 15.5% | | 12.9% | |
| Others as % of Mobile revenues | % | 3.9% | 3.9% | | 4.5% | |
| ***Data*** | | | | | | |
| Data Customer Base | 000's | 16,425 | 15,788 | 4.0% | 13,039 | 26.0% |
| *As % of Customer Base* | % | *21.3%* | *19.6%* | | *16.6%* | |
| Total MBs on the network | Mn MBs | 28,539 | 23,646 | 20.7% | 13,843 | 106.2% |
| Data Average Revenue Per User (ARPU) [18] | US$ | 3.2 | 3.2 | 0.5% | 3.1 | 3.6% |
| Data Usage per customer [18] | MBs | 585 | 507 | 15.5% | 359 | 62.9% |
| Data Realization per MB | US¢ | 0.54 | 0.62 | -13.0% | 0.85 | -36.4% |

*Note 16: Constant currency rates have been changed to March 1, 2016 (AOP FY 16-17 currency) for above KPI's and accordingly previous quarter nos. have been re-instated for like to like comparisons. For the last 5 quarter trends in constant currency, please refer to page 51.*
*Note 17: Net additions reported above are excluding the divested unit.*
*Note 18: As the deal closure of the divested unit happened in the last fortnight of the quarter, for calculating churn and customer based KPIs, divested unit customer base have also been considered.*

#### 4.10.2 Network & Coverage

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Sites on Network | Nos | 19,793 | 20,196 | (403) | 19,146 | 647 |
| *Of which no. of 3G sites* | *Nos* | *13,186* | *13,128* | 58 | *10,722* | 2,464 |

#### 4.10.3 Human Resource Analysis

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Q-on-Q Growth | Jun 30, 2015 | Y-on-Y Growth |
|---|---|---|---|---|---|---|
| Total Employees | Nos | 4,388 | 4,771 | (383) | 5,191 | (803) |
| Number of Customers per employee | Nos | 17,541 | 16,886 | 655 | 15,088 | 2,453 |
| Personnel cost per employee per month | US$ | 5,825 | 6,122 | -4.9% | 6,023 | -3.3% |
| Gross Revenue per employee per month | US$ | 66,990 | 66,317 | 1.0% | 58,850 | 13.8% |

# SECTION 5

# MANAGEMENT DISCUSSION AND ANALYSIS

## 5.1 India & SA

### A. Key Industry Developments

**A. Harmonization in 1800 MHz Band.**

- Spectrum Harmonization exercise has been completed in 21 service areas except Tamil Nadu (Including Chennai) as on June 30, 2016. Spectrum harmonization refers to uniform allocation of radio frequency bands. The benefit for operators due to this harmonization will be that the spectrum they currently hold will become contiguous and, therefore, more efficient.
- The contiguity in allocated spectrum will improve spectral efficiency, thereby improving network quality & broadband speeds.
- Consequent to the harmonization exercise, around 200 MHz spectrum gets available Pan India in 1800 MHz band which is likely to be put for sale in the upcoming auction.

**B. MVNO Guidelines by DoT.**

DoT has issued the guidelines for introduction of Virtual Network Operators (VNO). Some key highlights of the guidelines are as under:

- A Unified License VNO (UL (VNO)) will be granted by DoT, either for all telecom services or any particular telecom service permitted under UL.
- One VNO and another NSO (Network Service Operator) (other than VNO's parent NSO) and a VNO & another VNO in the same service area directly or indirectly shall not have any beneficial interest in each other.
- There would not be any mandate to an NSO for providing time bound access to its VNO; rather, it shall be left to the mutual agreement between NSO and VNO. However DoT & TRAI shall have right to intervene in the matter as and when required to protect the interest of consumers and telecom sector.
- There would not be a restriction on the number of VNO licensees per service area.
- There shall be no restriction on the number of VNOs parented by an NSO.
- VNOs will be allowed to have agreements with more than one NSO for all services other than access services and such services which need numbering and unique identity of the customers.
- The total amount of Entry fee for VNO's shall be subject to a maximum of Rs. 7.5 Crore for 10 years (same as UL, as entry fee for UL is Rs.15 Crores for 20 years).
- The License fee will be levied @ 8% of AGR. SUC shall be applicable as per rates applicable for NSO and can be amended from time to time.
- VNOs shall not be allowed to own/ install equipment of core infrastructure, i.e., Gateway Mobile Switching Centre (GMSC), Soft Switches and Trunk Automatic Exchange (TAX) or equivalent.
- VNOs shall also be allowed to create their own service delivery platforms in respect of customer service, billing and VAS.
- Only pan-India or service area-wise authorizations may be granted under a UL (VNO) license. However, UL (VNO) licensee will be able to service an area within the LSA of the NSO with which the VNO has entered into an agreement for delivery of services.
- A VNO shall bear the penalty on account of failure of subscriber verification norms (for its own customers). Other penalties which are beyond the scope of the VNO viz, roll out obligations, core network issues etc. shall be borne by the NSO as per existing norms defined for them.
- No spectrum shall be assigned to the VNOs.
- The set-off/pass through charges between NSO and VNO is limited to applicable access charges such as carriage charges, termination charges and roaming charges.
- In case, VNO decides to exit, for the services other than mobile, all customers of VNO will be migrated to any of the tariff plan of the parent NSO without any extra charges e.g. upfront/activation charges.

### B. Key Company Developments

- Airtel has announced a new initiative – Open Network - under Project Leap, its national network transformation initiative. As per that, Airtel has opened up its entire mobile network information to its customers through an interactive online interface. The new interface will display Airtel's mobile network coverage/signal strength across India in addition to the network site deployment status.
- Airtel M-Commerce Services Limited, a subsidiary of Bharti Airtel Limited, has been renamed as Airtel Payments Bank Limited (APBL) after receiving necessary approvals from all concerned authorities. APBL also unveiled a new logo to reflect its new identity.
- Airtel announced 25% more stringent voluntary benchmark of 1.5% for mobile call drops versus the current TRAI prescribed norm of 2% under the Quality of Service regulations. Based on the calculation of the call drop rate during network busy hour on a monthly average, any amount calculated for exceeding the 1.5% voluntary benchmark, subject to a maximum of INR 100 Crores per annum, will be contributed by Airtel towards the education of underprivileged children in rural areas.

- Singapore Telecommunications Limited (SingTel) and Bharti Airtel Limited (Airtel) have joined hands to deliver high-speed, secure data network coverage to Asia-Pacific, Middle East, Africa, Europe and US. It will combine resources into one network to provide high speed data connectivity to 325 cities across the world through 370 Points of Presence (PoP). This will form one of the largest Internet Protocol Virtual Private Networks (IP VPN) globally.

- Airtel successfully concluded the acquisition of the rights to use 2 x 5 MHz spectrum in the 1800 MHz Band allotted to Videocon Telecom in six circles - Bihar; Gujarat; Haryana; Madhya Pradesh; UP (East) and UP (West).

- Further to the agreement between Axiata and Bharti Airtel dated January 28, 2016 to merge their operations in Bangladesh, both companies decided to further extend the Agreement until September 26, 2016 or such other date as the companies may agree.

- Airtel announced an effective reduction in pre-paid data tariffs by increasing data benefits on most of its pre-paid data recharge packs. Airtel customers will now enjoy more value on these existing packs and can add to their mobile internet experience by staying online longer and download more of their favorite content.

- In an industry first, Airtel announced the launch of Happy Hours for its prepaid customers. Happy Hours allows Airtel pre-paid customers to get 50% data back for all in-app content downloads scheduled between 3.00 am and 5.00 am.

- Airtel has been ranked first in a listing of 100 emerging market multinational companies as part of a study on Corporate transparency and reporting by Transparency International.

- Airtel has been ranked # 1 in “2016 edition of the India Disclosure Index” for Mandatory & Voluntary disclosure practices amongst India’s publicly-listed corporations on the Bombay Stock Exchange (“BSE”) 100 Index by FTI Consulting.

- Airtel Talk wins Best Consumer Service Award at GTB Telecoms Innovation Awards 2016.

- Airtel has won the prestigious TM Forum Digital World Award, 2016 in the ‘Outstanding Contribution to Improving Business Agility’ Category.

- Airtel has been recognized as an “Innovator & Disruptor in HR Technology Practices” by the renowned society for Human Resource Management (SHRM), which is the world’s largest association devoted to Human Resource Management.

- Airtel launched its Platinum 3G services for customers in Punjab, Bengaluru and Hyderabad. Airtel Platinum 3G offers a superior mobile experience to customers through faster mobile data speeds, significantly enhanced indoor data coverage and better voice clarity.

- Airtel announced the launch of its 2G and 3G mobile services in remote towns of Lumla, Nafra and Longding in Arunachal Pradesh under its network transformation program “Project Leap”. This is also the first time that customers in these towns will have access to the 3G mobile services.

## 5.2 Africa

### A. Key Industry Developments

- The Governments within the SADC region have commenced bilateral arrangements to implement the Roam Like at Home tariffs imposed by the SADC governments.

- Malawi Parliament has passed the new telecoms law in July 2016 and the law is pending for approval before the President. One of the provisions of the law is the requirement that the Regulator must approve the product tariffs, before they are introduced in the market.

- In Zambia, the Regulator has issued a consultation paper to change the current licensing framework where it issues several licences and replace it with a unified licensing framework. Industry is engaging with the Regulator to fully understand how the new framework will affect existing operators.

### B. Key Company Developments

- Airtel Ghana has made an application for the renewal of Fixed-line License which is expiring in December 2016.

- Airtel Gabon 2G license is going to expire in May 2017 and the Company has submitted a notice to the Regulator of its intention to renew the license.

- In DRC, Airtel has applied for additional spectrum in the 2G and 3G frequencies, as well as for the extension of 2G license which is expiring in 2019. The Company is currently in discussions with the Regulator for the available spectrum, pricing and duration of spectrum holding.

- The transaction for the sale of Airtel operations in Burkina Faso & Sierra Leone to Orange has received full regulatory approval and consequently the transaction has been closed on June 22, 2016 & July 19, 2016 respectively.

- The transaction between Airtel and Government of Tanzania for the sale of Airtel 35% shareholding in TTCL (a government owned telecom company) was concluded in June 2016 and the exit of Airtel from TTCL announced by the Government.

- Airtel Tanzania was awarded The Global Telcom Business (GTB) Innovation Award for Airtel Money “Tap Tap” NFC payments in the “customer service” category at the GTB Telecoms Innovation & Technology Summit 2016.

- Airtel Ghana swept four of the biggest accolades at the Ghana Telecoms and ICT Awards for Best Data and Internet Service Provider, Best use of Social Media, Marketing Campaign of the year for its Too Much Campaign and Airtel Ghana’s CEO received the Telecom CEO of the year award.

- Airtel Uganda won 2 awards at the Social Media Awards 2016 for “Best Corporate Social Campaign Online - Together We Can” & “Best Customer Care Online”.

- Airtel Zambia wins Best CSR Award for Corporate Social Responsibility Policy, HIV/Aids Policy, Internship Policy and Environmental Management Policy at the Zambia Federation of Employers Awards.

## 5.3 Reconciliation between Ind-AS & IFRS

### 5.3.1 Net Income (before exceptional items) Reconciliation

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | Year Ended |
|---|---|---|---|---|---|
| | Mar-16 | Dec-15 | Sep-15 | Jun-15 | Mar-16 |
| **Net Income (before exceptional items) as per IFRS** | **15,156** | **13,963** | **7,665** | **10,961** | **47,745** |
| Add: Miscellaneous Adjustments (Including tax & non-controlling interest) | 290 | (87) | 20 | 24 | 247 |
| **Net Income (before exceptional items) as per Ind-AS** | **15,447** | **13,875** | **7,685** | **10,986** | **47,994** |

### 5.3.2 Exceptional Items (net) Reconciliation

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | Year Ended |
|---|---|---|---|---|---|
| | Mar-16 | Dec-15 | Sep-15 | Jun-15 | Mar-16 |
| **Exceptional Items (net) as per IFRS** | **2,253** | **2,794** | **(7,563)** | **(4,581)** | **(7,097)** |
| **Adjustments** | | | | | |
| Less: Cash flow hedge not designated in previous GAAP | 0 | 0 | 0 | 5,426 | 5,426 |
| Less: Other adjustments (Including tax & non-controlling interest) | 0 | 0 | 116 | 138 | 254 |
| **Exceptional Items (net) as per Ind-AS** | **2,251** | **2,792** | **(7,679)** | **(10,145)** | **(12,781)** |

### 5.3.3 Net Income (after exceptional items) Reconciliation

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | Year Ended |
|---|---|---|---|---|---|
| | Mar-16 | Dec-15 | Sep-15 | Jun-15 | Mar-16 |
| **Net Income (after exceptional items) as per IFRS** | **12,903** | **11,169** | **15,227** | **15,543** | **54,842** |
| Add: Cash flow hedge not designated in previous GAAP | 0 | 0 | 0 | 5,426 | 5,426 |
| Add: Other adjustments (Including tax & non-controlling interest) | 290 | (87) | 136 | 163 | 502 |
| **Net Income (after exceptional items) as per Ind-AS** | **13,195** | **11,082** | **15,364** | **21,132** | **60,773** |

### 5.3.4 Shareholders' Equity Reconciliation

*Amount in Rs Mn, except ratios*

| Particulars | As on | | | | |
|---|---|---|---|---|---|
| | Mar-16 | Dec-15 | Sep-15 | Jun-15 | Mar-15 |
| **Equity as per IFRS** | **656,301** | **640,664** | **629,025** | **638,065** | **619,564** |
| Add: Fair value hedge on Bonds | 3,776 | 3,648 | 3,876 | 3,881 | 3,977 |
| Add: Fair valuation of Assets on demerger of group entities | 8,745 | 9,006 | 9,286 | 9,574 | 9,830 |
| Add: Other adjustments (Including tax & non-controlling interest) | (1,130) | (1,188) | (1,254) | (1,437) | (2,778) |
| **Equity as per Ind-AS** | **667,693** | **652,129** | **640,931** | **650,083** | **630,592** |

## 5.4 Results of Operations

*The financial results presented in this section are compiled based on the audited consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind-AS) and the underlying information.*

**Key Highlights – For the quarter ended Jun 30, 2016**

- **Overall customer base at 357.8 Mn across 19 countries (up 9.3% Y-o-Y normalizing for operating unit divestment)**
- **Net addition of 30.4 Mn customers over the previous year on an underlying basis**
- **Total revenues of Rs 255.5 Bn; underlying up 8.4% Y-o-Y**
- **Mobile data revenues of Rs 46.4 Bn; up 34.1% Y-o-Y**
- **EBITDA at Rs 95.9 Bn; up 16.4% Y-o-Y; EBITDA margin up 2.7% Y-o-Y (underlying up 3.1%)**
- **EBIT at Rs 45.3 Bn; up 8.1% Y-o-Y**
- **Consolidated net income before Exceptional items of Rs 13.8 Bn vis-à-vis Rs 11.0 Bn in the corresponding quarter last year**
- **Consolidated net income of Rs 14.6 Bn vis-à-vis Rs 21.1 Bn in the corresponding quarter last year**
- **Return on Capital Employed (ROCE) at 7.6% vis-à-vis 8.6% in the corresponding quarter last year**

**Results for the quarter ended Jun 30, 2016**

### 5.4.1 Key Changes

The consolidated and segmental reporting for the quarter ended June 30, 2016 has been impacted by i) adoption of Indian Accounting Standards (Ind-AS), and ii) segmental changes in India operations. Please refer section 3 on page 6 for detailed understanding. The performance of the quarter has to be read in the context of the above changes.

### 5.4.2 Bharti Airtel Consolidated

As on June 30, 2016, the Company had 357.8 Mn customers, an increase of 9.3% as compared to 327.5 Mn in the corresponding quarter last year (normalized for operating unit divestment). Total minutes of usage on the network during the quarter were 371.2 Bn as compared to 343.0 Bn in the corresponding quarter last year, representing a growth of 8.2%. Mobile Data traffic grew significantly by 62.5% to 194.8 Bn MBs during the quarter as compared to 119.8 Bn MBs in the corresponding quarter last year.

During the quarter, consolidated revenues stood at Rs 255,465 Mn as compared to Rs 236,709 Mn in the corresponding quarter last year, an increase of 7.9% (8.4%, normalizing for impact of divestment of operating unit & tower assets in Africa). Mobile data revenues increased by 34.1% to Rs 46,396 Mn as compared to Rs 34,586 Mn in the corresponding quarter last year. Mobile data revenues now represent 18.2% of the total revenues as compared to 14.6% in the corresponding quarter last year.

India revenues at Rs 191,547 Mn representing a growth of 10.3% compared to corresponding quarter last year. With the launch of 3G/4G services in the Gap circles, the company's dependency on 3G ICR arrangement with other operators has significantly reduced, resulting in net revenues Y-o-Y growth of 11.9%.

Consolidated net revenues, after netting off inter-connect costs and cost of goods sold, increased by 9.5% (underlying growth of 10.0% Y-o-Y) to Rs 227,410 Mn as compared to Rs 207,721 Mn in the corresponding quarter last year. Tighter control on opex (excluding access costs, costs of goods sold and license fees) has resulted in only 3.9% Y-o-Y opex growth to Rs 106,262 Mn for the quarter ending June 30, 2016.

The Company EBITDA of Rs 95,913 Mn during the quarter, increased 16.4% as compared to Rs 82,397 Mn in the corresponding quarter last year. EBITDA margin improved significantly during the quarter to 37.5% as compared to 34.8% in the corresponding quarter last year (underlying margin up 3.1% Y-o-Y). India EBITDA margin at 42.8% has expanded from 40.3% in the corresponding quarter last year. Depreciation and amortization expenses amounted to Rs 50,402 Mn as compared to Rs 40,404 Mn in the corresponding quarter last year, which reflects an increase of 24.7%, primarily led by incremental depreciation on deployed capex, accelerated depreciation charge of ~ Rs 2,900 Mn during the quarter on account of reassessment of the useful residual life of certain categories of network assets due to technological advancements and higher spectrum amortization expenses in India. Consequently, EBIT for the quarter increased by 8.1% to Rs 45,343 Mn as compared to Rs 41,938 Mn in the corresponding quarter last year. Cash profits from operations (before derivative and exchange fluctuations) during the quarter was higher by 11.8% at Rs 79,414 Mn as compared to Rs 71,019 Mn in the corresponding quarter last year.

Net finance costs at Rs 19,399 Mn were higher by Rs 194 Mn, primarily on account of higher interest on borrowing due to spectrum borrowing cost and finance lease obligation of Rs 6,250 Mn (Q1'17 - Rs 16,350 Mn, Q1'16 – Rs 10,100 Mn), this was largely off-set by lower forex losses & higher investment income in current quarter compared to corresponding quarter last year.

During the quarter, Nigeria Naira devalued by 42.1%, forex losses of Rs 7,479 Mn (net of minority interest) on account of this has been classified under exceptional items (details provided below in 5.4.3).

The resultant profit before tax and exceptional items for the quarter ended June 30, 2016 was Rs 28,467 Mn as compared to Rs 25,053 Mn in the corresponding quarter last year, an increase of 13.6%.

The consolidated income tax expense (before the impact on exceptional items) for the quarter ending June 30, 2016 is Rs 12,331 Mn, compared to Rs 13,428 Mn in the corresponding quarter of last year. The underlying effective tax rate in India for

the quarter ending June 30, 2016 has increased by ~ 4.5% on account of expiry/reduction of tax holidays benefits in select units. Though due to certain one offs, reported effective tax rate in India for the quarter ending June 30, 2016 came in at 28.9% (27.5% excluding dividend distribution tax) compared to 30.1% (28.7% excluding dividend distribution tax) for the full year ended March 31, 2016. The tax charge in Africa for the quarter at $ 46 Mn (full year 2015-16: $ 189 Mn) is in line with last year quarterly average.

After accounting for Rs 819 Mn towards net gain of exceptional items (details provided below in 5.4.3), the resultant consolidated net income for the quarter ended June 30, 2016 came in at Rs 14,620 Mn, compare to Rs 21,132 in the corresponding quarter last year. Q1'16 Net Income of Rs 21,132 Mn has exceptional gains of Rs 5,564 Mn on account of re-instatement of prior year financials from IFRS to Ind-AS (refer details provided in 5.3).

The consolidated operating free cash flow during the quarter was higher by 9.9% at Rs 46,661 Mn as compared to Rs 42,476 Mn in the corresponding quarter last year.

Consolidated net debt for the Company decreased by $ 240 Mn to $ 12,365 Mn as compared to $ 12,604 Mn for the previous quarter, though the net debt excluding the DOT obligations has decreased by $ 560 Mn as compared to previous quarter and stood at $ 6,891 Mn as at 30 June 2016, ($ 7,451 Mn as at 31 March 2016).

High spectrum costs and consequent increase in associated amortization costs has resulted in deterioration of Return on Capital Employed (ROCE) to 7.6% from 8.6% in the corresponding quarter last year.

### 5.4.3 Exceptional Items

Exceptional items during the quarter ended June 30, 2016 comprises of (i) net gain of Rs 10,067 Mn pertaining to the divestment of subsidiary/associate (ii) net charge of Rs 9,460 Mn relating to the translation impact in Nigeria due to the new flexible exchange rate regime effective from June 20, 2016, (iii) charge of Rs 899 Mn towards restructuring activities in a few countries (iv) charge of Rs 3,244 Mn resulting from reassessment of the useful life of certain categories of network assets of the group due to technological advancements and (v) net tax of Rs 2,241 Mn (includes net gain of Rs 1,122 Mn on account of recognition of deferred tax on earlier business combination) and impact of minority interest of Rs 2,113 Mn on the above.

### 5.4.4 B2C Services – India

#### 5.4.4.1 Mobile Services

As on June 30, 2016, the Company had 255.7 Mn GSM customers as compared to 230.7 Mn in the corresponding quarter last year, an increase of 10.9%. The churn has increased to 3.6% for the quarter ending June 30, 2016 compared to 3.3% in the corresponding quarter of last year primarily on account of competitive pressures but remains the lowest in the industry. Total minutes on network increased by 8.3% to 314.8 Bn as compared to 290.8 Bn in the corresponding quarter last year. Voice realization per minute has dropped by 1.44 paise to 33.49 paise in the current quarter compared to 34.93 paise in the corresponding quarter last year although it has increased by 0.24 paise vis-à-vis previous quarter.

The Company continued to accelerated mobile data growth with 58.9 Mn data customers (23.0% of total customers) as on June 30, 2016, representing a growth of 19.1% as compared to 49.5 Mn (21.4% of total customers) at the end of the corresponding quarter last year. The total MBs on the network has increased by 54.9% to 158.0 Bn MBs as compared to 102.0 Bn MBs in the corresponding quarter last year. Mobile Data usage per customer continued their healthy growth path. Mobile Data usage per customer witnessed an increase of 28.1% to 904 MBs during the quarter as compared to 706 MBs in the corresponding quarter last year. Data ARPU increased by 11.7% to Rs 202 from Rs 181 in the corresponding quarter last year.

The Company continued to invest on upgradation and expansion of network towers. By the end of the quarter, the Company had 157,055 network towers as compared to 147,616 network towers in the corresponding quarter last year. The company has continued its expansion of 3G/4G towers and out of the total number of towers, 108,015 are mobile broadband towers i.e. those are either 3G or 4G equipped towers. With 137,567 mobile broadband base stations (3G & 4G Base Stations across all technologies i.e. 900/2100/1800/2300), Airtel has the largest high speed mobile internet network in India. There were 66,322 mobile broadband base stations at the end of the corresponding quarter last year and 118,197 at the end of the previous quarter.

Revenue from mobile services during the quarter was Rs 150,526 Mn as compared to Rs 137,987 Mn in the corresponding quarter last year, a growth of 9.1%. Revenue from mobile data accounted for 23.7% of the total mobile revenue during the quarter as compared to 19.2% in the corresponding quarter last year. Mobile data revenue during the quarter grew by 35.1% to Rs 35,250 Mn over the corresponding quarter last year.

EBITDA during the quarter increased by 19.6% to Rs 63,875 Mn as compared to Rs 53,425 Mn in the corresponding quarter last year. EBITDA margin significantly improved to 42.4% during the quarter as compared to 38.7% in the corresponding quarter last year. Improvement in margin is mainly due to sustained top line growth and high focus on driving cost efficiencies. EBIT during the quarter was Rs 34,436 Mn as compared to Rs 33,681 Mn in the corresponding quarter last year, an increase of 2.2%. Depreciation cost has increased due to accelerated depreciation charge on account of reassessment of the useful residual life of certain categories of network assets due to technology obsolescence and amortization cost has stepped up due to the impact of spectrum renewal and 3G / 4G launches. EBIT margin for the quarter was at 22.9% as compared to 24.4% in the corresponding quarter last year after absorbing the incremental amortization cost on new spectrum acquired which has an impact on EBIT margin of 3.2%.

During the quarter, the mobile business incurred capital expenditure of Rs 31,941 Mn primarily in enhancing Company's data capabilities. Operating free cash flows increased by 2.7% at Rs 31,935 Mn as compared to Rs 31,088 Mn in the corresponding quarter last year.

#### 5.4.4.2 Homes Services

As on June 30, 2016, the Company had its Homes operations in 87 cities with 2.0 Mn customers, out of which approximately 1.8 Mn were broadband (DSL) customers, representing 89.7% of the total Homes customers. Net customer additions for Homes segment during the quarter were 70 K.

For the quarter ended June 30, 2016, revenues from Homes operations were Rs 6,644 Mn as compared to Rs 5,987 Mn in the corresponding quarter last year, a growth of 11.0%. EBITDA for the quarter was higher by 15.6% to Rs 2,914 Mn compared to Rs 2,521 Mn in the corresponding quarter last year. EBITDA margin for this segment improved to 43.9% during the quarter as against 42.1% in the corresponding quarter last year. EBIT for the quarter ended June 30, 2016 was Rs 1,614 Mn as compared to Rs 1,367 Mn in the corresponding quarter last year, growth of 18.1%.

During the quarter ended June 30, 2016, the Company incurred capital expenditure of Rs 2,571 Mn for the Homes business. The step up in capex is primarily on account of network upgradation and capacity enhancement. Operating free cash flow for the quarter was Rs 343 Mn as compared to Rs 1,468 Mn in the corresponding quarter last year.

#### 5.4.4.3 Digital TV Services

As on June 30, 2016, the Company had its Digital TV operations in 639 districts. DTH had 12.1 Mn customers at the end of the quarter, which represents an increase of 16.7%, highest in last 13 quarters, as compare to the corresponding quarter last year. Net customer additions for Digital TV during the quarter were 424 K. ARPU increased to Rs 233 as compared to Rs 222 in the corresponding quarter last year.

Revenue growth from Digital TV services had increased by 22.2% to Rs 8,369 Mn as compared to Rs 6,848 Mn in the corresponding quarter last year. EBITDA for this segment continue to improve and is at Rs 3,011 Mn as compared to Rs 2,408 Mn in the corresponding quarter last year. The reported EBITDA margin improved to 36.0% in the current quarter, as compared to 35.2% in the corresponding quarter last year. The improvement in EBITDA has resulted in an EBIT of Rs 1,219 Mn in the current quarter, as compared to EBIT of Rs 415 Mn in the corresponding quarter last year.

During the current quarter, the Company incurred a capital expenditure of Rs 2,030 Mn. The resultant operating free cash flow during the quarter was at Rs 981 Mn as compared to Rs 295 Mn in the corresponding quarter last year.

### 5.4.5 B2B Services – India: Airtel Business

Revenues in this segment comprises of: a) Enterprise & Corporates Fixed Line, Data and Voice businesses, and b) Global Business which includes wholesale voice and data. Revenue as per point a) above, together with B2B Mobile revenues (included in India Mobile) is at Rs 24,913 Mn in this quarter.

Airtel Business segment has reported revenues of Rs 26,793 Mn during the quarter as compared to Rs 24,280 Mn in the corresponding quarter last year, growth of 10.4%. EBITDA stood at Rs 7,733 Mn during the quarter as compared to Rs 6,893 Mn in the corresponding quarter last year, higher by 12.2%. EBIT for the current quarter has increased by 15.4% to Rs 4,695 Mn as compared to Rs 4,069 Mn during the corresponding quarter last year. EBIT margin increased to 17.5% during the quarter as compared to 16.8% in the corresponding quarter last year.

The Company incurred a capital expenditure of Rs 1,937 Mn in Airtel Business as compared to Rs 785 Mn in the corresponding quarter last year. Operating free cash flow during the quarter was Rs 5,796 Mn as compared to Rs 6,107 Mn in the corresponding quarter last year.

### 5.4.6 Tower Infrastructure Services

The financials of this segment reflect standalone operations of Bharti Infratel Limited (Infratel), a subsidiary of the Company, with the interest in Indus Tower Ltd (Indus) disclosed under share of profits from Joint Ventures/ Associates.

Revenues of Infratel for the quarter ended June 30, 2016 has increased by 6.0% to Rs 14,557 Mn as compared to Rs 13,737 Mn in the corresponding quarter last year. EBITDA during the quarter was higher by 7.0% at Rs 6,838 Mn compared to Rs 6,392 Mn in the corresponding quarter of last year. EBIT for the quarter was higher by 7.0% to Rs 3,826 Mn as compared to Rs 3,574 Mn in the corresponding quarter last year. As at the end of the quarter, Infratel had 38,642 towers with average sharing factor of 2.12 times compared to 2.05 times in the corresponding quarter last year. Including proportionate share of Indus in which Infratel holds 42% of stake, on a consolidated basis, Infratel had 89,352 towers with an average sharing factor of 2.19 times as compared to 2.13 times in the corresponding quarter last year, reflecting an improvement in the tenancy ratio.

Bharti Infratel incurred a capital expenditure of Rs 2,054 Mn during the quarter on a standalone basis. Operating free cash flows during the quarter were Rs 4,784 Mn as compared to Rs 3,489 Mn in the corresponding quarter last year. The share of profits of Indus during the quarter came in at Rs 2,771 Mn as compared to Rs 2,433 Mn in the corresponding quarter last year.

### 5.4.7 South Asia

As on June 30, 2016, the Company had 9.2 Mn mobile customers on its network compared to 9.0 Mn as at the end of corresponding quarter last year. Minutes of usage for the quarter were at 9.4 Bn as compared to 9.1 Bn in the corresponding quarter last year. On a sequential quarter basis, customers are dropping from 10.2 Mn in previous quarter to 9.2 Mn during the quarter, primarily due to introduction of biometric KYC registration process in Bangladesh.

Data customers represent 29.7% of the total customer base in the current quarter as compared to 27.0% in the corresponding quarter last year. Total data consumption during the quarter increased by 105.2% to 8.2 Bn MBs as compared to 4.0 Bn MBs in the corresponding quarter last year.

By the end of the quarter, the Company had 7,089 sites on network as compared to 6,941 sites in the corresponding quarter last year. Out of the total sites, 3G sites represented 58.5% to 4,147 sites as compared to 3,291 sites in the corresponding quarter last year.

Revenues for South Asia grew by 6.6% to Rs 4,143 Mn as compared to Rs 3,886 Mn in the corresponding quarter last year. Data revenue grew by 42.4% to Rs 787 Mn as compared to Rs 553 Mn in the corresponding quarter last year. Data revenue now represents 19.0% of mobile revenue during the quarter as compared to 14.2% in the corresponding quarter last year. EBITDA loss for the quarter was at Rs 26 Mn as compared to loss of Rs 476 Mn in the corresponding quarter last year. EBIT loss during the quarter was Rs 1,580 Mn as compared to EBIT loss of Rs 1,829 Mn in the corresponding quarter last year.

During the quarter ended June 30, 2016, the Company incurred capital expenditure of Rs 531 Mn as compared to Rs 992 Mn in the corresponding quarter last year.

### 5.4.8 Africa

In Africa, exchange rates have been comparatively stable versus the US dollar except for Nigeria & Sierra Leone. Except for Nigeria, the revenue-weighted currency depreciation during the quarter has been 2.0% compared to previous quarter, mainly caused by depreciation in Sierra Leonean Leone by 38.9% and CFA by 2.5%. During the last fortnight of the quarter, Nigerian Naira devalued by 42.1%. To enable comparison on an underlying basis, all financials upto PBT and all operating metrics mentioned below are in constant currency rates as of March 1, 2016 for all the periods. PBT as mentioned below excludes any realized/unrealized derivatives and exchange gain or loss for the period.

As on June 30, 2016, the Company had an aggregate customer base of 77.0 Mn as compared to 78.3 Mn in the corresponding quarter last year (underlying increase of 3.1 Mn, after normalizing for operating unit divestment). Customer churn for the quarter was at 5.0%, lowest in past 17 quarters, as compared to 5.4% in the corresponding quarter last year. Total minutes on network during the quarter registered a growth of 7.6% to 35.3 Bn as compared to 32.8 Bn in the corresponding quarter last year.

Data customers during the quarter increased by 26.0% to 16.4 Mn as compared to 13.0 Mn in the corresponding quarter last year. Data customers now represent 20.7% of the total customer base, as compared to 16.6% in the corresponding quarter last year. Data traffic had grown more than doubled on Y-o-Y basis to 28.5 Bn MBs compared to 13.8 Bn MBs in the corresponding quarter last year. Data usage per customer during the quarter was at 585 MBs as compared to 359 MBs in the corresponding quarter last year, an increase of 62.9%.

The total customer base using the Airtel Money platform increased by 23.4% to 8.6 Mn as compared to 7.0 Mn in the corresponding quarter last year (underlying increase of 28.8%, after normalizing for operating unit divestment). The total number of transactions during the quarter increased by 70.0% to 337 Mn as compared to 198 Mn in the corresponding quarter last year. Total value of transactions on the Airtel money platform has witnessed a strong growth of 62.0% to $ 5,069 Mn in the current quarter as compared to $ 3,129 Mn in the corresponding quarter last year.

The Company has added 302 network sites (after normalizing for operating unit divestment) during the quarter and total network sites stands at 19,793 at end of the quarter as compared to 19,146 network sites in the corresponding quarter last year. 3G sites at 13,186 represented 66.6% of the total sites as at the end of the quarter, as compared to 10,722 sites (56.0% of total sites) at the end of the corresponding quarter last year.

Africa revenues, normalized to divestment of operating unit and tower assets grew by 3.8% (reported; $ 935 Mn as compared to $ 916 Mn in the corresponding quarter of last year). Mobile data revenues were $ 154 Mn during the quarter, reflecting a growth of 31.2% over the corresponding quarter last year. Mobile data revenue now represents 16.5% of the total mobile revenue during the quarter as compared to 12.9% in the corresponding quarter last year.

Our high focus on costs has resulted in flat opex at $ 523 Mn as compared to corresponding quarter last year. EBITDA was at $ 210 Mn as compared to $ 187 Mn in the corresponding quarter last year. EBITDA margin, normalized to divestment of operating unit and tower assets, improved significantly by 3.6% (reported; 22.4% for the quarter compared to 20.5% in the corresponding quarter last year). Depreciation and amortization charges reported at $ 179 Mn as compared to $ 173 Mn in the corresponding quarter last year. EBIT for the quarter was reported at $ 30 Mn as compared to $ 13 Mn in the corresponding quarter last year. The PBT loss before exceptional items for the quarter was reported at $ 37 Mn as compared to loss of $ 138 Mn in corresponding quarter of last year. After accounting for the finance costs and taxes, the net loss for the quarter was $ 78 Mn as compared to a loss of $ 154 Mn in the corresponding quarter last year.

Capital expenditure during the quarter was $ 112 Mn for African operations. Investments are mostly directed towards enhancing data capabilities. Operating free cash flow during the quarter was at $ 97 Mn, as compared to $ 50 Mn in the corresponding quarter last year.

### 5.5 Bharti's Three Line Graph

The Company tracks its performance on a three-line graph.

The parameters considered for the three-line graph are:

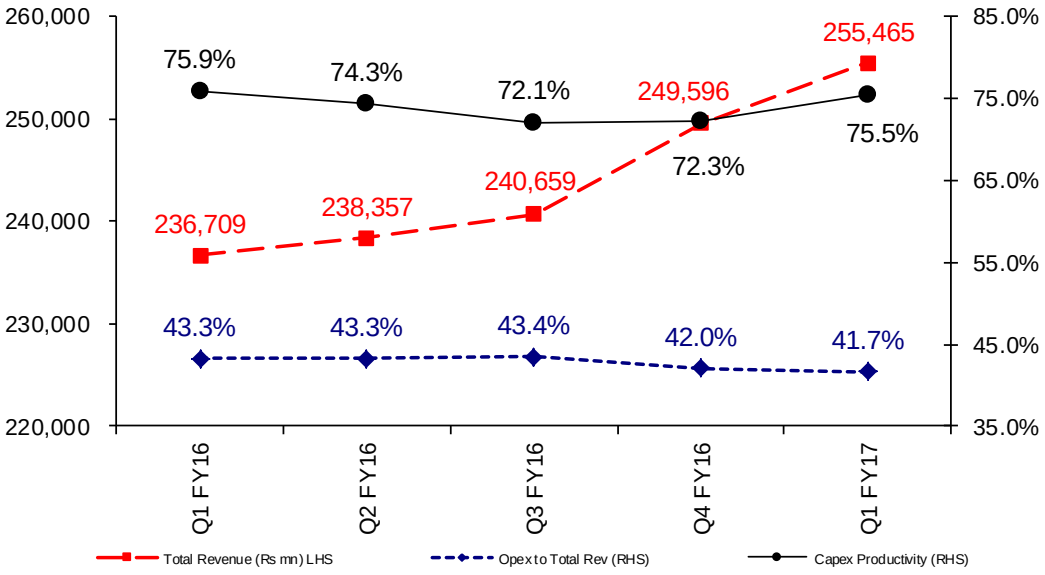
1. Total Revenues i.e. absolute turnover/sales

2. Opex Productivity – this is computed by dividing operating expenses by the total revenues for the respective period. Operating expenses is the sum of (i) employee costs (ii) network operations costs and (iii) selling, general and administrative costs. This ratio depicts the operational efficiencies in the Company

3. Capex Productivity – this is computed by dividing revenue for the quarter (annualized) by gross cumulative capex (gross fixed assets and capital work in progress) till date i.e. the physical investments made in the assets creation of the Company. This ratio depicts the asset productivity of the Company.

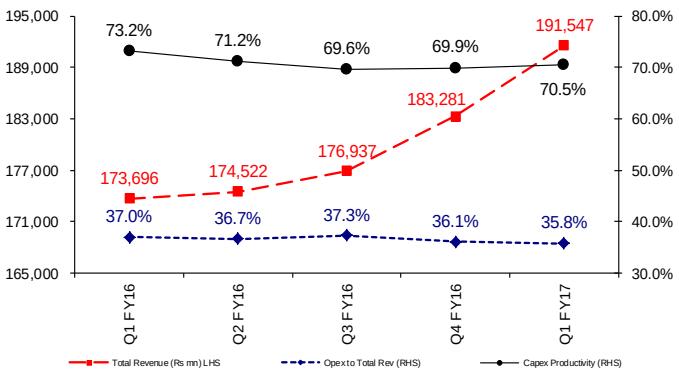
Given below are the graphs for the last five quarters of the Company:

#### 5.5.1 Bharti Airtel – Consolidated

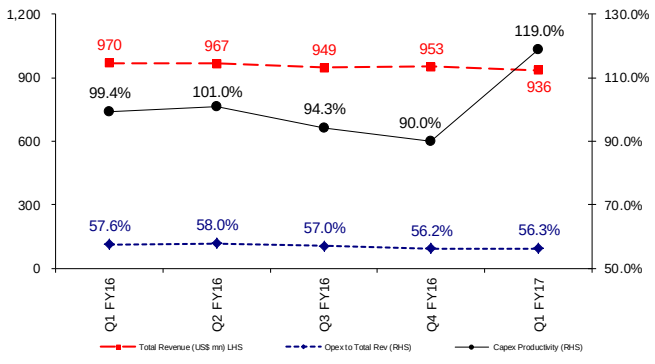



*Note 19: The improvement of capex productivity in Q1'FY17 at Africa & Consolidated level is on account of reduction in asset base due to devaluation of Nigerian Naira and divestment of operating unit in the second fortnight of Jun'16.*

#### 5.5.2 Bharti Airtel – India




#### 5.5.3 Bharti Airtel – Africa



# SECTION 6

# STOCK MARKET HIGHLIGHTS

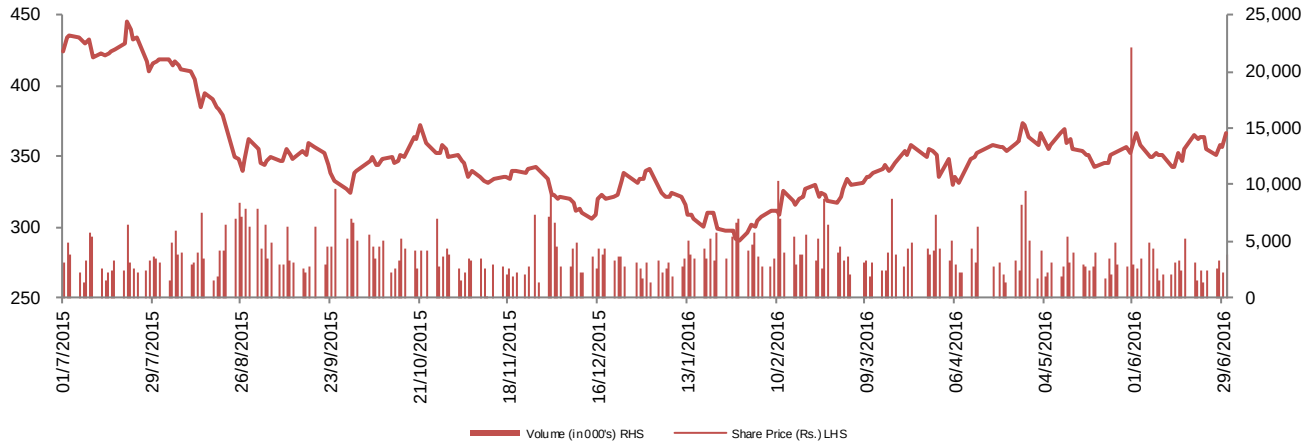
## 6.1 General Information

| Shareholding and Financial Data | Unit | |
|---|---|---|
| Code/Exchange | | 532454/BSE |
| Bloomberg/Reuters | | BHARTI IN/BRTI.BO |
| No. of Shares Outstanding (30/06/16) | Mn Nos | 3,997.40 |
| Closing Market Price - BSE (30/06/16) | Rs /Share | 366.15 |
| Combined Volume (NSE & BSE) (01/07/15 - 30/06/16) | Nos in Mn/day | 3.87 |
| Combined Value (NSE & BSE) (01/07/15 - 30/06/16) | Rs Mn /day | 1,350.87 |
| Market Capitalization | Rs Bn | 1,464 |
| Market Capitalization | US$ Bn | 21.68 |
| Book Value Per Equity Share | Rs /share | 160.84 |
| Market Price/Book Value | Times | 2.28 |
| Enterprise Value | Rs Bn | 2,353 |
| Enterprise Value | US$ Bn | 34.85 |
| Enterprise Value/ EBITDA (LTM) | Times | 6.62 |
| P/E Ratio (LTM) | Times | 26.97 |

## 6.2 Summarized Shareholding pattern as of June 30, 2016

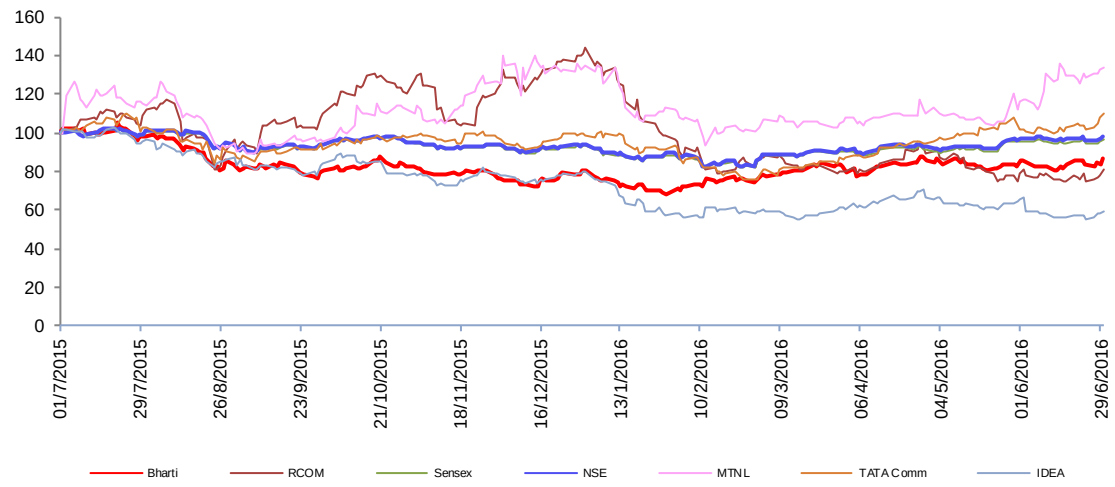
| Category | Number of Shares | % |
|---|---|---|
| **Promoter & Promoter Group** | | |
| Indian | 1,802,318,492 | 45.09% |
| Foreign | 865,673,286 | 21.66% |
| **Sub total** | **2,667,991,778** | **66.74%** |
| | | |
| **Public Shareholding** | | |
| Institutions | 1,072,339,987 | 26.83% |
| Non-institutions | 255,263,444 | 6.39% |
| **Sub total** | **1,327,603,431** | **33.21%** |
| | | |
| **Others** | **1,804,893** | **0.05%** |
| | | |
| **Total** | **3,997,400,102** | **100.00%** |

### 6.3 Bharti Airtel Daily Stock price (BSE) and Volume (BSE & NSE Combined) Movement




*Source: Bloomberg*

### 6.4 Comparison of Domestic Telecom Stock movement with Sensex and Nifty




**Q1'17 vs. Q1'16 Stock Movement**

| | |
|---|---|
| Bharti | -12.8% |
| Sensex | -2.8% |
| NSE | -10% |
| Idea | -39.5% |
| RCOM | -18.0% |
| TCOM | 8.4% |
| MTNL | 39.8% |

*Source: Bloomberg*

# SECTION 7

# DETAILED FINANCIAL AND RELATED INFORMATION

## 7.1 Extracts from Audited Consolidated Financial Statements prepared in accordance with Indian Accounting Standards (Ind-AS)

### 7.1.1 Consolidated Summarized Statement of Income (net of inter segment eliminations)

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Growth |
| **Income** | | | |
| Revenue from operations | 255,465 | 236,709 | 8% |
| Other operating income | 264 | 99 | 167% |
| **Total Income** | **255,729** | **236,808** | **8%** |
| **Expenses** | | | |
| Access Charges | 27,041 | 27,419 | -1% |
| License fee and spectrum charges (revenue share) | 25,499 | 23,101 | 10% |
| Employee benefits | 11,144 | 12,068 | -8% |
| Network operating expenses | 56,786 | 51,733 | 10% |
| Sales and Marketing Expenses | 22,923 | 23,684 | -3% |
| Other expenses | 16,591 | 16,460 | 1% |
| **Total Expenses** | **159,984** | **154,465** | **4%** |
| **Profit from operating activities before depreciation, amortization and exceptional items** | **95,745** | **82,343** | **16%** |
| Share of profit of associates and joint ventures | (2,548) | (2,405) | 6% |
| Depreciation and amortisation | 50,402 | 40,404 | 25% |
| Finance Income | (5,737) | (5,230) | 10% |
| Finance costs | 25,136 | 24,436 | 3% |
| Non operating expense | 25 | 85 | -71% |
| **Profit before exceptional items and tax** | **28,467** | **25,053** | **14%** |
| Exceptional items | 3,536 | (21,384) | -117% |
| **Profit before tax** | **24,931** | **46,437** | **-46%** |
| **Tax expenses** | | | |
| Current tax | 12,636 | 13,287 | **-5%** |
| Deffered tax | (2,547) | 8,540 | **-130%** |
| **Profit for the period** | **14,842** | **24,610** | **-40%** |
| **Attributable to:** | | | |
| Equity holders of the Parent | 14,620 | 21,132 | **-31%** |
| Non-controlling interests | 222 | 3,478 | **-94%** |
| **Profit for the period** | **14,842** | **24,610** | **-40%** |
| **Earnings per share (In Rupees)** | | | |
| Basic, profit attributable to equity holders of the parent (In Rs) | **3.66** | **5.29** | **-31%** |
| Diluted, profit attributable to equity holders of the parent (In Rs) | **3.66** | **5.29** | **-31%** |

### 7.1.2 Consolidated Statement of Comprehensive Income

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | |
|---|---|---|---|
| | Jun-16 | Jun-15 | Y-on-Y Growth |
| Profit for the period | 14,842 | 24,610 | -40% |
| **Other comprehensive income:** | | | |
| Items that may be reclassified subsequently to profit or loss : | | | |
| Exchange differences on translation of foreign operations | (31,246) | 2,650 | -1279% |
| Gains / (Losses) on hedge of net investments | (10,660) | (3,465) | 208% |
| Gains / (Losses) on cash flow hedge | 281 | (178) | -258% |
| Change in value of available-for-sale investments | 30 | 0 | 0% |
| Income tax effect on the above | (276) | (79) | 248% |
| **Net other comprehensive income / (loss) that may be reclassified subsequently to profit or loss:** | **(41,871)** | **(1,072)** | **3806%** |
| Items that will not be reclassified to profit or loss : | | | |
| Re-measurement gains / (losses) on defined benefit plans | (73) | (205) | -64% |
| Income tax effect | 20 | 51 | -60% |
| Net other comprehensive income / (loss) that will not be reclassified subsequently to profit or loss: | (53) | (154) | -66% |
| **Other comprehensive income / (loss) for the period, net of tax** | (41,924) | (1,226) | 3318% |
| **Total comprehensive income / (loss) for the period, net of tax** | **(27,082)** | **23,384** | **-216%** |
| **Attributable to :** | | | |
| Equity holders of the Parent | (24,552) | 19,747 | -224% |
| Non-controlling interests (including exceptional items) | (2,530) | 3,637 | -170% |
| **Total comprehensive income / (loss)** | **(27,082)** | **23,384** | **-216%** |

### 7.1.2 Consolidated Statement of Financial Position

*Amount in Rs Mn*

| Particulars | As at Jun 30, 2016 | As at Jun 30, 2015 | As at Mar 31, 2016 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 592,300 | 552,349 | 610,508 |
| Capital w ork-in-progress | 49,768 | 52,082 | 47,304 |
| Goodw ill | 383,665 | 421,278 | 428,381 |
| Intangible assets | 727,853 | 405,761 | 684,039 |
| Intangible assets under development | 45,237 | 115,500 | 9,716 |
| Investment in joint ventures and associates | 51,775 | 53,951 | 60,990 |
| **Financial Assets** | | | |
| - Investments | 29,282 | 27,999 | 28,622 |
| - Derivative financial assets | 19,236 | 3,111 | 13,999 |
| - Loans and security deposits | 10,145 | 9,256 | 9,948 |
| - Others | 17,342 | 12,162 | 17,502 |
| Other non-current assets | 35,193 | 125,184 | 70,933 |
| Deferred tax assets (net) | 42,987 | 51,862 | 46,738 |
| | **2,004,783** | **1,830,495** | **2,028,680** |
| **Current assets** | | | |
| Inventories | 1,623 | 1,748 | 1,692 |
| **Financial Assets** | | | |
| - Investments | 47,181 | 19,142 | 16,159 |
| - Derivative financial assets | 2,258 | 3,859 | 4,765 |
| - Trade receivables | 67,446 | 70,859 | 65,767 |
| - Cash and cash equivalents | 20,477 | 37,416 | 37,087 |
| - Bank Balances other than part of cash and cash equivalents | 15,676 | 69,305 | 13,900 |
| - Receivable from sale of tow er assets | 0 | 69,969 | 0 |
| - Others | 17,789 | 17,328 | 21,782 |
| Other current assets | 55,250 | 37,423 | 48,827 |
| Current tax assets | 7,477 | 4,456 | 11,570 |
| | **235,177** | **331,505** | **221,549** |
| Assets of disposal group classified as held for sale | 11,312 | 11,194 | 7,002 |
| | **246,489** | **342,699** | **228,551** |
| **Total assets** | **2,251,272** | **2,173,194** | **2,257,231** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Issued capital | 19,987 | 19,987 | 19,987 |
| Other Equity | 622,899 | 630,096 | 647,706 |
| **Equity attributable to equity holders of the Parent** | **642,886** | **650,083** | **667,693** |
| Non-controlling interests | 52,296 | 55,362 | 54,981 |
| **Total equity** | **695,182** | **705,445** | **722,674** |
| **Non-current liabilities** | | | |
| **Financial Liabilities** | | | |
| Borrow ings | 886,746 | 758,043 | 892,686 |
| Derivative financial liabilities | 79 | 1,677 | 8 |
| Other financial liabilities | 20,328 | 19,435 | 20,576 |
| Provisions | 7,012 | 7,214 | 7,350 |
| Deferred tax liabilities (net) | 9,654 | 13,830 | 12,512 |
| Deferred revenue | 17,647 | 18,444 | 17,787 |
| Other non-current liabilities | 1,524 | 1,485 | 1,527 |
| | **942,990** | **820,128** | **952,446** |
| **Current liabilities** | | | |
| **Financial Liabilities** | | | |
| Borrow ings | 77,473 | 92,029 | 57,238 |
| Current maturities of long term borrow ings | 53,289 | 99,724 | 54,601 |
| Derivative financial liabilities | 670 | 469 | 1,931 |
| Trade Payables | 270,748 | 235,152 | 255,806 |
| Other financial liabilities | 119,642 | 129,210 | 126,688 |
| Other current liabilities | 30,897 | 28,179 | 21,844 |
| Provisions | 2,419 | 2,246 | 2,332 |
| Deferred revenue | 48,846 | 48,077 | 51,336 |
| Current tax liabilities | 7,671 | 9,965 | 9,296 |
| | **611,655** | **645,051** | **581,072** |
| Liabilities of disposal group classified as held for sale | 1,445 | 2,570 | 1,039 |
| | **613,100** | **647,621** | **582,111** |
| **Total liabilities** | **1,556,090** | **1,467,749** | **1,534,557** |
| **Total equity and liabilities** | **2,251,272** | **2,173,194** | **2,257,231** |

### 7.1.4 Consolidated Statement of Cash Flows

*Amount in Rs Mn*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| **Cash flows from operating activities** | | |
| **Profit before tax** | **24,931** | **46,436** |
| ***Adjustments for -*** | | |
| Depreciation and amortisation | 50,402 | 40,404 |
| Finance income | (5,737) | (5,230) |
| Finance cost | 25,136 | 24,436 |
| Share of results of Joint ventures / associates | (2,548) | (2,405) |
| Exceptional items | 2,465 | (23,980) |
| Employee share-based payment expenses | 97 | 21 |
| Other non-cash items | 115 | (124) |
| **Operating cash flow before changes in assets and liabilities** | **94,861** | **79,558** |
| Trade & other receivables and prepayments | (7,969) | (9,338) |
| Inventories | 15 | (433) |
| Trade and other payables | 22,661 | 27,380 |
| Provisions | 130 | (771) |
| Other financial and non financial liabilities | (1,242) | 2,597 |
| Other financial and non financial assets | (2,671) | (1,812) |
| **Cash generated from operations** | **105,785** | **97,181** |
| Dividend received | 9,510 | 0 |
| Income tax paid | (6,676) | (10,299) |
| **Net cash inflow from operating activities** | **108,619** | **86,882** |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | (59,577) | (44,062) |
| Proceeds from sale of property, plant and equipment | 1,688 | 387 |
| Purchase of intangible assets | (47,099) | (67,617) |
| Net movement in current investments | (32,195) | 4,305 |
| Sale of non-current investments | 0 | 3,092 |
| Investment in subsidiary, net of cash acquired | (283) | 0 |
| Sale of subsidiary | 39,611 | 0 |
| Sale of tower assets | 120 | 7,346 |
| Dividend received from mutual funds | 61 | 0 |
| Interest received | 1,365 | 410 |
| **Net cash inflow / (outflow) from investing activities** | **(96,309)** | **(96,139)** |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 44,646 | 76,322 |
| Repayment of borrowings | (71,180) | (59,293) |
| Net proceeds from short term borrowings | 8,691 | 2,041 |
| Proceeds from sale and finance lease back of towers | 92 | 4,768 |
| Repayment of finance lease liabilities | (844) | (57) |
| Interest and other finance charges paid | (9,744) | (9,232) |
| Proceeds from exercise of stock options | 2 | 367 |
| Dividend paid (including tax) | (23) | 0 |
| **Net cash inflow / (outflow) from financing activities** | **(28,360)** | **14,916** |
| **Net (decrease) / increase in cash and cash equivalents during the period** [20] | **(16,050)** | **5,659** |
| Effect of exchange rate changes on cash and cash equivalents | (821) | 1,737 |
| Add : Balance as at the beginning of the period | 17,635 | (1,413) |
| **Balance as at the end of the period** | **764** | **5,983** |

*Note 20: Cash and Cash Equivalents is including bank overdraft.*

## 7.2 Schedules to Financial Statements

### 7.2.1 India

#### 7.2.1.1 Schedule of Operating Expenses

*Amount in Rs Mn*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| Access charges | 19,769 | 19,567 |
| Licence fees, revenue share & spectrum charges | 21,374 | 19,216 |
| Network operations costs | 41,170 | 37,384 |
| Cost of goods sold | 401 | 928 |
| Employee costs | 5,863 | 6,085 |
| Selling, general and adminstration expense | 21,519 | 20,751 |
| **Operating Expenses** | **110,096** | **103,931** |

*Note 21: Operating Expense reported above excludes the impact of exceptional items. Refer section 5.4.3 on "Exceptional Items" on page 23 for details.*

#### 7.2.1.2 Schedule of Depreciation & Amortization

*Amount in Rs Mn*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| Depreciation | 26,257 | 21,909 |
| Amortization | 10,606 | 5,287 |
| **Depreciation & Amortization** | **36,863** | **27,196** |

*Note 22: Depreciation & Amortization reported above excludes the impact of exceptional items. Refer section 5.4.3 on "Exceptional Items" on page 23 for details.*

#### 7.2.1.3 Schedule of Income Tax

*Amount in Rs Mn*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| Current tax expense | 7,807 | 9,971 |
| Deferred tax expense / (income) | 1,154 | 660 |
| Dividend distribution tax | 468 | 411 |
| **Income tax expense** | **9,429** | **11,042** |

*Note 23: Income tax expense reported above excludes the impact of exceptional items. Refer section 5.4.3 on "Exceptional Items" on page 23 for details.*

### 7.2.2 South Asia

#### 7.2.2.1 Schedule of Operating Expenses

*Amount in Rs Mn*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| Access charges | 657 | 652 |
| Licence fees, revenue share & spectrum charges | 420 | 391 |
| Network operations costs | 1,470 | 1,442 |
| Cost of goods sold | 17 | 51 |
| Employee costs | 350 | 320 |
| Selling, general and adminstration expense | 1,254 | 1,505 |
| **Operating Expenses** | **4,169** | **4,361** |

#### 7.2.2.2 Schedule of Depreciation & Amortization

*Amount in Rs Mn*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| Depreciation | 1,290 | 1,097 |
| Amortization | 264 | 256 |
| **Depreciation & Amortization** | **1,554** | **1,353** |

### 7.2.3 Africa

#### 7.2.3.1 Schedule of Operating Expenses (In Constant Currency)

*Amount in US$ Mn*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| Access charges | 138 | 142 |
| Licence fees, revenue share & spectrum charges | 54 | 52 |
| Netw ork operations costs | 214 | 196 |
| Cost of goods sold | 9 | 8 |
| Employee costs | 81 | 94 |
| Selling, general and adminstration expense | 229 | 236 |
| **Operating Expenses** | **725** | **728** |

*Note 24: Operating Expense reported above excludes the impact of exceptional items. Refer section 5.4.3 on "Exceptional Items" on page 23 for details.*
*Refer Note 13 on page 12*

#### 7.2.3.2 Schedule of Depreciation & Amortization (In Constant Currency)

*Amount in US$ Mn*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| Depreciation | 143 | 137 |
| Amortization | 36 | 36 |
| **Depreciation & Amortization** | **179** | **173** |

*Note 25: Depreciation and Amortization reported above excludes the impact of exceptional items. Refer section 5.4.3 on "Exceptional Items" on page 23 for details.*
*Refer Note 13 on page 12*

#### 7.2.3.3 Schedule of Income Tax

*Amount in US$ Mn*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| Current tax expense | 16 | 38 |
| Withholding taxes (WHT) | 9 | 8 |
| Deferred tax expense / (income) | 21 | (7) |
| **Income tax expense** | **46** | **39** |

*Note 26: Income tax expense reported above excludes the impact of exceptional items. Refer section 5.4.3 on "Exceptional Items" on page 23 for details.*

### 7.3 Consolidated Schedule of Net Debt & Finance Cost

#### 7.3.1 Schedule of Net Debt in INR

*Amount in Rs Mn*

| Particulars | As at Jun 30, 2016 | As at Jun 30, 2015 | As at Mar 31, 2016 |
|---|---|---|---|
| Long term debt, net of current portion | 494,182 | 524,002 | 523,564 |
| Short-term borrowings and current portion of long-term debt | 99,189 | 189,138 | 81,665 |
| Deferred payment liability | 369,613 | 194,244 | 341,424 |
| **Less:** | | | |
| Cash and Cash Equivalents | 20,477 | 37,416 | 37,087 |
| Restricted Cash | 2,247 | 2,345 | 2,577 |
| Investments & Receivables [27] | 105,345 | 190,163 | 71,883 |
| **Net Debt** | **834,915** | **677,460** | **835,106** |

#### 7.3.2 Schedule of Net Debt in US$

*Amount in US$ Mn*

| Particulars | As at Jun 30, 2016 | As at Jun 30, 2015 | As at Mar 31, 2016 |
|---|---|---|---|
| Long term debt, net of current portion | 7,319 | 8,219 | 7,902 |
| Short-term borrowings and current portion of long-term debt | 1,469 | 2,967 | 1,233 |
| Deferred payment liability | 5,474 | 3,047 | 5,153 |
| **Less:** | | | |
| Cash and Cash Equivalents | 303 | 587 | 560 |
| Restricted cash | 33 | 37 | 39 |
| Investments & Receivables [27] | 1,560 | 2,983 | 1,085 |
| **Net Debt** | **12,365** | **10,626** | **12,604** |

*Note 27: Investments & Receivables include interest bearing notes and residual portion of Tower sale proceeds receivables.*

#### 7.3.3 Schedule of Finance Cost

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| Interest on borrowings & Finance charges | 17,215 | 12,113 |
| Interest on Finance Lease Obligation | 1,458 | 110 |
| Derivatives and exchange (gain)/ loss | 3,093 | 7,967 |
| Investment (income)/ loss | (2,367) | (985) |
| **Finance cost (net)** | **19,399** | **19,206** |

### 7.4 Use of Non-GAAP Financial Information

In presenting and discussing the Company's reported financial position, operating results and cash flows, certain information is derived from amounts calculated in accordance with Ind-AS, but this information is not in itself an expressly permitted GAAP measure. Such non - GAAP measures should not be viewed in isolation as alternatives to the equivalent GAAP measures.

A summary of non - GAAP measures included in this report, together with details where additional information and reconciliation to the nearest equivalent GAAP measure can be found, is shown below.

| Non – GAAP measure | Equivalent GAAP measure for Ind-AS | Location in this results announcement of reconciliation and further information |
|---|---|---|
| Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA) | Profit from operating activities before depreciation, amortization and exceptional items | Page 37 |
| Cash Profit from Operations before Derivative & Exchange (Gain)/Loss | Profit from operating activities before depreciation, amortization and exceptional items | Page 37 |
| Capex | NA | NA |
| Operating Free Cash flow | NA | NA |
| Cumulative investments | NA | NA |

#### 7.4.1 Reconciliation of Non-GAAP financial information based on Ind-AS

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | |
|---|---|---|
| | Jun-16 | Jun-15 |
| **Profit / (loss) from operating activities before depreciation, amortization and exceptional items To EBITDA** | | |
| Profit / (Loss) from Operating Activities | 95,745 | 82,343 |
| Add: CSR Costs | 168 | 55 |
| **EBITDA** | **95,913** | **82,397** |
| **Reconciliation of Finance Cost** | | |
| Finance Cost | 25,136 | 24,436 |
| Add: Net foreign exchange and derivative (gain)/loss | 0 | 0 |
| Less: Finance Income | (5,737) | (5,230) |
| **Finance Cost (net)** | **19,399** | **19,206** |
| **Profit / (loss) from operating activities before depreciation, amortization and exceptional items to Cash Profit from Operations before Derivative & Exchange Fluctuation** | | |
| Profit / (Loss) from Operating Activities | 95,745 | 82,343 |
| Less: Finance cost (net) | 19,399 | 19,206 |
| Less: Non Operating Expense | 25 | 85 |
| Add: Derivatives and exchange (gain)/loss | 3,093 | 7,967 |
| **Cash Profit from Operations before Derivative & Exchange Fluctuation** | **79,414** | **71,019** |

# SECTION 8

# TRENDS AND RATIO ANALYSIS

## 8.1 Based on Statement of Operations

### Consolidated

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **255,465** | **249,596** | **240,659** | **238,357** | **236,709** |
| Access charges | 27,041 | 26,948 | 27,144 | 27,911 | 27,419 |
| Cost of goods sold | 1,014 | 1,524 | 1,315 | 1,645 | 1,569 |
| **Net revenues** | **227,410** | **221,124** | **212,199** | **208,801** | **207,721** |
| Operating Expenses (Excl Access Charges, cost of goods sold & License Fee) | 106,262 | 104,428 | 104,321 | 103,036 | 102,322 |
| Licence Fee | 25,499 | 25,049 | 23,506 | 23,272 | 23,101 |
| **EBITDA** | **95,913** | **91,882** | **84,747** | **82,656** | **82,397** |
| Cash profit from operations before Derivative and Exchange Fluctuations | 79,414 | 76,096 | 70,855 | 71,114 | 71,019 |
| EBIT | 45,343 | 43,194 | 40,970 | 40,115 | 41,938 |
| Share of results of Joint Ventures/Associates | 2,548 | 2,915 | 2,722 | 2,625 | 2,405 |
| Profit before Tax | 28,467 | 29,078 | 29,464 | 23,130 | 25,053 |
| Net income | 14,620 | 13,195 | 11,082 | 15,364 | 21,132 |
| Capex | 49,252 | 60,574 | 55,082 | 50,343 | 39,921 |
| Operating Free Cash Flow (EBITDA - Capex) | 46,661 | 31,309 | 29,665 | 32,313 | 42,476 |
| Cumulative Investments | 2,693,396 | 2,735,034 | 2,654,062 | 2,500,646 | 2,450,094 |

| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
|---|---|---|---|---|---|
| **As a % of Total revenues** | | | | | |
| Access charges | 10.6% | 10.8% | 11.3% | 11.7% | 11.6% |
| Cost of goods sold | 0.4% | 0.6% | 0.5% | 0.7% | 0.7% |
| Net revenues | 89.0% | 88.6% | 88.2% | 87.6% | 87.8% |
| Operating Expenses (excluding access charges, cost of goods sold & license fee) | 41.6% | 41.8% | 43.3% | 43.2% | 43.2% |
| Licence Fee | 10.0% | 10.0% | 9.8% | 9.8% | 9.8% |
| EBITDA | 37.5% | 36.8% | 35.2% | 34.7% | 34.8% |
| Cash profit from operations before Derivative and Exchange Fluctuations | 31.1% | 30.5% | 29.4% | 29.8% | 30.0% |
| EBIT | 17.7% | 17.3% | 17.0% | 16.8% | 17.7% |
| Share of results of JV / Associates | 1.0% | 1.2% | 1.1% | 1.1% | 1.0% |
| Profit before tax | 11.1% | 11.7% | 12.2% | 9.7% | 10.6% |
| Net income | 5.7% | 5.3% | 4.6% | 6.4% | 8.9% |

*Refer Note 6, 7 & 8 on page 7*

## India & South Asia

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **195,451** | **187,424** | **180,837** | **178,276** | **177,344** |
| Access charges | 20,213 | 19,460 | 20,240 | 21,102 | 20,025 |
| Cost of goods sold | 419 | 757 | 770 | 959 | 979 |
| **Net revenues** | **174,820** | **167,207** | **159,826** | **156,216** | **156,341** |
| Operating Expenses (Excl Access Charges, cost of goods sold, License Fee & CSR Costs) | 71,467 | 68,572 | 68,978 | 67,024 | 67,238 |
| Licence Fee | 21,794 | 21,346 | 19,822 | 19,557 | 19,607 |
| **EBITDA** | **81,932** | **77,637** | **71,488** | **69,930** | **69,723** |
| EBIT | 43,385 | 42,195 | 39,050 | 38,867 | 41,178 |
| Profit before Tax | 30,192 | 30,502 | 31,239 | 29,029 | 33,437 |
| Net income (before exceptional items) | 18,008 | 19,429 | 19,062 | 15,690 | 20,349 |
| Capex | 41,748 | 41,906 | 42,983 | 39,677 | 30,410 |
| Operating Free Cash Flow (EBITDA - Capex) | 40,184 | 35,731 | 28,505 | 30,252 | 39,313 |
| Cumulative Investments | 2,075,646 | 1,976,779 | 1,917,449 | 1,782,033 | 1,740,919 |

| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
|---|---|---|---|---|---|
| **As a % of Total revenues** | | | | | |
| Access charges | 10.3% | 10.4% | 11.2% | 11.8% | 11.3% |
| Cost of goods sold | 0.2% | 0.4% | 0.4% | 0.5% | 0.6% |
| Net revenues | 89.4% | 89.2% | 88.4% | 87.6% | 88.2% |
| Operating Expenses (Excl Access Charges, cost of goods sold, License Fee & CSR Costs) | 36.6% | 36.6% | 38.1% | 37.6% | 37.9% |
| Licence Fee | 11.2% | 11.4% | 11.0% | 11.0% | 11.1% |
| EBITDA | 41.9% | 41.4% | 39.5% | 39.2% | 39.3% |
| EBIT | 22.2% | 22.5% | 21.6% | 21.8% | 23.2% |
| Profit before tax | 15.4% | 16.3% | 17.3% | 16.3% | 18.9% |
| Net income | 9.2% | 10.4% | 10.5% | 8.8% | 11.5% |

*Refer Note 10 on page 8*

## India

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **191,547** | **183,281** | **176,937** | **174,522** | **173,696** |
| Access charges | 19,769 | 18,963 | 19,658 | 20,678 | 19,567 |
| Cost of goods sold | 401 | 751 | 734 | 918 | 928 |
| **Net revenues** | **171,377** | **163,567** | **156,545** | **152,927** | **153,202** |
| Operating Expenses (Excl Access Charges, cost of goods sold, License Fee & CSR Costs) | 68,418 | 65,655 | 65,830 | 63,895 | 64,219 |
| Licence Fee | 21,374 | 20,910 | 19,293 | 19,155 | 19,216 |
| **EBITDA** | **81,958** | **77,349** | **71,884** | **70,172** | **69,994** |
| EBIT | 44,960 | 43,275 | 40,939 | 40,475 | 42,797 |
| Profit before Tax | 32,610 | 32,511 | 34,068 | 31,512 | 35,565 |
| Net income (before exceptional items) | 20,513 | 21,451 | 21,943 | 18,183 | 22,485 |
| Capex | 41,217 | 41,441 | 42,436 | 38,360 | 29,418 |
| Operating Free Cash Flow (EBITDA - Capex) | 40,740 | 35,908 | 29,448 | 31,811 | 40,576 |
| Cumulative Investments | 1,999,608 | 1,902,777 | 1,843,776 | 1,708,722 | 1,670,679 |

| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
|---|---|---|---|---|---|
| **As a % of Total revenues** | | | | | |
| Access charges | 10.3% | 10.3% | 11.1% | 11.8% | 11.3% |
| Cost of goods sold | 0.2% | 0.4% | 0.4% | 0.5% | 0.5% |
| Net revenues | 89.5% | 89.2% | 88.5% | 87.6% | 88.2% |
| Operating Expenses (Excl Access Charges, cost of goods sold, License Fee & CSR Costs) | 35.7% | 35.8% | 37.2% | 36.6% | 37.0% |
| Licence Fee | 11.2% | 11.4% | 10.9% | 11.0% | 11.1% |
| EBITDA | 42.8% | 42.2% | 40.6% | 40.2% | 40.3% |
| EBIT | 23.5% | 23.6% | 23.1% | 23.2% | 24.6% |
| Profit before tax | 17.0% | 17.7% | 19.3% | 18.1% | 20.5% |
| Net income | 10.7% | 11.7% | 12.4% | 10.4% | 12.9% |

*Refer Note 10 on page 8*

## South Asia

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **4,143** | **4,388** | **4,135** | **4,045** | **3,886** |
| Access charges | 657 | 718 | 764 | 681 | 652 |
| Cost of goods sold | 17 | 7 | 37 | 41 | 51 |
| **Net revenues** | **3,468** | **3,663** | **3,335** | **3,324** | **3,182** |
| Operating Expenses (Excl Access Charges, cost of goods sold & License Fee) | 3,074 | 2,939 | 3,176 | 3,163 | 3,267 |
| Licence Fee | 420 | 436 | 529 | 402 | 391 |
| **EBITDA** | **(26)** | **287** | **(371)** | **(242)** | **(476)** |
| EBIT | (1,580) | (1,085) | (1,868) | (1,612) | (1,829) |
| Profit before Tax | (2,423) | (2,015) | (2,808) | (2,488) | (2,338) |
| Net income (before exceptional items) | (2,510) | (2,028) | (2,861) | (2,498) | (2,346) |
| Capex | 531 | 465 | 547 | 1,317 | 992 |
| Operating Free Cash Flow (EBITDA - Capex) | (557) | (177) | (917) | (1,559) | (1,468) |
| Cumulative Investments | 76,038 | 74,003 | 73,673 | 73,311 | 70,241 |

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Exchange Fluctuation Impact** | | | | | |
| Reported revenues (Rs Mn) | 4,143 | 4,388 | 4,135 | 4,045 | 3,886 |
| *a. QoQ growth (%)* | *-5.58%* | *6.12%* | *2.21%* | *4.11%* | *4.84%* |
| *b. Impact of exchange fluctuation (%)* [28] | *-159%* | *2.34%* | *-0.43%* | *2.20%* | *-3.59%* |
| *c. QoQ growth in constant currency (%) (a - b)* | *-3.99%* | *3.78%* | *2.64%* | *1.91%* | *8.43%* |
| Revenues in constant currency (Rs Mn) [29] | 4,204 | 4,379 | 4,219 | 4,111 | 4,034 |

*Note 28: Based on Q-o-Q variation and weighted on the revenues of each country for the current quarter.*

*Note 29: Constant currency rates have been changed to March 1, 2016 (AOP FY 16-17 currency) for calculation of revenues in constant currency and accordingly previous quarters nos. have been re-instated for like to like comparisons.*

| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
|---|---|---|---|---|---|
| **As a % of Total revenues** | | | | | |
| Access charges | 15.9% | 16.4% | 18.5% | 16.8% | 16.8% |
| Cost of goods sold | 0.4% | 0.2% | 0.9% | 1.0% | 1.3% |
| Net revenues | 83.7% | 83.5% | 80.6% | 82.2% | 81.9% |
| Operating Expenses (excluding access charges, cost of goods sold & license fee) | 74.2% | 67.0% | 76.8% | 78.2% | 84.1% |
| Licence Fee | 10.1% | 9.9% | 12.8% | 9.9% | 10.1% |
| EBITDA | -0.6% | 6.6% | -9.0% | -6.0% | -12.2% |
| EBIT | -38.1% | -24.7% | -45.2% | -39.9% | -47.1% |
| Profit before tax | -58.5% | -45.9% | -67.9% | -61.5% | -60.2% |
| Net income | -60.6% | -46.2% | -69.2% | -61.7% | -60.4% |

**Africa: In INR**

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **62,493** | **64,511** | **62,506** | **62,721** | **61,595** |
| Access charges | 9,123 | 9,574 | 9,258 | 9,316 | 9,389 |
| Cost of goods sold | 612 | 767 | 715 | 686 | 593 |
| **Net revenues** | **52,758** | **54,170** | **52,533** | **52,719** | **51,612** |
| Operating Expenses (Excl Access Charges, cost of goods sold & License Fee) | 35,100 | 36,268 | 35,645 | 36,320 | 35,454 |
| Licence Fee | 3,705 | 3,703 | 3,684 | 3,714 | 3,494 |
| **EBITDA** | **13,998** | **14,233** | **13,287** | **12,695** | **12,674** |
| EBIT | 1,975 | 986 | 1,947 | 1,216 | 761 |
| Profit before Tax | (2,472) | (1,238) | (1,300) | (9,590) | (8,772) |
| Net income (before exceptional items) | (5,204) | (3,839) | (4,870) | (11,027) | (9,763) |
| Capex | 7,504 | 18,668 | 12,099 | 10,665 | 9,511 |
| Operating Free Cash Flow (EBITDA - Capex) | 6,495 | (4,435) | 1,188 | 2,030 | 3,163 |
| Cumulative Investments | 617,751 | 758,254 | 736,614 | 718,613 | 709,175 |

| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
|---|---|---|---|---|---|
| **As a % of Total revenues** | | | | | |
| Access charges | 14.6% | 14.8% | 14.8% | 14.9% | 15.2% |
| Cost of goods sold | 1.0% | 1.2% | 1.1% | 1.1% | 1.0% |
| Net revenues | 84.4% | 84.0% | 84.0% | 84.1% | 83.8% |
| Operating Expenses (excluding access charges, cost of goods sold & license fee) | 56.2% | 56.2% | 57.0% | 57.9% | 57.6% |
| Licence Fee | 5.9% | 5.7% | 5.9% | 5.9% | 5.7% |
| EBITDA | 22.4% | 22.1% | 21.3% | 20.2% | 20.6% |
| EBIT | 3.2% | 1.5% | 3.1% | 1.9% | 1.2% |
| Profit before tax | -4.0% | -1.9% | -2.1% | -15.3% | -14.2% |
| Net income | -8.3% | -6.0% | -7.8% | -17.6% | -15.9% |

*Refer Note 10 on page 8*

## Africa: In USD Constant Currency [Note 30]

*Amount in US$ Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **935** | **949** | **945** | **937** | **916** |
| Access charges | 138 | 141 | 140 | 141 | 142 |
| Cost of goods sold | 9 | 11 | 11 | 10 | 8 |
| **Net revenues** | **788** | **797** | **794** | **786** | **766** |
| Operating Expenses (Excl Access Charges, cost of goods sold & License Fee) | 523 | 532 | 537 | 541 | 525 |
| Licence Fee | 54 | 54 | 55 | 55 | 52 |
| **EBITDA** | **210** | **209** | **201** | **189** | **187** |
| EBIT | 30 | 14 | 30 | 16 | 13 |
| Profit before tax [31] | (11) | (23) | (16) | (29) | (31) |
| Capex | 112 | 276 | 184 | 162 | 150 |
| Operating Free Cash Flow (EBITDA - Capex) | 97 | (67) | 17 | 27 | 38 |
| Cumulative Investments | 9,149 | 11,444 | 11,127 | 10,931 | 11,095 |

| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
|---|---|---|---|---|---|
| **As a % of Total revenues** | | | | | |
| Access charges | 14.8% | 14.9% | 14.8% | 15.1% | 15.5% |
| Cost of goods sold | 1.0% | 1.2% | 1.2% | 1.1% | 0.9% |
| Net revenues | 84.2% | 84.0% | 84.0% | 83.9% | 83.6% |
| Operating Expenses (excluding access charges, cost of goods sold & license fee) | 55.9% | 56.1% | 56.8% | 57.7% | 57.3% |
| Licence Fee | 5.8% | 5.7% | 5.9% | 5.9% | 5.7% |
| EBITDA | 22.4% | 22.0% | 21.3% | 20.1% | 20.5% |
| EBIT | 3.2% | 1.5% | 3.2% | 1.7% | 1.4% |

*Refer Note 10 on page 8*

*Note 30: Constant currency rates have been changed to March 1, 2016 (AOP FY 16-17 currency) for the above financials upto PBT and accordingly previous quarters nos. have been re-instated for like to like comparisons. Actual currency rates are taken for Capex & Cumulative Investments.*

*Note 31: PBT excludes any realized / unrealized derivatives and exchange (gain)/ loss for the period.*

**Africa: In USD Reported Currency**

*Amount in US$ Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **936** | **953** | **949** | **967** | **970** |
| Access charges | 137 | 141 | 141 | 144 | 148 |
| Cost of goods sold | 9 | 11 | 11 | 11 | 9 |
| **Net revenues** | **790** | **801** | **798** | **813** | **813** |
| Operating Expenses (Excl Access Charges, cost of goods sold & License Fee) | 526 | 536 | 541 | 560 | 559 |
| Licence Fee | 55 | 55 | 56 | 57 | 55 |
| **EBITDA** | **209** | **210** | **202** | **195** | **200** |
| EBIT | 29 | 14 | 29 | 18 | 12 |
| Profit before Tax | (37) | (19) | (20) | (148) | (138) |
| Net income (before exceptional items) | (78) | (57) | (74) | (170) | (154) |
| Capex | 112 | 276 | 184 | 162 | 150 |
| Operating Free Cash Flow (EBITDA - Capex) | 97 | (66) | 18 | 33 | 50 |
| Cumulative Investments | 9,149 | 11,444 | 11,127 | 10,931 | 11,095 |

| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
|---|---|---|---|---|---|
| **As a % of Total revenues** | | | | | |
| Access charges | 14.6% | 14.8% | 14.8% | 14.9% | 15.2% |
| Cost of goods sold | 1.0% | 1.2% | 1.1% | 1.1% | 1.0% |
| Net revenues | 84.4% | 84.0% | 84.0% | 84.1% | 83.8% |
| Operating Expenses (excluding access charges, cost of goods sold & license fee) | 56.3% | 56.2% | 57.0% | 58.0% | 57.6% |
| Licence Fee | 5.9% | 5.7% | 5.9% | 5.9% | 5.7% |
| EBITDA | 22.4% | 22.0% | 21.2% | 20.2% | 20.6% |
| EBIT | 3.1% | 1.5% | 3.1% | 1.9% | 1.2% |
| Profit before tax | -4.0% | -2.0% | -2.1% | -15.3% | -14.2% |
| Net income from operations | -8.3% | -6.0% | -7.8% | -17.6% | -15.8% |

*Refer Note 10 on page 8*

## 8.2 Financial Trends of Business Operations

### Mobile Services India

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **150,526** | **146,525** | **139,750** | **136,556** | **137,987** |
| EBITDA | 63,875 | 58,616 | 54,362 | 52,624 | 53,425 |
| *EBITDA / Total revenues* | *42.4%* | *40.0%* | *38.9%* | *38.5%* | *38.7%* |
| EBIT | 34,436 | 32,433 | 30,987 | 30,676 | 33,681 |
| Capex | 31,941 | 33,794 | 32,800 | 31,058 | 22,337 |
| Operating Free Cash Flow (EBITDA - Capex) | 31,935 | 24,822 | 21,562 | 21,567 | 31,088 |
| Cumulative Investments | 1,595,444 | 1,497,155 | 1,444,429 | 1,319,136 | 1,290,579 |

### Homes Services

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **6,644** | **6,587** | **6,343** | **6,149** | **5,987** |
| EBITDA | 2,914 | 2,798 | 2,711 | 2,618 | 2,521 |
| *EBITDA / Total revenues* | *43.9%* | *42.5%* | *42.7%* | *42.6%* | *42.1%* |
| EBIT | 1,614 | 1,532 | 1,397 | 1,386 | 1,367 |
| Capex | 2,571 | 617 | 1,782 | 946 | 1,053 |
| Operating Free Cash Flow (EBITDA - Capex) | 343 | 2,180 | 929 | 1,672 | 1,468 |
| Cumulative Investments | 60,257 | 58,462 | 58,504 | 57,525 | 56,663 |

*Refer Section 3.2 "Segmental changes in India Operation" on page 6 for details.*

### Digital TV Services

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **8,369** | **7,840** | **7,422** | **7,068** | **6,848** |
| EBITDA | 3,011 | 2,750 | 2,474 | 2,343 | 2,408 |
| *EBITDA / Total revenues* | *36.0%* | *35.1%* | *33.3%* | *33.1%* | *35.2%* |
| EBIT | 1,219 | 720 | 538 | 170 | 415 |
| Capex | 2,030 | 2,943 | 3,422 | 2,501 | 2,113 |
| Operating Free Cash Flow (EBITDA - Capex) | 981 | (193) | (948) | (158) | 295 |
| Cumulative Investments | 66,936 | 64,906 | 61,770 | 58,653 | 56,216 |

### Airtel Business

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **26,793** | **23,666** | **24,043** | **25,004** | **24,280** |
| EBITDA | 7,733 | 8,043 | 7,511 | 7,880 | 6,893 |
| *EBITDA / Total revenues* | *28.9%* | *34.0%* | *312%* | *315%* | *28.4%* |
| EBIT | 4,695 | 5,104 | 4,645 | 5,035 | 4,069 |
| Capex | 1,937 | 1,608 | 2,029 | 1,132 | 785 |
| Operating Free Cash Flow (EBITDA - Capex) | 5,796 | 6,435 | 5,482 | 6,749 | 6,107 |
| Cumulative Investments | 87,680 | 85,914 | 83,607 | 81,855 | 79,678 |

*Refer Section 3.2 "Segmental changes in India Operation" on page 6 for details.*

### Tower Infrastructure Services

*Amount in Rs Mn, except ratios*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **14,557** | **14,148** | **13,979** | **13,724** | **13,737** |
| EBITDA | 6,838 | 7,088 | 6,590 | 6,126 | 6,392 |
| *EBITDA / Total revenues* | *47.0%* | *50.1%* | *47.1%* | *44.6%* | *46.5%* |
| EBIT | 3,826 | 3,927 | 3,681 | 3,255 | 3,574 |
| Share of results of Joint ventures / Associates | 2,771 | 3,059 | 2,844 | 2,732 | 2,433 |
| Capex | 2,054 | 2,093 | 2,389 | 2,478 | 2,902 |
| Operating Free Cash Flow (EBITDA - Capex) | 4,784 | 4,995 | 4,202 | 3,648 | 3,489 |
| Cumulative Investments | 183,331 | 191,110 | 190,496 | 186,435 | 182,618 |

### Others

*Amount in Rs Mn*

| Particulars | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | Jun-16 | Mar-16 | Dec-15 | Sep-15 | Jun-15 |
| **Total revenues** | **771** | **785** | **792** | **672** | **796** |
| EBITDA | (471) | (478) | (400) | (190) | (488) |
| EBIT | (474) | (481) | (404) | (194) | (492) |
| Capex | 685 | 447 | 14 | 220 | 252 |
| Operating Free Cash Flow (EBITDA - Capex) | (1,157) | (925) | (414) | (410) | (741) |
| Cumulative Investments | 5,960 | 5,229 | 4,971 | 5,117 | 4,925 |

### 8.3 Based on Statement of Financial Position

**Consolidated**

*Amount in Rs Mn, except ratios*

| Particulars | As at | | | | |
|---|---|---|---|---|---|
| | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
| Equity attributable to equity holders of parent | 642,886 | 667,693 | 652,129 | 640,931 | 650,083 |
| Net Debt | 834,915 | 835,106 | 784,515 | 703,896 | 677,460 |
| Net Debt (US$ Mn) | 12,365 | 12,604 | 11,850 | 10,707 | 10,626 |
| Capital Employed = Equity attributable to equity holders of parent + Net Debt | 1,477,801 | 1,502,799 | 1,436,644 | 1,344,827 | 1,327,543 |

| | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|
| Return on Equity attributable to equity holders of parent (LTM) | 8.3% | 9.4% | 8.7% | 9.3% | 9.1% |
| Return on Capital Employed (LTM) | 7.6% | 8.4% | 8.6% | 9.1% | 8.6% |
| Net Debt to EBITDA (LTM) - US$ | 2.37 | 2.46 | 2.34 | 2.11 | 2.08 |
| Net Debt to EBITDA (Annualised) - US$ | 2.21 | 2.38 | 2.36 | 2.15 | 2.05 |
| Assets Turnover ratio (LTM) | 61.4% | 62.7% | 65.8% | 68.2% | 69.9% |
| Interest Coverage ratio (times) | 5.87 | 6.51 | 6.75 | 7.02 | 8.25 |
| Net debt to Equity attributable to equity holders of parent (Times) | 1.30 | 1.25 | 1.20 | 1.10 | 1.04 |
| **Per share data (for the period)** | | | | | |
| Net profit/(loss) per common share (in Rs) | 3.66 | 3.30 | 2.77 | 3.84 | 5.29 |
| Net profit/(loss) per diluted share (in Rs) | 3.66 | 3.30 | 2.77 | 3.84 | 5.29 |
| Book Value Per Equity Share (in Rs) | 160.8 | 167.0 | 163.1 | 160.3 | 162.6 |
| Market Capitalization (Rs Bn) | 1,464 | 1,403 | 1,359 | 1,351 | 1,679 |
| Enterprise Value (Rs Bn) | 2,353 | 2,296 | 2,200 | 2,109 | 2,398 |

*Refer Note 3, 4 & 4(a) on page 4*

### 8.4 Operational Performance – India

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| **Total Customers Base** | **000's** | **271,615** | **266,626** | **257,993** | **249,311** | **244,518** |
| **Mobile Services** | | | | | | |
| Customer Base | 000's | 255,735 | 251,237 | 243,289 | 235,212 | 230,662 |
| VLR | % | 97.5% | 97.0% | 96.0% | 96.2% | 95.8% |
| Net Additions | 000's | 4,497 | 7,948 | 8,078 | 4,550 | 4,644 |
| Pre-Paid (as a % of total Customer Base) | % | 93.9% | 94.0% | 94.1% | 94.2% | 94.4% |
| Monthly Churn | % | 3.6% | 3.3% | 3.4% | 3.5% | 3.3% |
| Average Revenue Per User (ARPU) | Rs | 196 | 194 | 192 | 193 | 198 |
| Average Revenue Per User (ARPU) | US$ | 2.9 | 2.9 | 2.9 | 3.0 | 3.1 |
| Revenue per towers per month | Rs | 318,741 | 314,570 | 305,630 | 301,435 | 308,227 |
| **Revenues** | | | | | | |
| Total Revenues | Rs Mn | 150,526 | 146,525 | 139,750 | 136,556 | 137,987 |
| Mobile Services | Rs Mn | 148,765 | 144,043 | 137,850 | 134,350 | 136,000 |
| Others | Rs Mn | 1,760 | 2,482 | 1,900 | 2,206 | 1,987 |
| ***Voice*** | | | | | | |
| Minutes on the network | Mn | 314,831 | 307,988 | 290,459 | 282,138 | 290,802 |
| Voice Average Revenue Per User (ARPU) | Rs | 139 | 138 | 137 | 140 | 148 |
| Voice Usage per customer | min | 414 | 415 | 405 | 404 | 424 |
| Voice Realization per minute | paisa | 33.49 | 33.25 | 33.75 | 34.58 | 34.93 |
| ***Non Voice Revenue*** | | | | | | |
| % of Mobile Services | % | 29.1% | 28.9% | 28.9% | 27.4% | 25.3% |
| ***Of Which*** | | | | | | |
| Messaging & VAS as % of Mobile Services | % | 5.0% | 5.2% | 5.3% | 5.4% | 5.7% |
| Data as % of Mobile Services | % | 23.7% | 23.3% | 23.1% | 21.5% | 19.2% |
| Others as % of Mobile Services | % | 0.4% | 0.4% | 0.5% | 0.4% | 0.4% |
| ***Data*** | | | | | | |
| Data Customer Base | 000's | 58,903 | 58,216 | 54,860 | 51,013 | 49,470 |
| *Of which Mobile Broadband costumers* | *000's* | *36,572* | *35,460* | *30,881* | *25,484* | *21,733* |
| *As % of Customer Base* | *%* | *23.0%* | *23.2%* | *22.5%* | *21.7%* | *21.4%* |
| Total MBs on the network | Mn MBs | 158,035 | 146,768 | 133,946 | 114,960 | 102,015 |
| Data Average Revenue Per User (ARPU) | Rs | 202 | 196 | 200 | 193 | 181 |
| Data Usage per customer | MBs | 904 | 859 | 843 | 765 | 706 |
| Data Realization per MB | paisa | 22.31 | 22.87 | 23.77 | 25.17 | 25.57 |
| **Homes Services** | | | | | | |
| Homes Customers | 000's | 2,020 | 1,949 | 1,874 | 1,790 | 1,707 |
| *Of which no. of Broadband (DSL) customers* | *000's* | 1,811 | 1,731 | 1,646 | 1,552 | 1,459 |
| *As % of Customer Base* | *%* | *89.7%* | *88.8%* | *87.8%* | *86.7%* | *85.4%* |
| Net Additions | 000's | 70 | 76 | 83 | 83 | 28 |
| Average Revenue Per User (ARPU) | Rs | 1,118 | 1,148 | 1,153 | 1,173 | 1,181 |
| Average Revenue Per User (ARPU) | US$ | 16.7 | 17.0 | 17.5 | 18.1 | 18.6 |
| Non Voice Revenue as % of Homes Revenues | % | 88.4% | 86.5% | 86.2% | 84.8% | 84.3% |
| **Digital TV Services** | | | | | | |
| Digital TV Customers | 000's | 12,149 | 11,725 | 11,106 | 10,576 | 10,412 |
| Net additions | 000's | 424 | 619 | 530 | 164 | 339 |
| Average Revenue Per User (ARPU) | Rs | 233 | 229 | 229 | 224 | 222 |
| Average Revenue Per User (ARPU) | US$ | 3.5 | 3.4 | 3.5 | 3.5 | 3.5 |
| Monthly Churn | % | 0.8% | 0.8% | 0.7% | 1.3% | 0.8% |
| **Airtel Business** | | | | | | |
| Airtel Business customer | 000's | 1,712 | 1,714 | 1,724 | 1,733 | 1,737 |

*Refer Section 3.2 "Segmental changes in India Operation" on page 6 for details.*

### 8.5 Traffic Trends – India

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Mobile Services | Mn Min | 314,831 | 307,988 | 290,459 | 282,138 | 290,802 |
| Homes Services | Mn Min | 2,823 | 2,542 | 2,195 | 1,953 | 1,585 |
| Airtel Business | Mn Min | 3,190 | 3,139 | 3,070 | 3,304 | 3,150 |
| National Long Distance Services | Mn Min | 33,552 | 33,345 | 31,780 | 31,428 | 32,038 |
| International Long Distance Services | Mn Min | 5,695 | 4,622 | 4,657 | 4,623 | 5,772 |
| **Total Minutes on Network (Gross)** | **Mn Min** | **360,092** | **351,637** | **332,160** | **323,446** | **333,347** |
| Eliminations | Mn Min | (33,573) | (33,354) | (31,896) | (31,545) | (32,248) |
| **Total Minutes on Network (Net)** | **Mn Min** | **326,518** | **318,283** | **300,264** | **291,902** | **301,099** |

### 8.6 Network and Coverage Trends - India

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| **Mobile Services** | | | | | | |
| Census Towns | Nos | 7,885 | 7,885 | 7,884 | 5,138 | 5,137 |
| Non-Census Towns & Villages | Nos | 781,484 | 779,919 | 778,725 | 525,456 | 524,917 |
| Population Coverage | % | 95.1% | 95.6% | 95.0% | 94.2% | 94.1% |
| Optic Fibre Network | R Kms | 214,031 | 210,155 | 205,901 | 201,953 | 199,991 |
| Network towers | Nos | 157,055 | 154,097 | 151,200 | 149,518 | 147,616 |
| *Of which Mobile Broadband towers* | *Nos* | *108,015* | *105,465* | *88,376* | *70,178* | *57,078* |
| Total Mobile Broadband Base stations | Nos | 137,567 | 118,197 | 99,297 | 80,432 | 66,322 |
| **Homes Services -** Cities covered | Nos | 87 | 87 | 87 | 87 | 87 |
| **Airtel Business -** Submarine cable systems | Nos | 7 | 7 | 7 | 7 | 7 |
| **Digital TV Services** | | | | | | |
| Districts Covered | Nos | 639 | 639 | 639 | 639 | 639 |
| Coverage | % | 100% | 100% | 100% | 100% | 100% |

*Refer Note 15 on page 16*

### 8.7 Tower Infrastructure Services

#### 8.7.1 Bharti Infratel Standalone

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Total Towers | Nos | 38,642 | 38,458 | 38,206 | 37,801 | 37,486 |
| Total Co-locations | Nos | 81,908 | 81,632 | 80,366 | 78,949 | 77,292 |
| **Key Indicators** | | | | | | |
| Sharing Revenue per sharing operator per month | Rs | 37,698 | 37,622 | 37,272 | 37,195 | 36,936 |
| Average Sharing Factor | Times | 2.12 | 2.11 | 2.10 | 2.08 | 2.05 |

**Additional Information**

#### 8.7.2 Indus Towers

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Total Towers | Nos | 120,739 | 119,881 | 118,687 | 117,579 | 116,454 |
| Total Co-locations | Nos | 272,603 | 270,006 | 265,606 | 261,159 | 256,960 |
| Average Sharing Factor | Times | 2.26 | 2.25 | 2.23 | 2.21 | 2.20 |

#### 8.7.3 Bharti Infratel Consolidated

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Total Towers | Nos | 89,352 | 88,808 | 88,055 | 87,184 | 86,397 |
| Total Co-locations | Nos | 196,401 | 195,035 | 191,921 | 188,636 | 185,215 |
| Average Sharing Factor | Times | 2.20 | 2.19 | 2.17 | 2.15 | 2.13 |

### 8.8 Human Resource Analysis - India

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Total Employees | Nos | 19,861 | 19,523 | 19,204 | 18,932 | 18,764 |
| Number of Customers per employee | Nos | 13,590 | 13,657 | 13,434 | 13,169 | 13,031 |
| Personnel Cost per employee per month | Rs | 98,396 | 112,982 | 102,917 | 104,023 | 108,926 |
| Gross Revenue per employee per month | Rs | 3,214,791 | 3,129,319 | 3,071,181 | 3,072,787 | 3,085,632 |

## 8.9 South Asia

### 8.9.1 Operational Performance

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Customer Base | 000's | 9,245 | 10,238 | 10,792 | 9,852 | 9,019 |
| VLR | % | 97.0% | 90.4% | 84.9% | 85.4% | 88.1% |
| Net Additions | 000's | (994) | (554) | 940 | 833 | 416 |
| Pre-Paid (as % of total Customer Base) | % | 97.8% | 98.0% | 98.2% | 98.1% | 97.7% |
| Monthly Churn | % | 6.4% | 4.4% | 3.9% | 3.9% | 3.8% |
| Average Revenue Per User (ARPU) | Rs | 136 | 140 | 134 | 142 | 147 |
| Revenue per site per month | Rs | 194,887 | 206,760 | 195,945 | 193,413 | 187,606 |
| ***Voice*** | | | | | | |
| Minutes on the network | Mn | 9,427 | 10,102 | 10,066 | 9,480 | 9,097 |
| Voice Average Revenue Per User (ARPU) | Rs | 97 | 101 | 101 | 108 | 115 |
| Voice Usage per customer | min | 310 | 321 | 326 | 334 | 345 |
| Voice Realization per minute | paisa | 31.21 | 31.48 | 30.85 | 32.25 | 33.22 |
| ***Non Voice Revenue*** | | | | | | |
| % of Mobile revenues | % | 29.0% | 27.5% | 24.9% | 24.4% | 22.2% |
| ***Of Which*** | | | | | | |
| Messaging & VAS as % of Mobile revenues | % | 6.2% | 6.1% | 5.5% | 5.8% | 5.6% |
| Data as % of Mobile revenues | % | 19.0% | 17.9% | 16.6% | 16.0% | 14.2% |
| Others as % of Mobile revenues | % | 3.8% | 3.6% | 2.8% | 2.6% | 2.4% |
| ***Data*** | | | | | | |
| Data Customer Base | 000's | 2,749 | 2,941 | 2,957 | 2,885 | 2,435 |
| *As % of Customer Base* | *%* | *29.7%* | *28.7%* | *27.4%* | *29.3%* | *27.0%* |
| Total MBs on the network | Mn MBs | 8,189 | 7,704 | 7,258 | 6,254 | 3,991 |
| Data Average Revenue Per User (ARPU) | Rs | 89 | 87 | 78 | 79 | 78 |
| Data Usage per customer | MBs | 926 | 858 | 828 | 768 | 560 |
| Data Realization per MB | paisa | 9.61 | 10.19 | 9.46 | 10.34 | 13.84 |

### 8.9.2 Operational Performance (in constant currency)

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Average Revenue Per User (ARPU) | Rs | 138 | 139 | 137 | 145 | 153 |
| Voice Average Revenue Per User (ARPU) | Rs | 98 | 101 | 103 | 110 | 119 |
| Voice Realization per minute | paisa | 31.65 | 31.58 | 31.48 | 32.87 | 34.51 |

### 8.9.3 Network and Coverage Trends

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Sites on Network | Nos | 7,089 | 7,083 | 7,065 | 7,003 | 6,941 |
| *Of which no. of 3G sites* | *Nos* | *4,147* | *4,115* | *4,050* | *3,766* | *3,291* |

### 8.9.4 Human Resource Analysis

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Total Employees | Nos | 634 | 646 | 660 | 697 | 715 |
| Number of Customers per employee | Nos | 14,581 | 15,849 | 16,352 | 14,136 | 12,614 |
| Personnel Cost per employee per month | Rs | 183,941 | 174,764 | 166,372 | 164,417 | 149,042 |
| Gross Revenue per employee per month | Rs | 2,178,182 | 2,264,121 | 2,088,300 | 1,934,683 | 1,811,513 |

## 8.10 Africa

### 8.10.1 Operational Performance (In Constant Currency)

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Customer Base | 000's | 76,986 | 80,564 | 82,070 | 80,835 | 78,323 |
| VLR | % | 87.1% | 84.8% | 82.5% | 82.4% | 83.5% |
| Net Additions | 000's | 1,057 | (1,505) | 1,235 | 2,511 | 2,061 |
| Pre-Paid (as % of total Customer Base) | % | 99.2% | 99.3% | 99.3% | 99.4% | 99.4% |
| Monthly Churn | % | 5.0% | 6.7% | 5.9% | 5.8% | 5.4% |
| Average Revenue Per User (ARPU) | US$ | 3.8 | 3.9 | 3.9 | 3.9 | 3.9 |
| Revenue per site per month | US$ | 15,175 | 15,673 | 15,961 | 16,086 | 15,945 |
| ***Voice*** | | | | | | |
| Minutes on the network | Mn | 35,293 | 34,940 | 33,669 | 34,620 | 32,791 |
| Voice Average Revenue Per User (ARPU) | US$ | 2.6 | 2.7 | 2.8 | 2.8 | 2.9 |
| Voice Usage per customer | min | 145 | 143 | 138 | 145 | 141 |
| Voice Realization per minute | US¢ | 1.82 | 1.91 | 2.02 | 1.97 | 2.04 |
| ***Non Voice Revenue*** | | | | | | |
| % of Mobile revenues | % | 31.3% | 29.8% | 27.8% | 27.3% | 27.2% |
| ***Of Which*** | | | | | | |
| Messaging & VAS as % of Mobile revenues | % | 11.0% | 10.5% | 10.1% | 10.0% | 9.8% |
| Data as % of Mobile revenues | % | 16.5% | 15.5% | 14.1% | 13.5% | 12.9% |
| Others as % of Mobile revenues | % | 3.9% | 3.9% | 3.6% | 3.8% | 4.5% |
| ***Data*** | | | | | | |
| Data Customer Base | 000's | 16,425 | 15,788 | 15,406 | 14,292 | 13,039 |
| *As % of Customer Base* | *%* | *21.3%* | *19.6%* | *18.8%* | *17.7%* | *16.6%* |
| Total MBs on the network | Mn MBs | 28,539 | 23,646 | 20,049 | 16,483 | 13,843 |
| Data Average Revenue Per User (ARPU) | US$ | 3.2 | 3.2 | 3.0 | 3.1 | 3.1 |
| Data Usage per customer | MBs | 585 | 507 | 453 | 403 | 359 |
| Data Realization per MB | US¢ | 0.54 | 0.62 | 0.67 | 0.77 | 0.85 |

*Refer Note 16, 17 & 18 on page 18*

### 8.10.2 Network and Coverage Trends

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Sites on Network | Nos | 19,793 | 20,196 | 19,712 | 19,330 | 19,146 |
| *Of which no. of 3G sites* | *Nos* | *13,186* | *13,128* | *12,262* | *11,457* | *10,722* |

### 8.10.3 Human Resource Analysis

| Parameters | Unit | Jun 30, 2016 | Mar 31, 2016 | Dec 31, 2015 | Sep 30, 2015 | Jun 30, 2015 |
|---|---|---|---|---|---|---|
| Total Employees | Nos | 4,388 | 4,771 | 5,004 | 5,155 | 5,191 |
| Number of Customers per employee | Nos | 17,545 | 16,886 | 16,401 | 15,681 | 15,088 |
| Personnel Cost per employee per month | US$ | 6,175 | 6,122 | 6,468 | 6,473 | 6,023 |
| Gross Revenue per employee per month | US$ | 71,020 | 66,317 | 62,916 | 60,590 | 58,850 |

# SECTION 9

# KEY ACCOUNTING POLICIES AS PER Ind-AS

## 1. Investment 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 of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter for post-acquisition changes in the Group's share of the net assets of the joint venture or associate, less any impairment in the value of the investments. Losses of a joint venture or an associate in excess of the Group's interest in that joint venture or associate are not recognized. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. The financial statements of the joint venture or associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. Goodwill relating to the joint venture or associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

## 2. Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment loss. All direct costs relating to the acquisition and installation of property and equipment are capitalized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets.

| Assets | Years |
|---|---|
| Building | 20 |
| Network equipment | 3-20 |
| Customer premises equipment | 5 – 6 |
| Assets taken on finance lease | Period of lease or 10 years, as applicable, whichever is less |
| Computer equipment | 3 |
| Office, furniture and equipment | 2 – 5 |
| Vehicles | 3 – 5 |
| Leasehold improvements | Period of the lease or 10/20 years, as applicable, whichever is less |

Land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date or whenever there are indicators for review.

Gains and losses arising from retirement or disposal of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income on the date of retirement and disposal.

Costs of additions and substantial improvements to property and equipment are capitalized. The costs of maintenance and repairs of property and equipment are charged to operating expenses.

## 3. Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognized at the date of acquisition. Goodwill on acquisition of subsidiaries is disclosed separately. Goodwill arising on accounting for jointly controlled entities or entities in which the Group exercises significant influence is included in investments in the related associates/jointly controlled entities.

Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each date of statement of financial position. Goodwill is not subject to amortization but is tested for impairment annually and when circumstances indicate, the carrying value may be impaired.
Negative goodwill arising on an acquisition is recognized directly in the statement of comprehensive income.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss recognized in the statement of comprehensive income on disposal.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash- generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill are not reversed in future periods.

### 4. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date. 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. Gains or losses resulting from foreign currency transactions are included in the consolidated income statement.

The assets and liabilities of foreign operations are translated into functional currency of parent (i.e. INR) at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at average exchange rates prevailing during the period. The exchange differences arising on the translation are recognized in "foreign currency translation reserve (FCTR)". Exchange differences arising on a monetary item that forms part of Group entity's net investment in a foreign operation is recognized 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 recognized in other comprehensive income. On disposal of a foreign operation (reduction in percentage ownership interest), the component of FCTR relating to that particular foreign operation is reclassified to the statement of comprehensive income.

The Company hedges certain net investment in foreign subsidiaries. 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. The ineffective portion of the gain or loss on these hedges is immediately recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

The Group also 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 recognized in other comprehensive income. The ineffective portion of the gain or loss on these hedges is immediately recognized 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 recognized when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately transferred to the income statement.

### 5. Finance leases

#### Lessee accounting

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized 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 recognized in the statement of comprehensive income.

Amortization of leased assets is computed on straight line basis over the shorter of useful life of the assets or remaining lease period. Amortization charge for capital leases is included in depreciation expense for the period.

#### Lessor accounting

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

### 6. Indefeasible right to use (IRU)

The Group enters into agreements for leasing assets under 'Indefeasible right to use' with third parties. Under the arrangement the assets are taken or given on lease over the substantial part of the asset life. However the title to the assets and associated risks are retained by the lessor. Hence, such arrangements are recognized as operating lease.

The contracted price is received in advance and is recognized as revenue during the tenure of the agreement. Unearned IRU revenue net of the amount recognizable within one year is disclosed deferred revenue in non-current liabilities and the amount recognizable within one year as deferred revenue in current liabilities.

Exchange of network capabilities with other telecommunication service providers are recorded as non-monetary transactions and measured at the carrying amount of capacities relinquished, as these exchanges are for similar productive assets used to provide telecommunication services to customers.

### 7. Impairment of long – lived assets and intangible assets

The Group reviews its long-lived assets, including identifiable intangibles with finite lives, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic climate. For assets that the Group intends to hold for use, if the total of the expected future undiscounted cash flows produced by the asset or asset Group is less than the carrying amount of the assets, a loss is recognized for the difference between the fair value and carrying value of the assets. For assets the Group intends to dispose of by sale, a loss is recognized for the amount by which the estimated fair

value, less cost to sell, is le ss than the carrying value of the assets. Fair value is determined based on quoted market prices, if available, or other valuation techniques including discounted future net cash flows.

### 8. Revenue recognition

#### (i) Service revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges 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 recognized as the services are rendered and are stated net of discounts, process waivers and taxes. Revenues from pre-paid cards are recognized based on actual usage. Processing fees on recharge coupons is recognized 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 amortized 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 recognized is treated as 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 satellite services. Registration fee and installation charges are deferred and amortized over the period of agreement with the customer. Service revenue is recognized 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 recognized on completion of services while revenue from provision of bandwidth services (including installation) is recognized over the period of arrangement.

Unbilled revenue represent revenues recognized from the 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.

#### (ii) Equipment sales

Equipment sales consist primarily of revenues from sale of telecommunication equipment and related accessories to subscribers. 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 recognized over the customer relationship period. Revenue from other equipment sales transactions are recognized when the significant risks and rewards of ownership are transferred to the buyer.

#### (iii) 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., a 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.

### 9. Licenses

Acquired licenses and spectrum are shown at historical cost. Licenses and spectrum acquired in a business combination are recognized at fair value at the acquisition date. Licenses and spectrum entry fees are measured at cost less accumulated amortization. Amortization is charged to the statement of comprehensive income on a straight-line basis over the period of the license from the date of commencement of commercial operations in the respective jurisdiction and is disclosed as components of depreciation and amortization. The amortization period is determined primarily by reference to the unexpired license period.

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

### 10. Other intangible assets

Other intangible assets comprising enterprise resource planning software, bandwidth capacities, brands, customer relationships, distribution networks, rights acquired for unlimited license access, and non-compete clauses, are capitalized at the Group's share of respective fair values on the date of an acquisition. Amortization is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use or placed in service. The intangibles are amortized as follows:

- Software is amortized over the period of its license, not exceeding three years. Software up to Rs 500 thousand is amortized over a period of 1 year.
- Bandwidth capacities are amortized over the period of the agreement.
- Brand: Over the period of their expected benefits, not exceeding the life of the licenses and are written off in their entirety when no longer in use.

- Distribution network : Overestimated useful life
- Customer base: The estimated life of such relationships.
- Rights acquired for unlimited license access: over the period of the agreement which ranges upto five years.

### 11. Income-taxes

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

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

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.

### 12. 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 capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

### 13. Derivative financial instruments

The Group enters into derivative instruments, including interest rate swaps and foreign currency forward contracts, to manage interest rate movements of its debt obligations and foreign currency exposures related to the import of equipment used in operations and its foreign currency denominated debt instruments.

All derivative instruments are recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as part of a hedging relationship and, if it is, depending on the type of hedging relationship.

### 14. Asset Retirement Obligations

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 recognized 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 expensed as incurred and recognized in the statement of comprehensive income 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.

### 15. Allowance for uncollectible accounts receivable

The allowance for uncollectible accounts receivable reflects management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience, net of recoveries. The Group provides for amounts outstanding net of security deposits, or in specific cases where management is of the view that the amounts are not recoverable. Amounts due from debtors that have been outstanding, though fully provided, are evaluated on a regular basis by the management and are written off, if as a result of such evaluation, it is determined that these amounts will not be collected.

### 16. Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The differences between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

# SECTION 10

# GLOSSARY

## Technical and Industry Terms

| Company Related | |
|---|---|
| 3G | Third Generation of Mobile Telephony. |
| 4G | Fourth Generation of Mobile Telephony. |
| Asset Turnover | Asset Turnover is defined as total revenues, for the preceding (last) 12 months from the end of the relevant period, divided by average assets. Asset is defined as the sum of non-current assets and net current assets. Net current assets are computed by subtracting current liabilities from current assets. Average assets are calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period. |
| Average Customers | Average customers are derived by computing the average of the monthly average customers for the relevant period. |
| Average Co-locations | Average co-locations are derived by computing the average of the Opening and Closing co-locations for the relevant period. |
| Average Sharing Factor | It is calculated as the average of the opening and closing number of co-locations divided by the average of the opening and closing number of towers for the relevant period. |
| Average Towers | Average towers are derived by computing the average of the Opening and Closing towers for the relevant period |
| Bn | Billion |
| Book Value Per Equity Share | Total stockholder's equity as at the end of the relevant period divided by outstanding equity shares as at the end of the relevant period. |
| Capex | It includes investment in gross fixed assets and capital work in progress for the period. |
| Capital Employed | Capital Employed is defined as sum of equity attributable to equity holders of parent and net debt. |
| Cumulative Investments | Cumulative Investments comprises of gross value of property, plant & equipment (including CWIP & capital advances) and intangibles including investment in associates. |
| Cash Profit From Operations before Derivative & Exchange Fluctuation | It is not an Ind-AS measure and is defined as profit from operating activities before depreciation, amortization and exceptional items adjusted for interest expense, interest income and non-operating expenses before adjusting for derivative & exchange (gain)/ loss. |
| Churn | Churn is calculated by dividing the total number of disconnections during the relevant period by the average customers; and dividing the result by the number of months in the relevant period. |
| Co-locations | Co-location is the total number of sharing operators at a tower, and where there is a single operator at a tower, 'co-location' refers to that single operator. Co-locations as referred to are revenue generating Co-locations. |
| Customer Base | Customer who made at least one revenue generating call or a data session of more than zero Kbs on 2G / 3G / 4G network in the last 30 days. |
| Customers Per Employee | Number of customers on networks of a business unit as at end of the relevant period divided by number of employees in the respective business unit as at end of the relevant period. |
| Data as % of Mobile Revenue | It is computed by dividing the 'data' revenues by the total revenues of mobile services for the relevant period. Data revenue includes revenue from use of data session on GPRS / 3G / 4G including blackberry. |
| Data ARPU | Average revenue per data customer per month is computed by: dividing the total data revenues during the relevant period by the average data customers; and dividing the result by the number of months in the relevant period. |

| | |
|---|---|
| Data Customer Base | A customer who used at least 1 MB on GPRS / 3G / 4G network in the last 30 days. |
| Data Usage per Customer | It is calculated by dividing the total MBs consumed on the network during the relevant period by the average data customer base; and dividing the result by the number of months in the relevant period. |
| Data Realization per MB | It is computed by dividing the Data revenues by total MBs consumed on the network. |
| DTH / Digital TV Services | Direct to Home broadcast service |
| Earnings Per Basic Share | It is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.<br>The calculation of Net Profit/ (loss) per diluted share adjusts net profit or loss and the weighted average number of ordinary shares outstanding, to give effect to all dilutive potential ordinary shares that were outstanding during the year. |
| Earnings Per Diluted Share | Net profit or loss attributable to ordinary shareholders is adjusted for the after-tax effect of the following: (1) dividends on potential ordinary shares (for example, dilutive convertible preferred shares); (2) interest recognized on potential ordinary shares (for example, dilutive convertible debt); and (3) any other changes in income or expense resulting from the conversion of dilutive potential ordinary shares (e.g., an entity's contribution to its non-discretionary employee profit-sharing plan may be revised based on changes in net profit due to the effects of items discussed above). |
| EBITDA | Earnings/ (loss) before interest, taxation, depreciation and amortization. It is not an Ind-AS measure and is defined as profit from operating activities before depreciation, amortization and exceptional items adjusted for CSR costs. |
| EBITDA Margin | It is computed by dividing EBITDA for the relevant period by total revenues for the relevant period. |
| EBIT | Earnings / (Loss) before interest, taxation for the relevant period. |
| Enterprise Valuation (EV) | Calculated as sum of Market Capitalization, Net Debt and finance lease obligations as at the end of the relevant period. |
| EV / EBITDA (times) | Computed by dividing Enterprise Valuation as at the end of the relevant period (EV) by EBITDA for the relevant period (LTM). |
| Finance Lease Obligation (FLO) | Finance Lease Obligation represents present value of future obligation for assets taken on finance lease. |
| Gross Revenue per Employee per month | It is computed by dividing the Gross Revenue (net of inter-segment eliminations) by the closing number of employees in a given business unit and number of months in the relevant period. |
| ILD | International Long Distance Services. |
| Intangibles | Comprises of goodwill, software, bandwidth, one-time entry fee paid towards acquisition of licenses, distribution network and customer relationships. |
| Interest Coverage Ratio | EBITDA for the relevant period divided by interest on borrowing for the relevant period. |
| IPTV | Internet Protocol TV. IPTV is the method of delivering and viewing television programmes using an IP transmission and service infrastructure, which can deliver digital television to the customers. IPTV when offered using an IP network and high speed broadband technology becomes interactive because of availability of return path and is capable of providing Video on Demand (VOD), time shifted television and many other exciting programmes. |
| KPI | Key Performance Indicators |
| LTM | Last twelve months. |

| | |
|---|---|
| Market Capitalization | Number of issued and outstanding shares as at end of the period multiplied by closing market price (BSE) as at end of the period. |
| MBB | Mobile Broadband |
| Mn | Million |
| Messaging & VAS as % of Mobile Revenue | It is computed by dividing 'messaging and VAS' revenue by the total revenues of mobile services for the relevant period. Messaging revenue includes revenue from exchange of text or multimedia messages (MMS) as well as termination revenues from other operators. VAS revenue includes revenue from hello tunes, ring tones, music downloads etc. |
| MNP | Mobile Number Portability |
| Mobile Broadband Base stations | It includes all the 3G and 4G Base stations deployed across all technologies i.e. 900/1800/2100/2300 Mhz bands. |
| Mobile Broadband Customer | A customer who used at least 1 MB on 3G / 4G network in the last 30 days. |
| Mobile Broadband Towers | It means the total number of network towers (defined below) in which unique number of either 3G or 4G Base stations are deployed, irrespective of their technologies. Total numbers of Mobile Broadband Towers are subset of Total Network Towers. |
| MoU | Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month. |
| MPLS | Multi-Protocol Label Switching |
| Network Towers | Comprises of Base Transmission System (BTS) which holds the radio transreceivers (TRXs) that define a cell and coordinates the radio links protocols with the mobile device. It includes all the Ground based, Roof top and In Building Solutions as at the end of the period. |
| Net Debt | It is not an Ind-AS measure and is defined as the long-term debt, net of current portion plus short-term borrowings and current portion of long-term debt plus deferred payment liability minus cash and cash equivalents, short-term investments which includes interest bearing notes, receivables towards residual portion of Tower sale proceeds, restricted cash and restricted cash non-current as at the end of the relevant period. This excludes finance lease obligations. Restricted cash deducted does not include cash related to mobile commerce services which is restricted in use. |
| Net Debt to EBITDA (LTM) | It is computed by dividing net debt as at the end of the relevant period by EBITDA (EBITDA adjusted downwards to the extent of finance lease charges on towers in Africa) for preceding (last) 12 months from the end of the relevant period. |
| Net Debt to EBITDA (Annualized) | It is computed by dividing net debt as at the end of the relevant period by EBITDA (EBITDA adjusted downwards to the extent of finance lease charges on towers in Africa) for the relevant period (annualized). |
| Net Debt to Funded Equity Ratio | It is computed by dividing net debt as at the end of the relevant period by Equity attributable to equity holders of parent as at the end of the relevant period. |
| Net Income from operations | It is calculated by adding back the interest expense on loans taken for the Africa acquisition to the net income of Africa. |
| Net Revenues | It is not Ind-AS measure and is defined as total revenues adjusted for access charges and cost of goods sold for the relevant period. |
| NLD | National Long Distance Services. |
| Non Voice Revenue as % of total revenue | It is computed by dividing the total non-voice revenue of the Company (consolidated) by the total revenues for the relevant period. Non-voice revenues include Messaging & VAS and Data revenues for Mobile, VAS and Internet Revenues for Homes Services, Bandwidth and Internet Revenues for Airtel Business Services, Media & Broadcasting revenues for DTH Services, site sharing revenues, sale of goods etc. |
| Non Voice Revenue as % of Mobile Revenue | It is computed by dividing the total non-voice revenue of mobile services by the total revenues of mobile services for the relevant period. Non voice revenue, which includes revenue from services other than voice i.e., Messaging & VAS (including SMS, GPRS, MMS, Ring Back Tone), Data, others etc. |

| | |
|---|---|
| Non Voice Revenue as % of Homes Revenue | It is computed by dividing the total non-voice revenue of Homes services by the total revenues of Homes services for the relevant period. Non voice revenue for Homes services includes revenues from services such as DSL, Lease line, MPLS, IPTV etc. |
| Others as % of Mobile Revenues | It is computed by dividing 'other' revenue by the total revenues of mobile services for the relevant period. Others include revenue from infrastructure sharing, sale of goods etc. |
| Operating Free Cash flow | It is computed by subtracting capex from EBITDA. |
| Personnel Cost per Employee per month | It is computed by dividing the Personnel Cost by the closing number of employees in a given business unit and number of months in the relevant period. |
| Price-Earnings Ratio – P/E Ratio | It is computed by dividing the closing market price (BSE) as at end of the relevant period by the earnings per basic share for the relevant period (LTM). |
| Profit / (Loss) after current tax expense | It is not an Ind-AS measure and is defined as Profit / (Loss) before taxation adjusted for current tax expense. |
| Return On Capital Employed (ROCE) | For the full year ended March 31, 2014, 2015 and 2016. ROCE is computed by dividing the sum of net profit and finance cost (net) excluding finance charges and interest on FLO for the period by average (of opening and closing) capital employed. For the quarterly computation, it is computed by dividing the sum of net profit and finance cost (net) excluding finance charges and interest on FLO for the preceding (last) 12 months from the end of the relevant period by average capital employed. Average capital employed is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period. |
| Return On Equity attributable to equity holders of parent | For the full year ended March 31, 2014, 2015 and 2016, it is computed by dividing net profit for the period by the average (of opening and closing) Equity attributable to equity holders of parent. For the quarterly computations, it is computed by dividing net profit for the preceding (last) 12 months from the end of the relevant period by the average Stockholder's equity for the preceding (last) 12 months. Average Stockholder's equity is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period. |
| Revenue per Site per month | Revenue per Site per month is computed by: dividing the total mobile revenues, excluding sale of goods (if any) during the relevant period by the average sites; and dividing the result by the number of months in the relevant period. |
| SA | South Asia |
| Sharing revenue per Sharing Operator per month | It is calculated on the basis of the total revenues less energy and other pass through accrued during the relevant period divided by the average number of co-locations for the period, determined on the basis of the opening and closing number of co-locations for the relevant period. |
| TD-LTE | Time Division – Long Term Evolution. |
| Total Employees | Total on-roll employees as at the end of respective period and excludes 42% of Indus Towers employees in India. |
| Total MBs on Network | Includes total MBs consumed on the network (uploaded & downloaded) on our network during the relevant period. |
| Towers | Infrastructure located at a site which is permitted by applicable law to be shared, including, but not limited to, the tower, shelter, diesel generator sets and other alternate energy sources, battery banks, air conditioners and electrical works. Towers as referred to are revenue generating Towers. |
| TSP | Telecom Service Provider |
| Total Operating Expenses | It is defined as sum of employee costs, network operations costs and selling, general and administrative cost for the relevant period. |
| VAS | Value Added Service |
| Voice Minutes on | Includes usage on our network (incoming, outgoing & in-roaming minutes) during the relevant period. |

| | |
|---|---|
| Network | |
| Voice ARPU | Voice Average revenue per customer per month is computed by: dividing the voice revenues during the relevant period by the average voice customers; and dividing the result by the number of months in the relevant period. Voice Revenues include airtime revenue from usage, processing fees, activation, roaming and termination charges from other operators. |
| Voice Minutes of Usage per Customer per month | It is calculated by dividing the voice minutes of usage on our network during the relevant period by the average customers; and dividing the result by the number of months in the relevant period. |
| Voice Realization per Minute | It is computed by dividing the voice revenues by voice minutes. |

**Regulatory**

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| BWA | Broadband Wireless Access |
| 3G | Third - Generation Technology |
| 4G | Fourth - Generation Technology |
| UCC | Unsolicited Commercial Cells |
| DoT | Department of Telecommunications |
| IP | Internet Protocol |
| ITFS | International Toll Free Service |
| QoS | Quality of Service |
| TDSAT | Telecom Disputes Settlement and Appellate Tribunal |
| TRAI | Telecom Regulatory Authority of India |
| UAS | Unified Access Service |
| UASL | Unified Access Service License |
| USSD | Unstructured Supplementary Services Data |
| VSAT | Very Small Aperture Terminals |
| VLR | Visitor Location Register |

**Others**

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|---|---|
| BSE | The Stock Exchange, Mumbai |
| CMAI | Communication Multimedia & Infrastructure |
| RBI | Reserve Bank of India |
| GSM | Global System for Mobile Communications. |
| CDMA | Code Division Multiple Access |
| DSL | Digital Subscriber Line |
| ICT | Information and Communication Technology |
| GAAP | Generally Accepted Accounting Principles |
| KYC | Know Your Customer |
| MMS | Multimedia Messaging Service |

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|---|---|
| MTM | Mark to Market |
| IAS | International Accounting Standards |
| IFRS | International Financial Reporting Standards |
| Ind-AS | Indian Accounting Standards |
| NSE | The National Stock Exchange of India Limited. |
| Sensex | Sensex is a stock index introduced by The Stock Exchange, Mumbai in 1986. |
| SMS | Short Messaging Service. |
| BYOD | Bring Your Own Device |
| STB/CPE | Set Top Box/Customer Premises Equipment |
| DAS | Digital Addressable System |
| SIM | Subscriber Identity Module |
| VAT | Value Added Tax |
| IPLC | International Private Leased Circuit |

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