OFFERING MEMORANDUM

STRICTLY CONFIDENTIAL

Bharti Airtel International (Netherlands) B.V.

(Incorporated with limited liability in the Netherlands)

€750,000,000 4.00 per cent. Guaranteed Notes due 2018

unconditionally and irrevocably guaranteed by

Bharti Airtel Limited

(Incorporated with limited liability in the Republic of India under the Indian Companies Act, 1956)

Issue Price: 99.756 per cent.

The €750,000,000 4.00 per cent. Guaranteed Notes due 2018 (the "Notes") will be the unsecured and unsubordinated obligations of Bharti Airtel International (Netherlands) B.V. (the "Issuer") and will be unconditionally and irrevocably guaranteed on an unsecured and unsubordinated basis (the "Guarantee") by Bharti Airtel Limited (the "Company" or the "Guarantor"), provided that, at all times, the Guarantee shall be in respect of an amount not exceeding 200 per cent. of the initial aggregate principal amount of the Notes being €1,500 million (the "Guaranteed Amount"). The Guaranteed Amount will be reduced by any amounts paid by the Guarantor under the Guarantee from time to time. See Condition 4.3 of the "Terms and Conditions of the Notes". The Notes will bear interest at a rate of 4.00 per cent. per annum. Interest will be paid on the Notes annually in arrear on 10 December of each year, beginning on 10 December 2014. Unless previously repurchased, cancelled or redeemed, the Notes will mature on 10 December 2018.

The Notes will be unsecured and unsubordinated obligations of the Issuer, will rank *pari passu* with all of the Issuer's other existing and future unsecured and unsubordinated obligations. The Guarantee will be an unsecured and unsubordinated obligation of the Guarantor and will rank *pari passu* with the Guarantor's other existing and future unsecured obligations. The Issuer will have the option to redeem all but not some only of the Notes at any time at 100 per cent. of their principal amount plus accrued interest and the Applicable Premium set forth in this offering memorandum ("Offering Memorandum"). The Issuer may also redeem the Notes at any time at 100 per cent. of their principal amount in the event of certain changes in taxation.

For a more detailed description of the Notes and the Guarantee, see "Terms and Conditions of the Notes" beginning on page 69.

The Notes have been rated Baa3 by Moody's Investor Service ("Moody's") and BBB- by Fitch Rating Ltd ("Fitch"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the rating organisation.

Investing in the Notes involves certain risks. You should read "Risk Factors" beginning on page 31 before investing in the Notes.

The Notes and the Guarantee have not been and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction. Accordingly, the Notes and the Guarantee are being offered and sold only to persons outside the United States in compliance with Regulation S under the Securities Act ("Regulation S"). See "Subscription and Sale".

Application will be made for the trading of the Notes on the *Freiverkehr* (Open Market) of the *Frankfurter Wertpapierbörse* (Frankfurt Stock Exchange) (the "FWB"). Such approval will be granted when the Notes have been admitted to trading of the FWB. The Open Market is not a regulated market for purposes of EU Directive 2004/39/EC (MiFID). The FWB assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Memorandum. Currently there is no public market for the Notes.

The Notes will initially be represented by a global certificate (the "Global Certificate") which will be registered in the name of a nominee of, and deposited with a common depositary for, Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and Euroclear Bank SA/NV ("Euroclear") on or about 10 December 2013. Except as described herein, definitive certificates ("Definitive Certificates") evidencing holdings of Notes will not be issued in exchange for interests in the Global Certificate. See "The Global Certificate".

Joint Lead Managers and Joint Bookrunners

Barclays **BNP PARIBAS** **Deutsche Bank** **J.P. Morgan** **Standard Chartered Bank** **UBS Investment Bank**

The date of this Offering Memorandum is 3 December 2013.

NOTICE TO INVESTORS

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that this Offering Memorandum contains all material information with respect to the Issuer and the Guarantor and the Notes (including all information which, according to the particular nature of the Issuer, the Guarantor and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the Notes and the Guarantee), that the information contained or incorporated in this Offering Memorandum is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that there are no other facts the omission of which would make this Offering Memorandum or any of such information or the expression of any such opinions or intentions misleading. The Issuer and the Guarantor accept responsibility accordingly.

Neither the Joint Lead Managers (as described under "*Subscription and Sale*", below), the Trustee nor the Principal Paying Agent, the Transfer Agent and the Registrar (together, the "Agents") have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, the Trustee or the Agents as to the accuracy or completeness of the information contained or incorporated in this Offering Memorandum or any other information provided by the Issuer or the Guarantor in connection with the offering of the Notes. Neither the Joint Lead Manager, the Trustee nor the Agents accepts any liability in relation to the information contained or incorporated by reference in this Offering Memorandum or any other information provided by the Issuer or the Guarantor in connection with the offering of the Notes or their distribution. To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents accepts any responsibility for the contents of this Offering Memorandum or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee or the Agents or on its behalf in connection with the Issuer, the Guarantor or the issue and offering of the Notes. The Joint Lead Managers, the Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Memorandum or any such statement.

No person is or has been authorised by the Issuer, the Guarantor, the Trustee or the Agents to give any information or to make any representation not contained in or not consistent with this Offering Memorandum or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Joint Lead Managers, the Trustee or the Agents.

Neither this Offering Memorandum nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, any of the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Memorandum or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Neither this Offering Memorandum nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, any of the Joint Lead Managers, the Trustee or the Agents to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Memorandum nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers, the Trustee and the Agents expressly do not undertake to review the financial condition, results of operations or affairs of the Issuer or the Guarantor during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Joint Lead Managers, the Trustee and the Agents do not represent that this Offering Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents which is intended to permit a public offering of the Notes or the distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Memorandum and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and the Netherlands), India, Hong Kong, Japan and Singapore.

IN CONNECTION WITH THE ISSUE OF THE NOTES, STANDARD CHARTERED BANK AS STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements as set out in "Subscription and Sale".

ENFORCEABILITY OF CIVIL LIABILITIES

The Guarantor is a public limited company incorporated under the laws of India. A number of directors and key management personnel named herein reside in India and a substantial portion of the assets of the Guarantor is located in India.

Recognition and enforcement of foreign judgments is provided for under the Code of Civil Procedure, 1908 (the "Civil Code") on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India which the Government of India (the "Government") has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees, which are not amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalty and does not apply to an arbitration award, even if such award is enforceable as a decree or judgment.

The United States has not been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code. However, the United Kingdom has been declared by the Indian Government to be a reciprocating territory and the High Courts of in England as the relevant superior courts. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. A judgment of a superior court in the United Kingdom may be enforceable by proceedings in execution and a judgment of a court in the United Kingdom that is not a superior court may be enforced by a fresh suit resulting in a judgment or order. A judgment of a court in any jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the judgment and not by proceedings in execution. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where it has been obtained by fraud; or (vi) where it sustains a claim founded on a breach of any law in force in India. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the

Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment.

The Issuer is incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of the Netherlands. The agreements entered into with respect to the issue of the Notes, including the Trust Deed, are governed by the laws of England. Pursuant to article 33 of EU Council Regulation of 22 December 2000 (EU) Nr. 44/2001 on Jurisdiction and Recognition and Enforcement of Judgments in Civil and Commercial Matters, as amended ("Regulation 44/2001"), judgments rendered in England will be recognised and enforced in the Netherlands without any special procedure being required. However, article 34 of Regulation 44/2001 provides that a judgment will, *inter alia*, not be recognised: (i) if such recognition is manifestly contrary to public policy in the Member State in which recognition is sought; (ii) where it was given in default of appearance, if the defendant was not served with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable the defendant to arrange for his defence, unless the defendant failed to commence proceedings to challenge the judgment when it was possible for the defendant to do so; (iii) if it is irreconcilable with a judgment given in a dispute between the same parties in the Member State in which recognition is sought; and (iv) if it is irreconcilable with an earlier judgment given in another Member State or in a third State involving the same cause of action and between the same parties, provided that the earlier judgment fulfils the conditions necessary for its recognition in the Member State addressed. Moreover, article 35 of Regulation 44/2001 provides that a judgment shall not be recognised if it conflicts with Sections 3, 4 or 6 of Chapter II, or in a case provided for in Article 72 of Regulation 44/2001.

ENFORCEMENT OF THE GUARANTEE

In the event a guarantee issued by an Indian company on behalf of its wholly owned subsidiary is enforced by a competent court in a territory other than a "reciprocal territory", the judgment must be enforced in India by a suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment, unless the amount is to be repatriated pursuant to the guarantee provided under the automatic route. For further details on the recognition and enforcement of foreign judgments in India, see "Enforcement of Civil Liabilities in India".

The Guarantor would not be entitled to immunity on the basis of sovereignty or otherwise from any legal proceedings in India to enforce the Guarantee or any liability or obligation of the Guarantor arising thereunder.

As the Guarantee is an obligation of a type which Indian courts would usually enforce, the Guarantee should be enforceable against the Company in accordance with its terms by an Indian court, subject to the following exceptions:

- enforcement may be limited by general principles of equity, such as injunction;

- Indian courts have sole discretion to grant specific performance of the Guarantee and the same may not be available, including where damages are considered by the Indian court to be an adequate remedy, or where the court does not regard specific performance to be the appropriate remedy;

- actions may become barred under the Limitation Act, 1963, or may be or become subject to set-off or counterclaim, and failure to exercise a right of action within the relevant limitation period prescribed will operate as a bar to the exercise of such right;

- any certificate, determination, notification, opinion or the like will not be binding on an Indian court which will have to be independently satisfied on the contents thereof for the purpose of enforcement despite any provisions in the documents to the contrary; and

- all limitations resulting from the laws of reorganisation, suretyship or similar laws of general application affecting creditor's rights.

For details on the Indian laws and regulations under which the Guarantee is issued, see "Indian Government Filings/Approvals".

CERTAIN DEFINITIONS

In this Offering Memorandum, references to "the Guarantor" mean Bharti Airtel Limited, the listed parent company incorporated in India, and, unless otherwise specified or the context otherwise requires, its consolidated subsidiaries. References to "the Group" mean the Guarantor together with its consolidated subsidiaries. References to "the Company" mean to Bharti Airtel Limited on an unconsolidated basis. References to "the Issuer" mean Bharti Airtel International (Netherlands) B.V.

In this Offering Memorandum, unless otherwise specified, all financial information is of the Guarantor on a consolidated basis. In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to "€" and "euros" are to the official currency of certain member states of the European Union, references to "$", "U.S.$", "U.S. dollars" and "dollars" are to United States dollars, references to "Rs.", "rupee", "rupees" or "Indian rupees" are to the legal currency of India, references to "₦" are to Nigerian Naira, references to "TZS" are to the Tanzanian Schilling, references to "ZK" or "ZMK" are to the Zambian Kwacha and references to "CFA" are to the West African or Central African Communauté Financière Africaine ("CFA") Franc. References to a particular "fiscal" year are to the fiscal year ended 31 March of such year. References to the "U.S." or "United States" are to the United States of America, its territories and its possessions. References to "India" are to the Republic of India.

PRESENTATION OF FINANCIAL INFORMATION

Financial Data

All historical financial information in this Offering Memorandum is that of the Guarantor, its consolidated subsidiaries (including the Issuer) and joint ventures consolidated on a proportionate or equity basis. In this Offering Memorandum, unless otherwise specified, all financial information is of the Guarantor on a consolidated basis.

The annual audited financial statements of the Guarantor, on a consolidated basis, as at and for the fiscal years ended 31 March 2012 and 2013 (the "Annual Financial Statements"), the interim condensed audited financial statements of the Guarantor, on a consolidated basis, as at and for six months ended 30 September 2013 (the "Interim Financial Statements"), and the restated consolidated statement of financial position and consolidated statement of income and comprehensive income as at and for the fiscal year ended 31 March 2013, included elsewhere in this Offering Memorandum, have each been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

In this Offering Memorandum, references to "FY2011", "FY2012" and "FY2013" refer to the Guarantor's fiscal years ended 31 March 2011, 2012 and 2013.

Reporting Segments

The Group's operating segments are organised and managed separately through the respective business managers, according to the nature of products and services provided, with each segment representing a strategic business unit. These business units are reviewed by the Chairman of the Group (Chief operating decision maker). Effective 1 April 2013, to reflect the growing importance of South Asia mobile operations, the Group's mobile services in Bangladesh and Sri Lanka are now being reported under a separate segment 'Mobile Services-South Asia', earlier included in 'Mobile Services - India and South Asia'. Accordingly, 'Mobile Services - India' is being reported as a separate segment. In addition, to better reflect business synergies, intra city fibre networks earlier included in 'Telemedia Services', and Mobile Commerce Services in India earlier included in 'Others', have now been included in 'Mobile Services - India'. Further, in order to improve the comparability of results with the single segment telecommunications players, the Company has also allocated certain central common expenses, earlier included in 'Unallocated' to 'Mobile Services - India', 'Telemedia Services' and 'Airtel Business'. Accordingly, previous year's/period's segment figures have been restated.

The revised reporting segments of the Group are as below:

(a) *Mobile Services India*: These services cover voice and data telecommunications services provided through wireless technology (2G/3G/4G) in India. These include the captive national long distance networks which primarily provide connectivity to the mobile services business in India. These also include intra city fibre networks and mobile commerce services.

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

(c) *Mobile Services Africa*: These services cover provision of voice and data telecommunications services offered to customers in Africa continent. These also include corporate headquarter costs of the Group's Africa operations.

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

(e) *Digital TV Services:* These include digital broadcasting services provided under the Direct-to-home platform.

(f) *Airtel Business*: These services cover end-to-end telecommunications solutions being provided to large Indian and global corporations by serving as a single point of contact for all telecommunications needs across data and voice (domestic as well as international long distance), network integration and managed services.

(g) *Tower Infrastructure Services* (formerly known as 'Passive Infrastructure Services'): These services include setting up, operating and maintaining wireless communication towers in India.

(h) *Others*: These include administrative and support services provided to other segments.

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

Comparability of Results

The comparability of the Guarantor's results of operations has been significantly impacted by certain events. On 8 June 2010, the Guarantor acquired mobile services operations in 15 African countries from Zain Africa B.V. for an enterprise valuation of U.S.$10.7 billion. On 27 August 2010, the Guarantor acquired mobile services operations in the Republic of Seychelles for U.S.$62.0 million. In February 2010, the Guarantor acquired a majority equity interest in Airtel Bangladesh Limited and on 12 June 2013 it acquired an additional 30 per cent equity interest from the Warid Group and now owns a 100 per cent. equity interest. The comparability of the Guarantor's results of operations for the fiscal year ended 31 March 2011 as against the fiscal year ended 31 March 2012 is significantly impacted by the fact that fiscal year 2012 was the first full year of operations for the Guarantor's African businesses. On 13 May 2013, the Guarantor acquired a 100 per cent. equity interest in Warid Uganda Limited, from Warid Telecom International LLC. This acquisition and the revenues and expenditures associated with this acquisition have not materially impacted the Guarantor's results of operations in the six months ended 30th September 2013 as compared to the six months ended 30 September 2012.

Effective 1 April 2013, IFRS 11 on joint arrangements became mandatory whereby accounting for investment in joint ventures changed from the proportionate consolidation method (line by line consolidation) to the equity method. Accordingly, the Guarantor has adopted IFRS 11 effective 1 April 2013 and the interim financial statements as at and for the six months ended 30 September 2013 have been prepared giving effect to this standard. The Guarantor has restated the financial data for the six months ended 30 September 2012 on the same basis. It has also restated the financial data as at and for the fiscal year ended 31 March 2013 on the same basis for presentation in this Offering Memorandum. However, the Guarantor has not restated the financial data for the fiscal years ended 31 March 2011 and 2012. As a result, the interim financial data for the six months ended 30 September 2012 and 2013 has been prepared using a different accounting method than that used to prepare financial information for the fiscal years ended 31 March 2012 and 2013. While the Guarantor believes that this change is presentational in nature and does not impact the Group's net profits, it does impact on a number of the Group's disclosed financial metrics, including revenue, EBITDA, free cash flow and net debt, amongst others. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

Non-GAAP Financial Measures

As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measures. From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures", primarily EBITDA, or (unless otherwise specified) earnings before finance income and finance costs, exceptional items, taxation, depreciation, amortisation and impairment and share of results of associates and joint ventures, and net debt, or (unless otherwise specified) non-current borrowings plus current borrowings minus cash and cash equivalents, current and non-current restricted cash, and investments (short-term investments and investment (non-current)). The Guarantor's management believes that EBITDA, net debt and other non-GAAP financial measures provide investors with additional information about the Guarantor's performance, as well as ability to incur and service debt and make capital expenditures, and are measures commonly used by investors. For more detailed information concerning EBITDA, see "Summary — Summary Consolidated Financial and Operating Data of the Guarantor" and "Selected Consolidated Financial and Other Information". The non-GAAP financial measures described herein are not a substitute for IFRS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

Rounding

Certain amounts and percentages included in this Offering Memorandum have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not equal the total figure for that column.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and U.S. dollars. The exchange rates reflect the rates as reported by the RBI.

Period	Period End(1)	Average(2)	High	Low
Fiscal year ended 31 March 2011	44.65	45.58	47.57	44.03
Fiscal year ended 31 March 2012	51.16	47.95	54.24	43.95
Fiscal year ended 31 March 2013	54.39	54.45	57.22	50.56
April 2013	54.22	54.38	54.88	53.94
May 2013	56.50	55.01	56.50	53.74
June 2013	59.70	58.40	60.59	56.42
July 2013	61.12	59.78	61.12	58.91
August 2013	66.57	63.21	68.36	60.74
September 2013	62.78	63.75	67.03	61.75
October 2013	61.41	61.62	62.36	61.16
November 2013 (through 22 November)	63.02	62.70	63.65	61.79

(1) The exchange rate at each period end and the average rate for each period differ from the exchange rates used in the preparation of the Guarantor's financial statements and financial information.

(2) Represents the average of the exchange rate during the period.

The exchange rate on 22 November 2013 as reported by the RBI was U.S.$1.00 = Rs. 63.02.

Although certain rupee amounts in this Offering Memorandum have been translated into U.S. dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. Except as otherwise stated, Indian rupee amounts for the six months ended 30 September 2013 related to the Guarantor's profit and loss and cash flows were converted into U.S. dollars at the exchange rate of U.S.$1.00 = Rs. 59.30 (the average exchange rate for the six months ended 30 September 2013, based on the RBI Reference Rate), and the Indian rupee amounts for the fiscal year ended 31 March 2013 related to the Guarantor's profit and loss and cash flows were converted into U.S. dollars at the exchange rate of U.S.$1.00 = Rs. 54.43 (the average exchange rate for the fiscal year ended 31 March 2013, based on the RBI Reference Rate). Indian rupee amounts as at 30 September 2013 related to the Guarantor's assets and liabilities were converted into U.S. dollars at the exchange rate of U.S.$1.00 = Rs. 62.78 (the RBI Reference Rate as at 30 September 2013), while Indian rupee amounts as at 31 March 2013 related to the Guarantor's assets and liabilities were converted into U.S. dollars at the exchange rate of U.S.$1.00 = Rs. 54.39 (the RBI Reference Rate as at 31 March 2013).

These exchange rates are as published by the RBI and are a widely followed benchmark of foreign exchange rates in India. For comparison purposes, the exchange rate as set forth in the H.10 statistical release of the United States Federal Reserve Board as at 30 September 2013 was U.S.$1.00 = Rs. 62.58.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Euros and U.S. dollars. The exchange rates reflect the rates as reported by the Federal Reserve Bank of New York.

Period	Period Ending	Average	High	Low
Fiscal year ended 31 March 2011	1.42	1.32	1.42	1.20
Fiscal year ended 31 March 2012	1.33	1.38	1.49	1.27
Fiscal year ended 31 March 2013	1.28	1.29	1.37	1.21
April 2013	1.32	1.30	1.32	1.28
May 2013	1.32	1.30	1.32	1.28
June 2013	1.30	1.32	1.34	1.30
July 2013	1.33	1.31	1.33	1.28
August 2013	1.32	1.33	1.34	1.32
September 2013	1.35	1.34	1.35	1.31
October 2013	1.36	1.36	1.38	1.35
November 2013 (through 15 November)	1.35	1.35	1.35	1.34

The exchange rate on 15 November 2013 as reported by the Federal Reserve Bank of New York was €1.00 = U.S.$1.35.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Certain statements in this Offering Memorandum are not historical facts and are "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. This Offering Memorandum may contain words such as "believe", "could", "may", "will", "target", "estimate", "project", "predict", "forecast", "guideline", "should", "plan", "expect" and "anticipate" and similar expressions that are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. All statements regarding the Guarantor's expected financial condition and results of operations and business plans and prospects are forward-looking statements. In particular, "Summary" and "Business" contain forward-looking statements, including relating to market trends, capital expenditure and other factors affecting the Guarantor that are not historical facts.

Forward-looking statements are subject to certain risks and uncertainties, including, but not limited to:

- changes in global economic, political and social conditions;
- changes in economic and political conditions and increases in regulatory burdens in India and other countries in which the Guarantor operates, transacts business or has interests;
- accidents and natural disasters in India or in other countries in which the Guarantor operates or globally, including specifically India's neighbouring countries;
- the Guarantor's business and operating strategies and its ability to implement such strategies;

- the Guarantor's ability to successfully implement its growth and expansion plans, technological changes, exposure to market risks and foreign exchange risks that have an impact on its business activities;

- the Guarantor's ability to ensure continuity of senior management and ability to attract and retain key personnel;

- the availability and terms of external financing;

- the Guarantor's inability to successfully compete with other telecommunications services companies;

- cost overruns or delays in commencement of production from the Guarantor's new projects;

- the ability of the Guarantor's joint venture partners to meet their obligations;

- changes in the Guarantor's relationship with the Government and the governments of the countries in which the Guarantor operates;

- changes in exchange controls, import controls or import duties, levies or taxes, either in international markets or in India;

- changes in laws, regulations, taxation or accounting standards or practices that affect the Guarantor;

- changes in prices or demand for the services provided by the Guarantor both in India and in international markets;

- the risks of increased costs in technologies related to the Guarantor's operations and the uncertainty of such technologies producing expected results;

- changes in the value of the rupee against major global currencies and other currency changes;

- the ability of third parties to perform in accordance with contractual terms and specifications;

- acquisitions and divestitures which the Guarantor may undertake; and

- other factors, including those discussed in "Risk Factors".

Forward-looking statements involve inherent risks and uncertainties. If one or more of these or other uncertainties or risks materialise, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in capacity, performance or profit levels might not be fully realised. Although the Guarantor believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they are made. Neither the Issuer nor the Guarantor undertakes any obligation to update or revise any of them, whether as a result of new information, future developments or otherwise.

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GLOSSARY

In addition to the terms that are otherwise defined in this Offering Memorandum, the following sets out the definitions of certain terms used in this Offering Memorandum.

2G	Second Generation of Mobile Telephony.
3G	Third Generation of Mobile Telephony.
4G	Fourth Generation of Mobile Telephony.
ADC	Access deficit charge.
ARPU	Average revenue per user. This is the average revenue per customer per month, computed by: dividing the total revenues, excluding equipment sales during the relevant period, by the average customers; and dividing the result by the number of months in the relevant period.
Average Customers	Average customers are derived by computing the average of the monthly average customers for the relevant period.
Bharti Infratel	Bharti Infratel Limited.
BSE	BSE Limited.
BSNL	Bharat Sanchar Nigam Limited.
BWA	Broadband Wireless Access.
Capital employed	The sum of equity attributable to equity holders of the Guarantor and net debt
Capital expenditure	It includes investment in gross fixed assets, intangible assets (other than those acquired through business combinations) and capital work in progress.
CBI	Central Bureau of Investigation of India.
Churn	A measure of customer turnover, churn is derived by dividing the total number of customer deactivations in a period by the average

	number of subscribers for that period and dividing the result by the number of months in a relevant period.
CMTS	Cellular Mobile Telephone Service.
COAI	Cellular Operators Association of India.
DoT	Department of Telecommunications, Ministry of Communication & Information Technology, Government of India.
DRC	Democratic Republic of the Congo.
DSL	Digital Subscriber Line.
DTH	Direct to Home broadcast.
EBITDA	Earnings before finance income and finance costs, exceptional items, taxation, depreciation, amortisation and impairment and share of results of associates and joint ventures (unless otherwise specified). It is not a IFRS (GAAP) measure.
EBITDA Margin	It is computed by dividing EBITDA for the relevant period by total revenue for the relevant period.
ECI	ECI Telecom Ltd.
ED	Enforcement Directorate of the Ministry of Finance of India.
Ericsson	Ericsson India Pvt. Ltd.
FDI	Foreign direct investment.
FEMA	Foreign Exchange Management Act, 1999, as amended.
FEMA Guarantees Regulation	Foreign Exchange Management (Guarantees) Regulations, 2000, as amended.
FEMA ODI Regulations	Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended.
Form ODI	The Form Overseas Direct Investment as set out in the RBI Master Circular, and any amendments thereof.
GAAP	Generally Accepted Accounting Principles.

Government	Government of India.
GSM	Global System for Mobile Communications.
HD	High Definition.
Huawei	Huawei Technologies Co. Ltd.
IASB	International Accounting Standards Board.
IBM	International Business Machines Corp.
ICT	Information Communication Technology.
Idea Cellular	Idea Cellular Limited, (earlier known as Aditya Birla Telecom)
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board.
ILD	International Long Distance.
Indian GAAP	Generally Accepted Accounting Principles in India.
Indus Towers	Indus Towers Limited.
IPTV	Internet Protocol TV. IPTV is the method of delivering and viewing television programs 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 programs.
ISP	Internet Service Provider.
IT	Information Technology.
Master Circular	RBI's Master Circular no. 11/2013-14 on Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary Abroad dated 1 July 2013 and updated as of 22 October 2013.

MTNL	Mahanagar Telephone Nigam Ltd.
Net debt	It is not an IFRS (GAAP) measure and (unless otherwise specified) is defined as the non-current borrowings plus current borrowings minus cash and cash equivalents, current and non-current restricted cash and investments (short term investments and investment (non-current)).
Net profit / Net income	Net profit before non-controlling interest/minority interest.
NLD	National Long Distance.
NSE	The National Stock Exchange of India Limited.
NSN	Nokia Siemens Networks Pvt. Limited.
Qatar Foundation Endowment	Qatar Foundation Endowment SPC.
RBI	Reserve Bank of India.
SEBI	Securities and Exchange Board of India.
SEC	United States Securities and Exchange Commission.
SIM	Subscriber Identity Module.
SingTel	Singapore Telecommunications Limited.
SMS	Short Messaging Service.
South Asia	South Asia shall mean the geographic areas of Sri Lanka and Bangladesh. For purposes of the Guarantor's financial and management reporting, India is not included as part of South Asia.
Supreme Court	Supreme Court of India.
TDSAT	Telecom Dispute Settlement and Appellate Tribunal.
Telecom	Telecommunications.
Telecom Circle or Circle	Mobile telephone jurisdiction defined by TRAI.
TRAI	Telecom Regulatory Authority of India.
UAS	Unified Access Service.

U.S. GAAP	United States Generally Accepted Accounting Principles.
USO	Universal Services Obligation.
VAS	Value Added Services.
Vodafone India	Indian subsidiary of Vodafone Plc.
VSAT	Very Small Aperture Terminals.
WPC	Wireless Planning and Co-ordination Wing of the Ministry of Communications.
Zain	Zain Africa B.V.

SUMMARY

This overview highlights certain information contained in this Offering Memorandum. This overview does not contain all the information you should consider before investing in the Notes. You should read this entire Offering Memorandum carefully, including the sections entitled "Forward-Looking Statements and Associated Risks", "Risk Factors" and "Business" included elsewhere in this Offering Memorandum and the financial information and the notes thereto set forth herein. To understand the terms of the Notes, you should carefully read the section of this Offering Memorandum entitled "Terms and Conditions of the Notes".

Overview

The Guarantor is one of the world's leading providers of telecommunications services, with a presence in all 22 of India's Telecom Circles as well as in Sri Lanka, Bangladesh and 17 countries in Africa. As of September 2013, the Guarantor was the largest private integrated telecommunications operator in India, the second largest mobile operator in Africa and the fourth largest wireless service provider in the world, as measured by proportionate equity subscriptions according to Informa Telecoms & Media. The Guarantor served an aggregate of 280.1 million customers as of 30 September 2013.

The Guarantor offers an integrated suite of telecom solutions to its customers, including mobile and fixed line service, long distance connectivity and broadband services both nationally and internationally. The Guarantor offers traditional mobile voice services with an increasing focus on data and non-voice services through the expansion of its 3G network and its 4G network, which was launched in Kolkata in April 2012 and later expanded to Bangalore, Pune, Chandigarh and Mohali, being the first 4G service in India. The Guarantor also offers Digital TV and IPTV services. All of these services are offered under the unified brand "airtel". The Guarantor also deploys, owns and manages Tower Infrastructure pertaining to telecom operations through its subsidiary Bharti Infratel and Bharti Infratel's 42 per cent. interest in the telecom Tower Infrastructure company Indus Towers. Including its proportionate stake in Indus Towers, Bharti Infratel is among the largest providers of Tower Infrastructure in India and in the world as measured by number of towers. Indus Towers is a joint venture between Bharti Infratel, Idea Cellular and Vodafone India. As of 30 September 2013, Bharti Infratel operated 35,376 towers and Indus Towers operated 112,144 towers. On 28 December 2012, shares of Bharti Infratel were listed on the BSE and NSE after Bharti Infratel completed an initial public offering of its equity shares, with the proceeds of the offering to be used to further expand Bharti Infratel's Tower network and upgrade existing towers.

On 8 June 2010, the Guarantor, through its subsidiary Bharti Airtel International (Netherlands) B.V., concluded an agreement with Zain International B.V. to acquire Zain for an enterprise valuation of U.S.$10.7 billion. Through this acquisition, the Guarantor acquired Zain's African mobile services operations in 15 countries with a total subscriber base of over 36 million at the time of acquisition. The largest of these acquired operations in terms of revenues were those in Nigeria. The Guarantor completed its acquisition of Telecom Seychelles Limited on 27 August 2010 for U.S.$62.0 million. It launched operations in Rwanda on 30 March 2012, bringing the Guarantor's African operations to 17 countries in total. On 12 June 2013 the Guarantor fully acquired Warid Telecom Uganda from the Warid Group. With the acquisition, the Guarantor has consolidated its position as the second largest mobile operator in Uganda based on customer market share. In November 2013, the Guarantor entered into a second agreement with the Warid Group to fully acquire Warid Congo SA. This acquisition will make the Guarantor the largest mobile operator in Congo Brazzaville with approximately 2.6 million customers in the country.

In February 2010, the Guarantor acquired a majority equity stake in Airtel Bangladesh Limited and on 12 June 2013 it acquired an additional 30 per cent equity interest from the Warid Group and now owns a 100 per cent equity interest. In March 2013, the Guarantor acquired an additional 13.36 per cent. interest in Airtel Networks Limited, Nigeria from certain existing shareholders. With this acquisition, the Guarantor's wholly owned subsidiary, Bharti Airtel Nigeria B.V. now owns a 79.06 per cent. equity interest in Airtel Networks Limited, Nigeria.

From May 2012 to October 2013, the Guarantor acquired 100 per cent. of Qualcomm Asia Pacific's Indian BWA entity, which comprise its 4G operations in India, securing a BWA spectrum license in four additional circles of India, namely Mumbai, Delhi, Haryana and Kerala, and opportunities for expansion of the Guarantor's 4G service offerings in a number of Telecom Circles.

For the fiscal years ended 31 March 2012 and 2013, the Guarantor's net profit was Rs. 42,581 million and Rs. 22,669 million, respectively, a decrease of 46.8 per cent. For the six months ended 30 September 2012 and 2013, its net profit was Rs. 14,766 million and Rs. 13,708 million, respectively, a decrease of 7.2 per cent. The Guarantor's EBITDA for the fiscal years ended 31 March 2012 and 2013 was Rs. 237,123 million and Rs. 248,704 million, respectively, an increase of 4.9 per cent. The Guarantor's EBITDA for the six months ended 30 September 2012 and 2013 was Rs. 114,227 million and Rs. 133,770 million, respectively, an increase of 17.1 per cent. As at 31 March 2012 and 2013, the Guarantor's total assets were Rs. 1,570,616 million and Rs. 1,673,232 million, respectively, an increase of 6.5 per cent. As at 30 September, the Guarantor's total assets were Rs. 1,793,247 million. The Guarantor's EBITDA margin for the fiscal years ended 31 March 2012 and 2013 and for the six months ended 30 September 2012 and 2013 was 33.2 per cent., 31.0 per cent., 30.1 per cent. and 32.2 per cent., respectively.

History

The Guarantor was founded and promoted by Bharti Telecom Limited, a company incorporated under the laws of India. The Guarantor was incorporated on 7 July 1995 in the State of Delhi in India for the purpose of promoting investments in telecommunications services.

The Guarantor obtained its certificate of commencement of business on 16 January 1996. The Guarantor first issued its equity shares publicly in February 2002 and was listed on the NSE and the BSE on 18 February 2002. The Guarantor had a market capitalisation of Rs. 1,272 billion as at 30 September 2013.

Competitive Strengths

The Guarantor believes that the following factors contribute to its strong competitive position:

Brand leadership

Each product and service offered by the Guarantor across India, South Asia and Africa bears the "airtel" brand. The Guarantor's "airtel" brand was ranked as India's number one service brand and third overall brand in The Economic Times' Brand Equity Survey for September 2012. The Guarantor's brand was rated one of the 200 most valuable brands globally by Brand Finance in 2011 and was also named brand of the year by the India Business Leader Awards in 2012. In 2011 and 2012, the Guarantor was ranked as having the No.1 service brand in Brand Equity's Most Trusted Brands Annual Survey. The Guarantor was also ranked third in Interbrand's "Best Indian Brands" survey in 2013, in which the survey valued the Guarantor's brand at U.S.$6,220 million based on the survey's valuation methodology. Through its Vision 2015 initiative, the Guarantor aims to continue building its brand and increasing its market share across the countries in which it operates through 2015.

The Guarantor believes that these awards and rankings demonstrate its brand strength and association with quality service delivery across India. The Guarantor also believes its brand was widely recognised across Sri Lanka and Bangladesh even before it commenced operations there in January 2009 and January 2010, respectively, significantly easing its entry into those markets. The Guarantor has begun building its brand recognition in Africa by completing a brand change from Zain to "airtel" across all 17 African countries in which the Guarantor currently operates, and the Guarantor believes it is moving to establish positive brand recognition in these countries. The Guarantor believes that its brand recognition in the jurisdictions in which it operates allows it to leverage significant synergies across various product offerings and highlight the Guarantor's image as an integrated customer-centric organisation to continue to increase its customer base. The Guarantor was named one of the top 10 brands in Africa in September 2013 according to a survey conducted by African Business Magazine. The Guarantor was also awarded "Brand of the Year" award at the Nigerian Telecom Awards.

Innovative business model

The Guarantor believes it has created an innovative business model in India with a focus on providing affordable mobile telephony services, thereby attracting new customers. The Guarantor has built a "minutes factory" model which focuses on producing the lowest cost minute possible and thereby improving margins, as well as offering simple, user-friendly tariff plans with features such as pre-paid plans with electronic top-ups at minimal denominations. The Guarantor has also developed partnerships with Nokia, Apple, Samsung and other handset vendors to provide handsets to its users. The Guarantor's mobile and data service plans also feature some of the lowest activation costs of any network in India and "starter packs" to ease user activation of the Guarantor's mobile services. Each of the Guarantor's potential products or service offerings is vetted through a structured internal process which assesses the potential product's cost, performance and features, value and time-to-market of the potential product, with the ultimate aim of minimising product cost and increasing market share. This business model has enabled the Guarantor to expand its customer base and thereby increase its sales volume. The Guarantor has also focused on building its Indian network in a planned and systematic manner, creating an expansive distribution network to provide a large portion of the Indian population with convenient access to the Guarantor's products and services and to apply its innovative business model to a growing customer base. These strategies have enabled the Guarantor to benefit from increased economies of scale, allowing it to further lower its rates and attract new subscribers.

The Guarantor believes that a key element of its ability to lower costs is its business model, which entails developing strategic partnerships and outsourcing a number of operations. The Guarantor has established strong relationships with network partners such as Ericsson, NSN and Huawei and ZTE Corporation that manage the Guarantor's telecom network. In particular, the Guarantor has worked with these network partners to purchase network equipment and capacity on a pay-as-you-grow basis, rather than at pre-determined rates for set capacity amounts that may or may not reflect actual capacity requirements. To ensure superior quality of service, the rates paid to the network partners are adjusted based on quality of service metrics. The Guarantor provides usage projections and quality of service objectives to be met by each network partner, and it only pays based on usage and quality of service parameters once it begins to use this capacity, thereby matching equipment and capacity purchases with capacity requirements and quality of service.

The Guarantor has minimised its dependence on any single network partner providing critical network services by obtaining ownership of equipment deployed by its network partners and utilising GSM technology that can be established and maintained with standardised components, allowing equipment installed by one partner to be modified, expanded and maintained by another competing partner. This enables the Guarantor to enter into short-term non-exclusive contract with network partners. The Guarantor issues a new request for proposal process at the end of each short contract term, allowing the Guarantor to continually re-evaluate the cost and performance of each network partner and form new partnerships as necessary. The Guarantor believes that this business delivery model highlighted above, which aims to manages its capital and operating expenditure effectively, will be a strength as it focuses on non-voice services through 3G and 4G services. Moreover, the Guarantor believes that its extensive 2G network and coverage can be leveraged to layer 3G and 4G services, providing superior cost advantages compared to newer market players with more limited coverage.

The Guarantor has formed a number of other partnerships to meet its operational requirements at lower costs. The majority of the Guarantor's IT requirements are met through its partnership with IBM. The Guarantor relies heavily on call centres to address customer queries or complaints, and many of these centres are operated through partnerships with Nortel Networks, HTMT, Ericsson, Nokia Siemens Networks (NSN), Huawei, Cisco, Tech Mahindra, Infosys, Avaya and others. The Guarantor has developed a number of partnerships with other mobile services companies in India such as Spicedigital and One97 to provide value added services to its mobile services customers. The Guarantor has sourced most of its Tower requirements through its subsidiary Bharti Infratel and Indus Towers, a joint venture between Bharti Infratel, Vodafone India and Idea Cellular. The Guarantor believes these partnerships have improved its operational efficiencies, allowing the Guarantor to offer its various services at lower costs, expand its customer base and improve its operating margins. The Guarantor has employed a similar partnering strategy in its African operations.

Strong management team, shareholder support and financial position

The Guarantor is led by a highly experienced executive and operational management team, with Mr. Sunil Bharti Mittal as its Executive Chairman. The Guarantor's management team has successfully managed the Guarantor's growth in recent years, executing its strategy of partnering with equipment and other service vendors, minimising capital expenditure and selectively expanding internationally. Moreover, the Guarantor believes that it has been successful in identifying, training younger executives for higher management roles in the future. The Guarantor believes that an experienced and effective management team is an important competitive advantage in pursuing its growth strategy successfully in the future.

The Guarantor's substantial shareholder, SingTel, which owns directly and indirectly approximately 32.3 per cent. of the Guarantor's shares, contributes relevant strategic and business insights through representation on both the Issuer's and the Guarantor's boards. SingTel also provides its international telecommunications industry experience and innovation from across the SingTel group. The Guarantor intends to continue leveraging SingTel's industry experience and technological expertise, thereby enhancing the Guarantor's position in the global telecommunications market.

In June 2013, the Guarantor completed the allotment of 199,870,006 new equity shares to Three Pillars Pte Ltd, an affiliate of Qatar Foundation Endowment SPC, representing 5 per cent. of the post issue share capital of the Guarantor. The Guarantor believes that the Qatar Foundation Endowment's investment decision to support the Guarantor's long term strategic growth will benefit the Guarantor's future business endeavours.

The Guarantor believes that its focus on providing mobile and other telecommunications services at low cost through its innovative business model has resulted in its stable EBITDA growth, from Rs. 114,227 million in the six months ended 30 September 2012 to Rs. 133,770 million in the six months ended 30 September 2013 , an increase of 17.1 per cent. The Guarantor believes that its stable EBITDA growth has provided it with a solid platform to continue to expand its existing business and pursue other investment opportunities as they arise.

Well positioned for growth in Africa

The Guarantor believes its operations in Africa are well positioned for growth. Following shortly after its acquisition of operations in 15 of the countries where Zain operated, the Guarantor acquired operations in the Republic of Seychelles and also launched service in Rwanda in March 2012 by acquiring greenfield licenses, bringing total operations in Africa to 17 countries. As of September 2013, the Guarantor was the second largest operator in Africa based on proportionate equity subscriptions according to Informa Telecoms & Media. On 12 June 2013 the Guarantor fully acquired Warid Telecom Uganda from the Warid Group. With the acquisition, the Guarantor consolidated its position as the second largest mobile operator in Uganda based on based on customer market share. In November 2013, the Guarantor entered into a second agreement with the Warid Group to fully acquire Warid Congo SA. This acquisition makes the Guarantor the largest mobile operator in Congo Brazzaville with approximately 2.6 million customers in the country. In March 2013, the Guarantor acquired an additional 13.36 per cent. equity interest in Airtel Networks Limited, Nigeria from certain existing shareholders. With this acquisition, the Guarantor's wholly owned subsidiary, Bharti Airtel Nigeria B.V. now owns a 79.06 per cent. equity interest in Airtel Networks Limited, Nigeria. The Guarantor believes the potential for growth of the telecommunications market in Africa is significant due to the region's young and growing population, currently estimated to be over one billion people, combined with a relatively low teledensity and the high potential demand for data services.

Moreover, the Guarantor believes that its innovative business delivery model and the advantages that business model brings can be replicated across much of its African operations. In particular, the Guarantor has developed a means of producing low cost minutes through its equipment and technology partnerships. The Guarantor believes it is well positioned to implement this model in Africa and increase sales volumes and effectively compete with established players.

The Guarantor also believes its African operations have benefited from positive relationships and cooperation it has built with local regulators, due to the shared vision of increasing teledensity in the countries which are underpenetrated. Airtel Africa has acquired adequate spectrum across its African operations to meet its current needs and cater to future growth requirements. This in turn is expected to reduce the Guarantor's capital expenditure requirements allowing the Guarantor to offer lower cost services and grow its customer base across Africa.

Significant share of mobile services market revenues

According to the Telecom Regulatory Authority of India ("TRAI"), during each of the past four fiscal quarters, the Guarantor's revenues from its mobile services operations in India have accounted for approximately 30 per cent. of total mobile services revenues in India, making the Guarantor the largest mobile services company in India as measured by revenue share.

The Guarantor believes that its size and market share offer significant benefits from economies of scale. The telecommunications industry is subject to rapid advances in technology, and the Guarantor believes its scale and market share have positioned it to bring products and services to the market quickly based on new technologies to its customers at lower costs than its competitors.

Extensive telecommunications network and strong network quality

As of 30 September 2013, the Guarantor's telecom network coverage extended to approximately 86.7 per cent. of India's population. The Guarantor's network coverage is facilitated through an extensive Tower portfolio offered by its subsidiary, Bharti Infratel, and through Indus Towers, a joint venture between Bharti Infratel, Vodafone India and Idea Cellular. As of 30 September 2013, Bharti Infratel and its proportionate ownership in Indus Towers owned 82,476 towers across India. The Guarantor's network is further strengthened by its demand forecasting process, a model which provides monthly projections for the Guarantor's mobile services, telemedia services and Airtel business offerings and potential network expansion to meet these projected demands. The Guarantor has also implemented a design and development process which aims to minimise errors during all network roll outs, modifications, new network developments and network redesigns.

The Guarantor also believes its network quality is among the strongest in India, South Asia and Africa. The Guarantor's network is supported by leading equipment suppliers such as Ericsson, NSN and Huawei, companies at the forefront of GSM and other technologies crucial to the Guarantor's network. In 2010, the Guarantor deployed a system for monitoring customer feedback on network quality, called "customer experience management", which the Guarantor utilises to improve its network based on customer queries and complaints. The Guarantor has developed a structured incident management system to quickly log customer complaints, assess the severity of each complaint and respond appropriately. The Guarantor has also developed an operations process focused on proactive incident prevention, identifying and addressing potential problems even before customer complaints arise.

Strong distribution network

As of 30 September 2013, the Guarantor had more than 1.5 million retail outlets in India offering its products, many of whom have long term relationships with the Guarantor. The Guarantor believes its strong distribution network is a critical part of its business and a key reason for its large customer base. As of 30 September 2013, 95.4 per cent. of the Guarantor's subscribers in India were pre-paid and 99.3 per cent. of its subscribers in Africa were pre-paid. As it has done in India, the Guarantor is developing a wide distribution presence in Africa, introducing convenient services such as electronic recharge options as well as augmenting its distribution base to increase customer access to its services.

Strategy

The key elements of the Guarantor's strategy are:

Strengthen position as an integrated telecom company and further solidify market leadership in India

The Guarantor aims to strengthen its position as an integrated telecom company in India by further developing its array of service offerings. Currently the Guarantor offers mobile services through its extensive wireless network; telemedia services including fixed-line telephone and broadband Internet; Airtel business catering to the various telecom needs of large corporate clients, government and telecom carriers, including a network of submarine cables to provide express international connectivity; a network of Tower Infrastructure to facilitate its wireless services; and other services such as digital television. The Guarantor plans to continue expanding these service offerings in India, particularly technologies such as 3G and 4G which offer potentially higher margins than 2G with relatively low capital expenditure required. As part of its business strategy, the Guarantor may seek to acquire additional spectrum from other operators or in auctions from governments when available. The Guarantor also plans to continue marketing the "airtel" brand as an integrated telecom services company able to meet all of its clients' various telecom needs.

The Guarantor also plans to continue solidifying its market leadership position within India. The Guarantor will focus on continuing to offer affordable and reliable services at competitive prices to its customer base, expanding its network coverage and improving network quality. The Guarantor also plans to improve its content offerings through new technologies and generate alternate revenue streams through innovative product offerings such as airtel money. See "— Other operations — Mobile Commerce".

Implement innovative business model and capital expenditure strategy across Africa

The Guarantor believes its expansion into 17 African telecommunications markets offers a new platform to implement its unique business model and expand its customer base. The Guarantor believes these African markets offer a suitable growth platform based on current low teledensity and an estimated population of over one billion, along with positive macroeconomic dynamics, including business environments in which the Guarantor can form strategic partnerships with supportive local authorities to improve efficiency and reduce cost. The Guarantor believes that conditions in Africa are similar to the conditions in India, when the Guarantor began building its business there in 1996, in terms of demographics and an opportunity to radically transform a traditional high cost model to a more affordable one for its customers. Average active SIM penetration rate across all 17 African countries in which the Guarantor operates was approximately 60.2 per cent. in September 2013, according to Informal Telecoms & Media, compared to an average of approximately 70.9 per cent. in India as of 31 March 2013, according to TRAI, indicating a sizeable untapped customer base. Similar to its strategy in India, the Guarantor is implementing a pay-as-you-grow model which minimises its capital expenditure by outsourcing non-core functions and services to equipment and technology partners. The Guarantor believes that this innovative business model, which has proved successful in India, will also succeed in Africa and will reduce future capital expenditure requirements as it grows its business there.

The telecommunications market in Africa, unlike the market in India, is characterised by relatively low mobile penetration, low usage and high ARPU. As of 1 July 2013, over half the overseas jurisdictions in which the Guarantor operates have a mobile penetration rate of less than 65 per cent., according to Informa Telecoms & Media. These jurisdictions have a combined population of over 250 million and a relatively low per capital gross domestic product as compared to the other jurisdictions in which the Guarantor operates. For these reasons, the Guarantor believes these markets provide an opportunity to further expand its "minutes factory" model which focuses on producing the lowest cost minute and providing simple, user-friendly tariff plans.

Upgrade network to further expand 3G, 4G and data service offerings

The Guarantor believes 3G, 4G and other data services provide an opportunity for substantial additional growth within the Indian telecommunications market. In jurisdictions in which the Guarantor operates, the revenue from data as a percentage of revenue from mobile services is relatively low with potential to increase. For example, in 2012, in India, Uganda and Nigeria, the revenues from data as a percentage of revenue from mobile services were 14.0 per cent., 10.0 per cent. and 11.0 per cent, respectively. Other emerging markets have already experienced an increase in data revenues as a percentage of total mobile services revenue. For example, the revenues from data as a percentage of revenues from mobile services across emerging markets including Korea, the Philippines and Indonesia were 41.3 per cent., 50.3 per cent. and 39.1 per cent, respectively. The Guarantor aims to capitalise on this opportunity by expanding its 3G, 4G and non-voice service offerings across its network. In particular, the Guarantor plans to implement its business delivery model, which minimises capital and operating expenditure through partnerships with equipment and service providers, to offer 3G, 4G and other data services at minimal cost and to thereby increase data usage. Moreover, the Guarantor believes it can expand its 3G network with minimal additional capital expenditure because the technology can be added to its existing Tower Infrastructure.

The Guarantor launched India's first 4G wireless network in Kolkata in April 2012, which provides much faster upload and download speeds as compared with 3G wireless networks. The Guarantor expanded its 4G platform to Bangalore, Karnataka in May 2012 and to Pune, Maharashtra in October 2012 followed by Chandigarh and Mohali in March 2013. From May 2012 to October 2013, the Guarantor acquired 100 per cent. of Qualcomm Asia Pacific's Indian BWA entity, which comprise its 4G operations in India, securing a BWA spectrum license in four additional circles of India, namely Mumbai, Delhi, Haryana and Kerala and opportunities for expansion of the Guarantor's 4G service offerings in a number of Telecom Circles. 4G is a technology which allows fast access to HD video streaming and video conferencing, multiple chatting, instant uploading of photos and support other data-intensive applications. The Guarantor believes that 4G technologies will support a "data revolution" in India, driving fundamental changes in individuals lifestyles, business and society at large and supporting economic growth in rural areas by enhancing the reach of e-governance, e-health and e-education services, and will be a significant source of revenue in the long term.

Continue to maintain high standards of corporate governance, transparency and ethics

The Guarantor maintains a high standard of conduct, which has been recognised by third parties. CRISIL has assigned its Governance and Value Creation rating "CRISIL GVC Level 1" to the corporate governance and value creation practices of the Guarantor. The Guarantor was ranked fourth amongst 100 emerging market multinational companies by Transparency International, who ranked the corporate reporting practices of 100 large multinational companies from 16 different countries. The Guarantor believes these ratings reflect its commitment to its stated objective of value creation for all its stakeholders while preserving high standards of ethics and corporate governance. The Guarantor also publishes audited financial results every quarter to provide greater transparency and reliability to investors. The Guarantor treats corporate governance as a continual process of improvement by benchmarking itself with the best practices in India and globally in order to maintain the highest standards of corporate governance. Moreover, the Guarantor believes these practices will translate into a much higher level of stakeholder confidence which in turn will ensure longer term sustainability and value generation for the Guarantor's business.

SUMMARY SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF THE GUARANTOR

The selected consolidated financial data for the Guarantor as of and for each of the fiscal years ended 31 March 2012 and 2013 and as of and for the six months ended 30 September 2013 set forth below have been derived or calculated from the Annual Financial Statements and the Interim Financial Statements included elsewhere in this Offering Memorandum unless stated otherwise. This financial information should be read in conjunction with "Capitalisation" and the Annual Financial Statements and the Interim Financial Statements set forth in this Offering Memorandum. Effective 1 April 2013, IFRS 11 on joint arrangements became mandatory whereby accounting for investment in joint ventures changed from the proportionate consolidation method (line by line consolidation) to the equity method. Accordingly, the Guarantor has adopted IFRS 11 effective 1 April 2013 and the interim financial statements as at and for the six months ended 30 September 2013 have been prepared giving effect to this standard. The Guarantor has restated the financial data for the six months ended 30 September 2012 on the same basis. It has also restated the financial data as at and for the fiscal year ended 31 March 2013 on the same basis for presentational purposes below. However, the Guarantor has not restated the financial data for the fiscal year ended 31 March 2012. While the Guarantor believes that this change is presentational in nature and does not impact the Group's net profit, it does impact a number of the Group's disclosed financial metrics, including revenue, EBITDA, free cash flow and net debt, amongst others. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

Consolidated Statement of Income and Comprehensive Income

The table below presents the Guarantor's consolidated statement of income and comprehensive income for the periods indicated and presents the data for the fiscal year ended 31 March 2013 as originally prepared and as restated to give effect to IFRS 11.

	Fiscal year ended 31 March				
	2011	2012	2013	2013	2013
	(Rs. in millions)(2)	(Rs. in millions)	(Rs. in millions)(1)	(Rs. in millions)(1)	(U.S.$ in millions)(3)
	(Audited)	(Audited)	(Audited)	(Audited Restated)	Unaudited
Revenue	595,383	714,508	803,112	769,045	14,755
Other operating income	635	550	478	425	9
Operating expenses	(395,300)	(477,935)	(554,886)	(536,891)	(10,194)
Depreciation and amortisation	(102,066)	(133,681)	(154,964)	(148,148)	(2,848)
Profit from operating activities	98,652	103,442	93,740	84,431	1,722
Share of results of associates	(57)	(74)	(76)	3,506	(1)
Profit before finance income, finance costs and tax	98,595	103,368	93,664	87,937	1,721
Finance income	3,536	2,643	5,633	5,103	103
Finance costs	(25,349)	(40,828)	(49,477)	(45,187)	(909)
Profit before tax	76,782	65,183	49,820	47,853	915
Income tax expense	(17,790)	(22,602)	(27,151)	(25,184)	(499)
Net profit for the year	58,992	42,581	22,669	22,669	416
Exchange differences on translation of foreign operations (net of income tax effect)	12,681	(20,410)	(25,669)	(25,669)	(471)
Total comprehensive income/(loss) for the year, net of tax	71,673	22,171	(3,000)	(3,000)	(55)

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data for the six months ended 30 September 2013 on an equity basis and restated the financial data for the six months ended 30 September 2012 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements. The Guarantor has also restated the financial data for the fiscal year ended 31 March 2013 in accordance with IFRS 11 for the purpose of comparison.

(2) During the fiscal year ended 31 March 2011, "other income" and "non operating expenses" were presented after "profit from operating activities" in the Guarantor's consolidated statement of operations. The Guarantor has reassessed this presentation and reclassified "other income" as "other operating income" and "revenue", and included "non operating expenses" as part of "operating expenses".

(3) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts for the fiscal year ended 31 March 2013 have been provided at a rate of U.S.$1.00 = Rs. 54.43, the average exchange rate for the fiscal year ended 31 March 2013 based on the RBI Reference Rate.

	Six months ended 30 September		
	2012[(1)]	2013[(1)]	2013
	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[(2)]
	(Audited)		(Unaudited)
Revenue	379,600	415,883	7,013
Other operating income	190	540	9
Operating expenses	(265,563)	(282,653)	(4,766)
Depreciation and amortisation	(72,793)	(77,864)	(1,313)
Profit from operating activities before exceptional items	41,434	55,906	943
Share of results of associates	1,688	2,474	41
Profit before finance income, finance costs, exceptional items and tax	43,122	58,380	984
Finance income	5,093	2,525	43
Finance costs	(21,710)	(30,312)	(511)
Exceptional income/(expense), net	—	1,433	24
Profit before tax	26,505	32,026	540
Income tax expense	(11,739)	(18,318)	(309)
Net profit for the period	14,766	13,708	231
Exchange differences on translation of foreign operations (net of income tax effect)	(22,706)	21,159	357
Actuarial gains/(losses) on defined benefit plans (net of income tax effect)	—	(138)	(2)
Total comprehensive income/(loss) for the period, net of tax	(7,940)	34,729	586

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data for the six months ended 30 September 2013 on an equity basis and restated the financial data for the six months ended 30 September 2012 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts for the six months ended 30 September 2013 have been provided at a rate of U.S.$1.00 = Rs. 59.30, the average exchange rate for the six months ended 30 September 2013 based on the RBI Reference Rate.

The Guarantor's results of operations by segment for the fiscal years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2012 and 2013

The following tables sets forth total revenues and EBITDA for the fiscal years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2012 and 2013.

The Guarantor's DTH direct to home network ("DTH") business has made increasing contributions to the Group's revenues since commencing commercial operations in 2008. For this reason, during the fiscal year ended 31 March 2012, the Guarantor began reporting its DTH business as a separate segment, earlier reported as part of the "others" segment. This includes digital broadcasting services provided under the Guarantor's DTH platform. The Guarantor also adjusted its internal reporting from the fiscal year ended 31 March 2012 by reclassifying corporate headquarters' expenses and results, assets and liabilities relating to the Group's Africa operations as a component of the 'Africa mobile services' segment, removing it from the "others" business segment. Further, during the fiscal year ended 31 March 2012, the Guarantor has revised the presentation of expenses, results, assets and liabilities of corporate headquarters of the Guarantor and other activities not allocated to the operating segments as 'Unallocated', earlier reported as part of the "Others" segment. For comparison purposes, corresponding financial data for the fiscal year ended 31 March 2011 has been reclassified in accordance with the segment reclassification implemented for the fiscal year ended 31 March 2012 and presented in the first table below.

During the quarter ended 31 March 2013, the Guarantor made certain management changes. As a result, beginning on 1 April 2013, the Guarantor's operations in South Asia, namely Sri Lanka and Bangladesh, are now reported as part of its "Mobile Services — South Asia" segment. Previously, they were reported as part of the "India and South Asia" segment. The results of International operations now include the operational and financial performance of 17 countries of Africa (including acquired operations of Warid Telecom, Uganda) and South Asia. In addition, to better reflect business synergies, intra city fibre networks earlier included in 'Telemedia Services', and Mobile Commerce Services in India earlier included in 'Others', have now been included in 'Mobile Services — India'. Further, in order to improve the comparability of results with the single segment telecom players, the company has also allocated certain common expenses, earlier included in 'Unallocated' to 'Mobile-Services — India', 'Telemedia Services' and 'Airtel Business'. As a result, the financial information reported on a segment basis for the six months ended 30 September 2012 and 2013 is not comparable with the financial information reported on a segment basis for the fiscal years ended 31 March 2011, 2012 and 2013.

	Total Revenues[1]			EBITDA[1][2]		
	Fiscal year ended 31 March			Fiscal year ended 31 March		
	2011	2012	2013	2011	2012	2013
	(Rs. in millions) (Audited)			(Rs. in millions) (Unaudited)		
India and South Asia						
Mobile Services	363,400	403,091	440,235	126,897	136,667	135,138
Telemedia Services	36,324	37,271	38,158	16,489	15,836	16,204
Digital TV Services (formerly DTH)	7,760	12,960	16,294	(1,095)	465	452
Airtel Business (formerly Enterprise Services)	41,463	44,541	53,202	10,123	8,313	9,361
Tower Infrastructure Services (formerly Passive Infrastructure Services)	85,555	95,109	103,154	31,746	35,944	38,561
Others	2,741	3,117	3,533	47	(412)	(644)
Africa						
Mobile Services	130,834	198,265	240,439	28,509	52,791	63,147
Unallocated	—	—	—	(9,151)	(9,271)	(9,819)
Eliminations	(72,694)	(79,846)	(91,903)	(2,847)	(3,210)	(3,696)
Total	595,383	714,508	803,112	200,718	237,123	248,704

(1) EBITDA is defined as earnings before finance income and finance costs, exceptional items, taxation, depreciation, amortisation and impairment and share of results of associates and joint ventures (unless otherwise specified). It is not a IFRS (GAAP) measure. Revenue and EBITDA for the fiscal year ended 31 March 2011 have been restated for the effect of change in classification of certain items of income and expenses.

(2) EBITDA for the year ended 31 March 2012 is based on comparatives reported in the year ended 31 March, 2013.

	Total Revenues[1]		EBITDA[1][2]	
	Six months ended 30 September		Six months ended 30 September	
	2012	2013	2012	2013
	(Rs. in millions) (Audited)		(Rs. in millions) (Unaudited)	
India[3]				
Mobile Services	213,540	229,554	64,663	75,668
Telemedia Services	17,829	19,241	7,228	7,381
Digital TV Services (formerly DTH)	7,595	9,972	9	1,405
Airtel Business (formerly Enterprise Services)	25,840	30,861	3,870	6,007
Tower Infrastructure Services (formerly Passive Infrastructure Services)	23,960	25,434	10,678	11,166
Others	1,785	1,696	84	32
Africa and South Asia[3]				
Mobile Services — Africa	118,098	129,567	31,337	34,903
Mobile Services — South Asia	5,792	8,450	(796)	428
Unallocated	—	0	(1,001)	(1,051)
Eliminations	(34,839)	(38,892)	(1,845)	(2,169)
Total	379,600	415,883	114,227	133,770

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data for the six months ended 30 September 2013 on an equity basis and restated the financial data for the six months ended 30 September 2012 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) EBITDA is defined as earnings before finance income and finance costs, exceptional items, taxation, share of results of joint ventures and associates and depreciation, amortisation and impairment (unless otherwise specified). It is not a IFRS (GAAP) measure.

(3) Beginning on 1 April 2013, the Guarantor's operations in South Asia, namely in Sri Lanka and Bangladesh, are reported as part of its "Mobile Services — South Asia" segment. As a result, the financial information reported on the segment basis for the six months ended 30 September 2012 and 2013 is not comparable with the financial information reported on the segment basis for the fiscal years ended 31 March 2011, 2012 and 2013.

The Guarantor's Key Operating and Financial Information

The following information is intended to assist in understanding the trends in the operating and financial information of the Guarantor included in this Offering Memorandum.

	As at/for the fiscal year ended 31 March		
	2011	2012	2013
		(Unaudited)	
Total customer base (000's)	220,877	251,646	271,227
Total minutes on network (millions of minutes)	890,093	1,020,615	1,127,150
Network sites	131,304	141,059	156,905
Number of countries of operation	19	20	20
Population covered (billions)	1.83	1.84	1.85
Total revenue (Rs. millions)	595,383	714,508	803,112
EBITDA (Rs. millions)(1)	200,718	237,123	248,704
Capital expenditure (Rs. millions)	306,948	143,978	145,918
Operating free cash flow (EBITDA - capital expenditure) (Rs. millions)	(106,230)	93,145	102,786
EBITDA Margin(2)	33.7%	33.2%	31.0%
Net profit margin(3)	10.2%	6.0%	2.8%
Net debt to funded equity ratio (times)(4)	1.23	1.29	1.27
Return on shareholder's equity(5)	13.3%	8.6%	4.5%
Return on capital employed(6)	10.8%	7.2%	5.8%

(1) EBITDA is defined as earnings before finance income and finance costs, exceptional items, taxation, share of results of joint ventures and associates and depreciation, amortisation and impairment (unless otherwise specified). It is not a IFRS (GAAP) measure.

(2) EBITDA Margin is defined as EBITDA for the period divided by total revenues for that period.

(3) Net profit margin is defined as net profit for the period attributable to equity holders of the Guarantor divided by total revenues for that period.

(4) Net debt to funded equity ratio comprises net debt (which, unless otherwise specified, is non-current borrowings plus current borrowings minus cash and cash equivalents, current and non-current restricted cash and investments (short term investments and investment (non-current)) divided by funded equity (which is equity attributable to equity holders of the Guarantor).

(5) Return on shareholder's equity comprises net profit attributable to equity holders of the Guarantor for the period divided by the average (of opening and closing) equity attributable to equity holders of the Guarantor.

(6) Return on capital employed comprises the sum of net profit attributable to equity holders of the Guarantor, and finance income and finance cost for the period divided by average (of opening and closing) capital employed.

	As at/for the six months ended 30 September[1]	
	2012	2013
	(Unaudited)	
Total customer base (000's)	262,555	280,087
Total minutes on network (millions of minutes)	549,436	599,239
Network sites	151,219	159,439
Number of countries of operation	20	20
Population covered (billions)	1.85	1.85
Total revenue (Rs. millions)	379,600	415,883
EBITDA (Rs. millions)[2]	114,227	133,770
Capital expenditure (Rs. millions)	74,042	54,974
Operating free cash flow (EBITDA - capital expenditure) (Rs. millions)	40,185	78,796
EBITDA Margin[3]	30.1%	32.2%
Net profit margin[4]	3.9%	2.9%
Net debt to funded equity ratio (times)[5]	1.24	1.04
Return on shareholder's equity[6]	7.1%	3.7%
Return on capital employed[7]	6.0%	6.3%

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data as at and for the six months ended 30 September 2013 on an equity basis and restated the financial data for the six months ended 30 September 2012 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) EBITDA is defined as earnings before finance income and finance costs, exceptional items, taxation, share of results of joint ventures and associates and depreciation, amortisation and impairment (unless otherwise specified). It is not a IFRS (GAAP) measure.

(3) EBITDA Margin is defined as EBITDA for the period divided by total revenues for that period.

(4) Net profit margin is defined as net profit for the period attributable to equity holders of the Guarantor divided by total revenues for that period.

(5) Net debt to funded equity ratio comprises net debt (which, unless otherwise specified, is non-current borrowings plus current borrowings minus cash and cash equivalents, current and non-current restricted cash and investments (short term investments and investments (non-current)) divided by funded equity (which is equity attributable to equity holders of the Guarantor).

(6) Return on shareholder's equity comprises net profit attributable to equity holders of the Guarantor for the period divided by the average (of opening and closing) equity attributable to equity holders of the Guarantor. For the six months ended 30 September 2012 and 2013, return on shareholder's equity is computed by dividing net profit attributable to equity holders of the Guarantor for the preceding 12 months from the end of the relevant period by the average shareholder's equity for the preceding 12 months. Average shareholder's equity is calculated by calculating the average of the quarterly average for the preceding four quarters from the end of the relevant period.

(7) Return on capital employed comprises the sum of net profit attributable to equity holders of the Guarantor, and finance income and finance cost for the period divided by average (of opening and closing) capital employed. For the six months ended 30 September 2012 and 2013, return on capital employed comprises the sum of net profit attributable to equity holders of the Guarantor and finance income and finance cost for the preceding 12 months from the end of the relevant period divided by average (of opening and closing) capital employed. Average capital employed is calculated by calculating the average of the quarterly average for the preceding four quarters from the end of the relevant period.

Consolidated Statement of Financial Position

The table below presents the Guarantor's consolidated statement of financial position as at the dates indicated and presents the data as at 31 March 2013 as originally prepared and as restated to give effect to IFRS 11.

	As at 31 March				As at 30 September	
	2011	2012	2013	2013	2013	2013
	(Rs. in millions)	(Rs. in millions)(3)	(Rs. in millions)(1)	(Rs. in millions)(1)	(Rs. in millions)(2)	(U.S. in millions)(2)
	(Audited)	(Audited)	(Audited)	(Audited Restated)	(Audited)	(Unaudited)
Assets						
Non-current assets						
Property, plant and equipment	651,426	674,932	688,430	638,277	615,313	9,801
Intangible assets	637,317	660,889	680,808	648,386	786,013	12,520
Investment in associates(4)	—	223	242	11,552	56,224	895
Investment (non-current)			—	—	35,647	568
Derivative financial assets	1,998	2,756	3,566	3,566	4,140	66
Other financial assets	7,930	16,887	16,999	16,326	14,926	238
Other non-financial assets	9,255	15,568	21,038	18,749	23,267	371
Deferred tax asset	45,061	51,227	59,245	58,491	66,039	1,052
Total non-current assets	1,352,987	1,422,532	1,470,328	1,395,347	1,601,569	25,511
Current assets						
Inventories	2,139	1,308	1,109	1,109	1,662	26
Trade and other receivables	54,929	63,735	66,430	67,824	52,474	836
Derivative financial assets	2,682	2,137	1,097	1,097	1,768	28
Prepayments and other assets	30,504	32,621	33,134	30,860	33,599	535
Income tax recoverable	5,280	9,049	12,040	10,093	6,404	102
Short term investments	6,224	18,132	67,451	65,546	58,229	928
Other financial assets	744	802	4,348	4,299	6,723	107
Cash and cash equivalents	9,575	20,300	17,295	16,078	30,819	491
Total current assets	112,077	148,084	202,904	196,906	191,678	3,053
Total assets	1,465,064	1,570,616	1,673,232	1,592,253	1,793,247	28,564

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data as at 30 September 2013 on an equity basis and restated the financial data as at 31 March 2013 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at 30 September 2013 have been provided at a rate of U.S.$1.00 = Rs. 62.78, the closing exchange rate as at 30 September 2013 based on the RBI Reference Rate.

(3) Consolidated statement of financial position as at 31 March 2012 is based on comparatives reported in the year ended 31 March, 2013.

(4) Investment in associates as at 30 September 2013 and 31 March 2013 (Audited Restated) includes investment in joint ventures.

	As at 31 March				As at 30 September	
	2011	2012	2013	2013	2013	2013[(2)]
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)[(1)]	(Rs. in millions)[(1)]	(Rs. in millions)	(U.S. in millions)
	(Audited)	(Audited)	(Audited)	(Audited Restated)	(Audited)	(Unaudited)
Equity and liabilities						
Equity						
Issued capital	18,988	18,988	18,988	18,988	19,987	318
Treasury shares	(268)	(282)	(674)	(674)	(478)	(7)
Share premium	56,499	56,499	56,499	56,499	123,456	1,966
Retained earnings	357,446	395,682	414,027	414,027	421,459	6,713
Foreign currency translation reserve	14,018	(6,026)	(32,571)	(32,571)	(10,783)	(171)
Other components of equity	40,985	41,252	46,948	46,948	34,115	543
Equity attributable to equity holders of parent	487,668	506,113	503,217	503,217	587,756	9,362
Non-controlling interest	28,563	27,695	40,886	40,886	41,265	657
Total equity	516,231	533,808	544,103	544,103	629,021	10,019

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data as at 30 September 2013 on an equity basis and restated the financial data as at 31 March 2013 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at 30 September 2013 have been provided at a rate of U.S.$1.00 = Rs. 62.78, the closing exchange rate as at 30 September 2013 based on the RBI Reference Rate.

	As at 31 March				As of 30 September	
	2011	2012	2013	2013	2013(1)	2013
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)(1)	(Rs. in millions)(1)	(Rs. in millions)	(U.S. in millions)(2)
	(Audited)	(Audited)	(Audited)	(Audited Restated)	(Audited)	(Unaudited)
Non-current liabilities						
Borrowing	532,338	497,154	615,485	569,137	562,929	8,967
Deferred revenue	8,700	2,892	9,696	9,685	12,508	199
Provisions	6,085	7,240	10,548	9,744	9,234	147
Derivative financial liabilities	151	401	893	893	5,308	84
Deferred tax liability	12,487	11,621	15,873	12,556	14,572	232
Other financial liabilities	13,856	23,076	22,748	23,204	21,718	346
Other non-financial liabilities	5,371	5,551	3,465	2,384	2,441	39
Total non-current liabilities	578,988	547,935	678,708	627,603	628,710	10,014
Current liabilities						
Borrowing	84,370	193,078	114,123	98,226	181,508	2,891
Deferred revenue	30,599	43,282	39,560	39,560	44,584	710
Provisions	1,180	1,290	1,835	1,768	1,895	30
Other non financial liabilities	10,053	10,811	13,922	13,245	20,095	320
Derivative financial liabilities	317	166	219	219	1,381	22
Income tax liabilities	3,642	7,596	7,628	7,627	7,960	127
Trade & other payables	239,684	232,650	273,134	259,902	278,093	4,430
Total current liabilities	369,845	488,873	450,421	420,547	535,516	8,530
Total liabilities	948,833	1,036,808	1,129,129	1,048,150	1,164,226	18,545
Total equity and liabilities	1,465,064	1,570,616	1,673,232	1,592,253	1,793,247	28,564

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data as at 30 September 2013 on an equity basis and restated the financial data as at 31 March 2013 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at 30 September 2013 have been provided at a rate of U.S.$1.00 = Rs. 62.78, the closing exchange rate as at 30 September 2013 based on the RBI Reference Rate.

SUMMARY OF THE OFFERING

The following is a brief summary of the term of this offering and is qualified in its entirety by the remainder of this Offering Memorandum. This summary is derived from, and should be read in conjunction with, the full text of the "Terms and Conditions of the Notes". Terms used in this summary and not otherwise defined shall have the meanings given to them in the "Terms and Conditions of the Notes".

Issuer	Bharti Airtel International (Netherlands) B.V., an indirect wholly owned subsidiary of Bharti Airtel Limited, incorporated in The Netherlands.
Guarantor	Bharti Airtel Limited, the listed parent company incorporated in India.
Notes Offered	€750,000,000 aggregate principal amount of 4.00 per cent. Guaranteed Notes due 2018 (the "Notes").
Offering Price	99.756 per cent. of the principal amount of the Notes.
Maturity Date	10 December 2018.
Interest	The Notes will bear interest from and including 10 December 2013 at the rate of 4.00 per cent. per annum, payable annually in arrear.
Interest Payment Dates	10 December of each year, commencing on 10 December 2014.
Ranking of the Notes	The Notes are: • general, unsecured and unsubordinated obligations of the Issuer; • senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • at least *pari passu* in right of payment with all of its other existing and future unsubordinated obligations of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);

- guaranteed by the Guarantor on a unsecured and unsubordinated basis, subject to the limitations described in "Terms and Conditions of the Notes" and in "Risk Factors — Risks Relating to the Notes and the Guarantee;" and
- effectively subordinated to the secured obligations of the Issuer and the Issuer's subsidiaries to the extent of the value of the assets serving as security therefor.

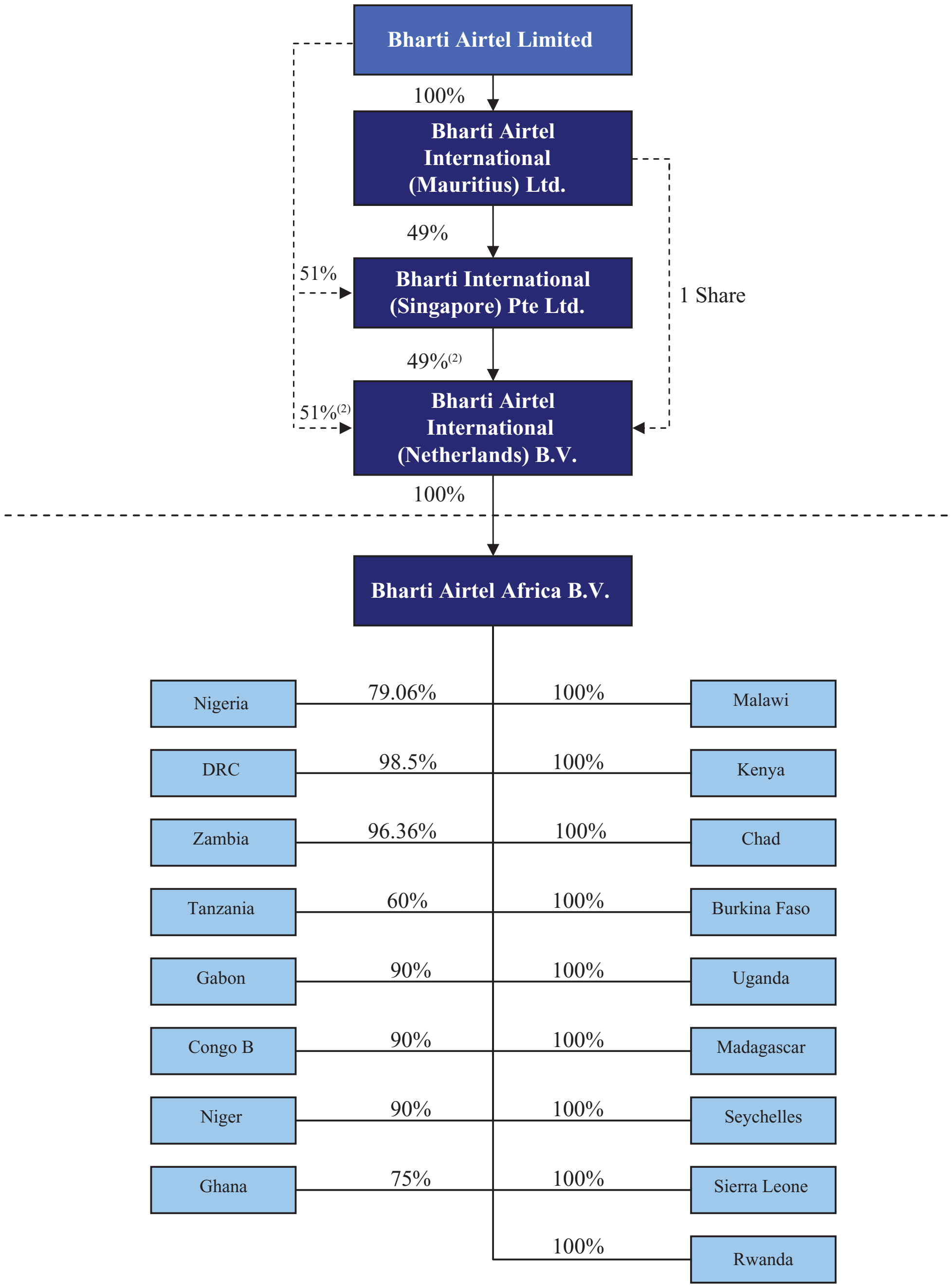
Guarantee	The Guarantor will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The Guarantee shall remain in effect until the first anniversary of the Maturity Date. The Guarantor's potential liability under the Guarantee is capped at an amount equal to 200 per cent. of the total initial aggregate principal amount of the Notes, being €1,500 million. The Guarantee requires that demands by Noteholders must be received by the Guarantor by the first anniversary of the Maturity Date. The Guaranteed Amount will be reduced by any amounts paid by the Guarantor under the Guarantee from time to time. See "Risk Factors — Risks Relating to the Notes and the Guarantee".
Ranking of the Guarantee	The Guarantee is: ● a general, unsecured obligation of the Guarantor limited to the Guaranteed Amount; ● senior in right of payment to all future obligations of the Guarantor expressly subordinated in right of payment to the Guarantee; ● at least *pari passu* in right of payment with its other existing and future unsecured obligations (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); and ● effectively subordinated to secured obligations of the Guarantor to the extent of the value of the assets serving as security therefor and to the debt and other liabilities of the current and future subsidiaries of the Guarantor.
Optional Redemption	At any time prior to 10 December 2018, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100 per cent. of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

Repurchase of Notes Upon a Change of Control Triggering Event	Not later than 30 days following a Change of Control Triggering Event, the Issuer will be required to make an offer to purchase all outstanding Notes at a purchase price equal to 101 per cent. of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.
Redemption for Tax Reasons	Subject to certain exceptions and as more fully described herein, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100 per cent. of the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption, if the Issuer or the Guarantor would be obligated to pay certain Additional Amounts as a result of certain changes in specified tax laws or other circumstances. See "Terms and Conditions of the Notes —Redemption for Tax Reasons".
Certain Covenants	The Issuer and Guarantor have agreed to observe certain covenants, including, among other things, limitations on the incurrence of Liens; limitations on the incurrence of Indebtedness; and limitations on consolidations, mergers and sales of substantially all of their assets. These limitations are subject to a number of important qualifications and exceptions. See "Terms and Conditions of the Notes — Certain Covenants — Limitation on Indebtedness" and "Description of the Notes — Consolidation, Merger and Sale of Assets".
Further Issues	The Issuer may from time to time without the consent of Holders of the Notes create and issue further securities having the same terms and conditions as the Notes in all respects so that such further issue shall be consolidated with and form a single series with the Notes.
Form, Denomination and Registration	The Notes sold outside the United States in reliance on Regulation S will be issued only in fully registered form, without coupons, in denominations of €100,000 and integral multiples of €1,000 in excess thereof and will be initially represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with a common depositary for, Clearstream Banking, société anonyme and Euroclear Bank SA/NV on or about 10 December 2013.
Book-Entry	The Notes sold outside the United States in reliance on Regulation S will be issued in book-entry form through the facilities of Euroclear and Clearstream, Luxembourg. For a description of certain factors relating to clearance and settlement, see "Clearing and Settlement Arrangements".

Delivery of the Notes	The Issuer expects to make delivery of the Notes against payment in same-day funds on or about 10 December 2013, which is expected to be the fifth business day following the pricing date of the Notes. See "Subscription and Sale".
Trust Deed	The Notes will be issued under a Trust Deed to be dated on or about the Closing Date between the Issuer, the Guarantor and the Trustee (as defined herein).
Withholding Tax	All payments of principal and interest in respect of the Notes shall be made free and clear of any withholding or deduction.
Events of Default	For a description of certain events that will permit the Notes to become immediately due and payable at their principal amount, together with accrued interest, see "Terms and Conditions of the Notes — Events of Default".
Trustee, Principal Paying Agent and Transfer Agent	The Bank of New York Mellon, London Branch.
Registrar	The Bank of New York Mellon (Luxembourg) S.A.
Governing Law	The Trust Deed, the Notes and the Guarantee will be governed by, and construed in accordance with, the laws of United Kingdom.
Listing and Trading	Application will be made for the trading of the Notes on the Freiverkehr (Open Market) of the FWB. Such approval will be granted when the Notes have been admitted to trading of the FWB. The Open Market is not a regulated market for purposes of EU Directive 2004/39/EC (MiFID). The FWB assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Memorandum. Currently there is no public market for the Notes.
Ratings	The Notes have been rated Baa3 by Moody's and BBB- by Fitch. A security rating is not a recommendation to buy, sell, or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Use of Proceeds	The Issuer estimates that the net proceeds from the issue of the Notes will be approximately €744.8 million after deducting the underwriting discount and its and the Guarantor's estimated offering expenses.

	The Issuer intends to use all the net proceeds from the sale of the Notes for repayment and refinancing of existing indebtedness. The proceeds from the issue of the Notes shall be used by the Issuer in accordance with the terms specified by the RBI set out in any of the RBI approval letters issued to the Guarantor in connection with the issuing of the Guarantee. See "Use of Proceeds".
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "Risk Factors".

Bharti Airtel International (Netherlands) B.V. — Corporate Structure Chart as the date of the Offering Memorandum[(1)]



(1) For further details of the Guarantor's subsidiaries, see note 40 to the Guarantor's Annual Financial Statements for the fiscal year ended 31 March 2013 and note 21 to the Guarantor's Interim Financial Statements for the six months ended 30 September 2013.

(2) The Issuer, Bharti Airtel International (Netherlands) B.V., is indirectly wholly owned by the Guarantor by way of a 51 per cent. equity interest of the Guarantor and a 49 per cent. equity interest of Bharti International (Singapore) Pte Ltd., which in turn is indirectly wholly owned by the Guarantor by way of a 51 per cent. equity interest of the Guarantor and a 49 per cent. equity interest of Bharti Airtel International (Mauritius) Ltd., which is directly wholly owned by the Guarantor.

RISK FACTORS

This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. Prospective investors should carefully consider the risks and uncertainties described below and the information contained elsewhere in this Offering Memorandum before making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of the Issuer and the Guarantor and the terms of the offering of the Notes. The risks described below are not the only ones faced by the Issuer, the Guarantor or investments in India in general. The Issuer's and the Guarantor's business, prospects, financial condition, cash flows and results of operations could be materially adversely affected by any of these risks. There are a number of factors, including those described below, that may adversely affect the Issuer's ability to make payment on the Notes and the Guarantor's ability to make payment on the Guarantee. The risks described below are not the only ones that may affect the Notes. Additional risks not presently known to the Issuer or the Guarantor or that the Issuer and the Guarantor currently deem immaterial may also impair their respective business, prospects, financial condition, cash flows and results of operations.

Risks Relating to the Guarantor's Business

The Guarantor has incurred significant indebtedness, and the Guarantor must service this debt and comply with its covenants to avoid refinancing risk.

The Guarantor has incurred significant indebtedness in connection with the Guarantor's operations and the acquisition of Zain and has indebtedness that is substantial in relation to the Guarantor's shareholders' equity. As at 31 March 2013 (restated after giving effect to IFRS 11) and 30 September 2013, the Guarantor's long-term indebtedness was Rs. 569,137 million and Rs. 562,929 million, respectively. Furthermore, the Guarantor may also incur additional indebtedness in the future, including indebtedness incurred to fund capital contributions to its subsidiaries, subject to limitations imposed by the Guarantor's financing arrangements and applicable law. Although the Guarantor believes that its current levels of cash flows from operations and working capital borrowings are sufficient to service its existing debt, the Guarantor may not be able to generate sufficient cash flow from operations in the future and future working capital borrowings may not be available in an amount sufficient to enable the Guarantor to do so.

In addition, certain of the Guarantor's loan agreements contain covenants which restrict certain activities and require the Guarantor to obtain lenders' consent before, among other things, undertaking new projects, declaring dividends in the event of any non-payment under the respective relevant agreements and making certain investments beyond certain thresholds. These agreements also allow those lenders to sell assets of a certain value in the event of non-payment of their dues. Such provisions are standard in loan agreements with Indian lenders and are imposed on Indian borrowers, including the Guarantor, with little or no variation.

The Guarantor's loan agreements also require it to maintain certain financial ratios. If the Guarantor is in breach of any financial or other covenants contained in any of its financing agreements, it may be required to immediately repay its borrowings either in whole or in part, together with any related costs. The Guarantor may be forced to sell some or all of the assets in its portfolio if it does not have sufficient cash or credit facilities to make repayments. Furthermore, the Guarantor's financing arrangements may contain cross-default provisions which could automatically trigger defaults under other financing arrangements, in turn magnifying the effect of an individual default.

The Guarantor's failure to comply with any of the covenants contained in the Guarantor's financing arrangements could result in a default thereunder which would permit the acceleration of the maturity of the indebtedness under such agreements and, if the Guarantor is unable to refinance in a timely fashion or on acceptable terms, would have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Intense competition in the Indian telecommunications sector may adversely affect the Guarantor's business.

Competition in the Indian telecommunications industry is intense. The Guarantor faces significant competition from other companies, including from those with pan-India footprints such as Idea Cellular Limited, Tata Teleservices Limited, Vodafone India and Reliance Communications and also from regional players like Uninor, Aircel, MTS, Loop Mobile and Videocon. Competition may affect the Guarantor's subscriber growth and profitability by causing its subscriber base to decline and cause both a decrease in tariff rates and average revenue per user ("ARPU") and an increase in customer churn and selling and promotional expenses. Churn in mobile networks in India is high especially among pre-paid customers.

Competition in the Indian telecommunications industry has increased notably due to deregulation. Deregulation led to the privatisation of the telecommunication industry and allowed and encouraged foreign direct investment ("FDI") and the provision of services by several mobile operators in various cellular zones established in India by the Department of Telecommunications ("DoT"), within which a caller is charged at local rates for calls, but charged at long-distance rates for calls between Telecom Circles. Deregulation also allowed fixed-line operators, who previously offered only limited mobile services, to provide full mobility under the Universal Access Service ("UAS") license regime in addition to their fixed line, national long distance ("NLD") and international long distance ("ILD"), data and other service offerings. In particular, the Guarantor has faced a number of new competitors to its ILD business, particularly since the Government relaxed the licensing conditions and reduced the entry fees for ILD and NLD services in January 2006 (from Rs. 250 million and Rs. 1 billion, respectively, to Rs. 25 million and Rs. 25 million, respectively). With further deregulation, the Guarantor expects the entry of new foreign and domestic competitors, which will further increase competition. In addition, mobile number portability, which enables customers to switch their providers of mobile telecommunications services without changing their phone numbers, was introduced in India in the first quarter of the 2011 calendar year. This could lead to greater movement of customers among providers of mobile telecommunications services, which could increase the marketing, distribution and administrative costs of the Guarantor, slow growth in subscribers and reduce revenues. As a substantial number of the subscribers of the Guarantor are prepaid, the Guarantor does not have long-term contracts with those subscribers and is more susceptible to subscriber churn as a consequence. See "Risk Factors — The telecommunications market is highly regulated and changes in laws, regulations or governmental policy could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations".

There are also an increasing number of players offering various forms of data products. The Guarantor, along with its competitors, may also be subject to competition from providers of new telecommunication services as a result of technological developments and the convergence of various telecommunication services. For example, Internet-based services, such as Google Voice, Yahoo Voice and Skype, allow users to make calls, send Short Messaging Service ("SMS") and offer other advanced features such as the ability to route calls to multiple handsets and access to Internet services.

The Guarantor also faces substantial competition in its operations outside India. Across Africa, the Guarantor faces various levels of competition, including intense competition in a number of larger markets. The Guarantor's brand is also not yet well established in much of Africa, which may hinder the Guarantor's ability to effectively compete with other mobile service providers. In Sri Lanka, the Guarantor competes with several larger service providers that have been operating in Sri Lanka for much longer than the Guarantor, and the Guarantor expects to face intense competition from these providers in its attempt to expand further.

If the Guarantor is not able to successfully compete in its markets, this could have a material adverse effect on its reputation, business, prospects, financial condition, cash flows and results of operations.

The telecommunications market is highly regulated and changes in laws, regulations or governmental policy could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Telecommunications businesses in each of the Guarantor's markets are subject to governmental regulation regarding licensing, competition, frequency allocation and costs and arrangements pertaining to interconnection and leased lines. Changes in laws, regulations or governmental policy affecting the Guarantor's business activities could adversely affect its business, prospects, financial condition, cash flows and results of operations.

In many of the countries in which the Guarantor operates, local regulators have significant latitude in the administration and interpretation of telecommunications licenses. In addition, the actions taken by these regulators in the administration and interpretation of these licenses may be influenced by local political and economic pressures. Decisions by regulators, including the amendment or revocation of any existing licenses, could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.

India

In India, the Guarantor must obtain telecommunications licenses from the DoT to provide certain of its services. The DoT retains the right to modify the terms and conditions of the Guarantor's licenses at any time if in its opinion it is necessary or expedient to do so in the interest of the general public or for the proper operation of the telecommunication sector. A change in certain significant terms of any of the licenses, such as their duration, the range of services permitted or the scope of exclusivity, if any, could have a material adverse effect on the Guarantor's business and prospects. For example, in 2010 the DoT notified that an increase in 2G spectrum charges of 1-2 per cent. of adjusted gross revenue would become effective from 1 April 2010.

The Guarantor must also annually obtain various radio spectrum operating licenses from the Wireless Planning and Co-ordination Wing of the Ministry of Communications ("WPC"). The non-renewal or modification of these licenses, or punitive action by the Government for continuing these services without renewal of the licenses, could adversely affect the Guarantor.

One of the objectives of the National Telecom Policy, 2012 includes review of roaming charges with the ultimate objective of removing roaming charges across India. Pursuant to the National Telecom Policy, 2012, the Telecom Regulatory Authority of India ("TRAI") had issued a consultation paper and thereafter, reduced the ceiling on national roaming tariffs with effective from 1 July 2013. Additionally, TRAI had ordered that telecom operators could allow free national roaming if the users paid a fixed fee.

According to TRAI, the tariff regime would be subject to review by them after a year. If the government fully implements the objectives of the National Telecom Policy, 2012 and the consultation paper, it may result in further reduction or removal of roaming charges which would materially and adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.

TRAI had earlier begun a consultative process to potentially reduce or completely eliminate the "interconnect charges" paid by mobile operators to each other. Interconnect charges are fees that mobile operators pay one another for using their networks for originating, carrying and terminating calls. These charges, which include top rates of 20 paise a minute in termination fees and 65 paise a minute for carrying national long distance calls, accounted for as much as 75 per cent. of the total cost of a mobile call. TRAI also previously proposed reducing mobile termination charges from 20 paisa to 10 paisa a minute from 1 January 2012 and to nil by 2014 but this is yet to be notified by TRAI, as it awaits directions from the Supreme Court of India (the "Supreme Court"). If implemented, the reduction and the possible elimination of these charges would negatively affect the older, more established operators with large customer bases, such as the Guarantor, more than the newer entrants with a consequent adverse affect on revenues, cash flows and profitability.

Previously the TRAI had not imposed any specific SMS termination charges between mobile operators to one another. However, in May 2013, the TRAI imposed an SMS termination charge of 2 paise per SMS for consumer based SMSs and 5 paisa per SMS for transaction based SMSs. The reduction and the possible elimination of these charges by the TRAI in future would negatively affect the older, more established operators with large customer bases, such as the Guarantor, more than the newer entrants with a consequent adverse effect on revenues, cash flows and profitability. The Supreme Court passed an order on 2 February 2012 whereby it cancelled 122 2G telecom licenses of telecom companies which were allotted telecom licenses in 2008 (the "Cancelled Licenses"). The Supreme Court asked TRAI to make new recommendations for the granting of licenses and the allocation of spectrum in the 2G band in 22 service areas by auction as was done for allocation of spectrum in the 3G band. Subsequently, on 27 August 2012 the Department of Telecommunications, Ministry of Communications and Information Technology, Government of India ("DoT") issued an information memorandum ("Information Memorandum") for the 2G spectrum auction in 1800 Mhz and 800 Mhz bands. Under the Information Memorandum, the process for auction of spectrum began on 12 November 2012. Due to the limited participation by the bidders on account of high reserve prices of the spectrum set by the DoT in the November 2012 auctions, on 30 January 2013, the DoT issued a fresh notice inviting applications for auction of spectrum in the 800Mhz and 1,800 Mhz band in 21 circles and four circles, respectively (collectively the "Re-auction Spectrum"). The DoT had also, pursuant to the fresh notice inviting applications dated 30 January 2013, decided to auction spectrum, which shall be reclaimed from the existing operators when their respective licenses are subject to renewal, in the 900Mhz band for three circles (of which the Guarantor is currently holding a spectrum of 14.2 Mhz) (collectively, the “Re-farmed Spectrum”). The DoT had set a different base price per circle for auction of a minimum of 1.25 Mhz block of each of the Re-auction Spectrum and the Re-farmed Spectrum. The auction concluded with limited participation, with only one telecom service provider alloted the 800 Mhz band spectrum. The Supreme Court passed an order on 15 February 2013, wherein it ordered the immediate cancellation of the Cancelled Licenses and auction of the spectrum constituting the Cancelled Licenses without delay. This order by the Supreme Court has adversely impacted the operations of a number of telecom companies, including Etilsat and S-Tel, two former customers of the Guarantor’s Tower Infrastructure business who have ceased mobile service operations in India. Although none of Guarantor’s licenses were among the Cancelled Licenses, if the Guarantor decides to bid for any of the spectrum constituting the Re-farmed Spectrum, the Guarantor may incur high capital expenditure for the acquisition of such licenses and the Guarantor may have to increase its mobile phone tariffs as a result. An increase in mobile phone tariffs may lead to reduced consumption of the Guarantor’s services by its subscribers or a shift of such subscribers to one of the Guarantor’s competitors. Moreover, if the Guarantor is not permitted to participate in future bidding for additional 2G spectrum due to any spectrum cap imposed by the DoT (from time to time), the Guarantor may be unable to successfully carry out future expansion and its ability to compete with other companies in the telecommunications industry may be adversely affected. These potential implications of TRAI’s proposals could have a material adverse impact on the Guarantor’s business, prospects, financial condition, cash flows and results of operations.

Any disagreements with regulatory and other authorities in the jurisdictions in which Guarantor operates or plans to operate, including with the Government, can affect the Guarantor’s business, prospects, financial condition, cash flows and results of operations, including with respect to the level of control the Guarantor asserts over its operating assets.

Africa

Regulation of the telecommunications markets varies widely across the 17 African countries in which the Guarantor operates. While the Guarantor believes regulators in certain African countries have been proactive in promoting competition and improving their telecommunications policy frameworks, certain policies have been put in place in other countries which may hinder the development of telecommunications markets within these countries. These include subscriber registration requirements, barriers to 2G or 3G licensing, tariff regulations, additional levies on international calls, rural connectivity requirements, rollout obligations, listing requirements and competition restriction. These policies may adversely impact the development of telecommunications markets in these countries and adversely impact the Guarantor’s business, financial condition, cash flows and results of operations.

Additionally, the Guarantor cannot predict with certainty the impact of future policies implemented by regulators across Africa. A number of interconnect rates and other policies are under review in seven of the African countries in which the Guarantor operates, including Nigeria. No assurance can be provided that regulators in these and other African markets in which the Guarantor operates will not set policies that adversely impact the Guarantor’s business.

In 2013, the political and regulatory environment was challenging across some of the Guarantor’s markets in Africa. On the political front, the Guarantor experienced some insecurity and violence in two of its largest markets of Nigeria and the Democratic Republic of the Congo (the “DRC”), resulting in the loss of property and disruption of its business operations. On the regulatory front, the regulators in a number of countries are becoming stringent on the quality of service to be provided. The Guarantor also witnessed increased demands on additional taxes and levies from regulators in various countries. Regulatory challenges in the form of demands of additional taxes and levies from several regulators and political uncertainty could have an adverse effect on the investments that the Guarantor has made or may make in the future, which in turn could have an adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor and its executive directors are involved in certain legal proceedings that, if determined against them, could have an adverse effect on the Guarantor's business, results of operations, cash flows and financial condition.

The Guarantor is involved in a number of legal and regulatory proceedings that, if determined against it, could have an adverse effect on its business, results of operations, cash flows and financial condition.

For example, the Guarantor has been the subject of an investigation for alleged violations of certain anti-money laundering and foreign exchange regulations in India. These investigations are ongoing, and few details have been made public about the Guarantor's alleged wrongdoing. Further the CBI, pursuant to its investigations had filed a charge sheet in the special court set up for the 2G spectrum cases and the special court had considered the charge sheet and had ordered (by its order dated 19 March 2013) issuance of summons to the Guarantor and Mr. Sunil Bharti Mittal, Executive Chairman (at the relevant time, the Chairman and Managing Director) of the Guarantor along with others, for 11 April 2013. Mr. Sunil Bharti Mittal has filed a special leave petition in the Supreme Court in which, on 15 April 2013, the Supreme Court has, by its interim order, deferred the proceedings before the special judge until the special leave petition is heard. If these investigations and litigation continue and the Guarantor is found liable for any of these allegations, the Guarantor could face substantial penalties in the form of fines, loss of spectrum licenses and other potential restrictions on its operations in India. See "Business — Litigation — CBI Investigation".

A number of other legal proceedings in which the Guarantor is involved relate primarily to claims against it arising from excise duty, sales tax, entry tax, service tax, income tax and other disputed demands. The Guarantor has also received certain show cause notices, in relation to breach of terms and conditions under various licenses issued to it and guidelines as issued by the regulatory authorities. See "Business — Litigation".

If wireless service providers consolidate or merge to any significant degree, the Guarantor's growth, revenue and ability to generate positive cash flows could be adversely affected.

The Indian cellular telecommunication industry has experienced consolidation recently, which may result in the consolidation of cellular telecommunication networks due to the potential overlap in network coverage and in expansion plans. In July 2013, the Government of India liberalised Foreign Direct Investment ("FDI") limits allowing 100 per cent. foreign ownership in the telecommunications sector. With this liberalisation, there is increasing probability that large international telecom operators will enter India's cellular telecommunication industry, resulting in significant consolidation and mergers of wireless service providers in India. Pursuant to any such consolidation, certain services provided by the Guarantor to its customers may be deemed duplicative and these customers may attempt to eliminate these duplications by cancelling subscriptions. The Guarantor's future results of operations and cash flows could be negatively impacted if a significant number of these contracts are eliminated from the Guarantor's ongoing contractual revenues and the Guarantor's growth prospects may be limited if such consolidations occur and eliminate what the Guarantor currently believes to be potential markets for its services. Similar consequences might occur if wireless communications service providers begin to engage in extensive sharing, roaming or resale arrangements as an alternative to leasing Tower infrastructure from third party operators such as the Guarantor. In addition, the development and commercialisation of new technologies designed to improve and enhance the range and effectiveness of cellular telecommunication networks may significantly decrease demand for additional passive telecommunication infrastructure.

There can be no assurance that there will not be further consolidation of Indian cellular telecommunication operators in the future or that new technologies designed to improve and enhance the range and effectiveness of cellular telecommunication networks will not emerge, each of which could decrease the Guarantor's revenue from its customers and may adversely affect its business, prospects, financial condition, cash flows and results of operations.

If the Guarantor does not continue to provide telecommunications or related services that are useful and attractive to customers, it may not remain competitive, and its business, prospects, financial condition, cash flows and results of operations may be adversely affected.

The telecommunications industry is characterised by technological changes, including an increasing pace of change in existing mobile systems, industry standards and ongoing improvements in the capacity and quality of technology. The Guarantor's commercial success depends on providing telecommunications services that provide its customers with attractive products and services at a competitive cost. As new technologies develop, the Guarantor's equipment may need to be replaced or upgraded, or its networks may need to be rebuilt in whole or in part in order to sustain the Guarantor's competitive position as a market leader in the Indian telecommunications industry. Continuing technological advances, ongoing improvements in the capacity and quality of digital technology and short development cycles also contribute to the need for continual upgrading and development of the Guarantor's equipment, technology and operations. To respond successfully to technological advances, the Guarantor may require substantial capital expenditures and access to related technologies in order to integrate the new technology with its existing technology. If the Guarantor is unable to anticipate customer preferences or industry changes, or if it is unable to modify its networks on a timely and cost-effective basis, it may lose customers.

Many of the services the Guarantor offers are technology-intensive and the development or acceptance of new technologies may render such services non-competitive, obsolete or reduce prices for such services. The Guarantor has made and will have to continue to make additional investments in new technologies to remain competitive. In addition, the Guarantor faces the risk of unforeseen complications in the deployment of these new services and technologies, and there is no assurance that these new technologies will be commercially successful or that the estimate of the necessary capital expenditure to offer such services will not be exceeded. The Guarantor's operating results and cash flows would also suffer if its new products and services are not well-received by its customers, are not appropriately timed with market opportunities or are not effectively brought to market.

As telecommunications technology continues to develop, the Guarantor's competitors may be able to offer telecommunications products and services that are, or that are perceived to be, substantially similar or better than those offered by the Guarantor. The Guarantor cannot be certain that existing, proposed or as yet undeveloped technologies will not become dominant in the future and render the technologies it uses less commercially viable or profitable or that the Guarantor will be successful in responding in a timely and cost-effective way to keep up with new developments. This could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations. If the Guarantor is not successful in anticipating and responding to technological change and resulting consumer preferences in a timely and cost-effective manner, the Guarantor's quality of services, business, prospects, financial condition, cash flows and results of operations could be materially adversely affected.

The Guarantor is exposed to certain risks in respect of the development, expansion and maintenance of its mobile telecommunications networks.

The Guarantor's ability to increase its subscriber base depends upon the success of the expansion and management of its networks and upon its ability to obtain sufficient financing to facilitate these plans. The build-out of the Guarantor's networks is subject to risks and uncertainties which could delay the introduction of services in some areas and increase the cost of network construction, including obtaining sufficient financing. The Guarantor is engaged in a number of network expansion and infrastructure projects, including in India, Bangladesh, Sri Lanka and in the African countries in which it operates. The speed at which the Guarantor is able to expand its network and upgrade technology is critical to its ability to increase its subscriber base. Thus, if any of these risks transpire, the Guarantor's business, financial condition, cash flows and results of operations may be adversely affected.

In connection with the Guarantor's network strategy, it from time to time considers establishing joint ventures with other carriers in its markets which may involve the sale of assets and may require funding from the Guarantor. Network expansion and infrastructure projects, including those in the Guarantor's development pipeline, typically require substantial capital expenditure throughout the planning and construction phases and it may take months or years before the Guarantor can obtain the necessary permits and approvals for such projects to be completed, during which time the Guarantor is subject to a number of construction, financing, operating, regulatory and other risks beyond its control, including, but not limited to:

- shortages of materials, equipment and labour;
- an inability to secure any necessary financing arrangements on favourable terms, if at all;
- changes in demand for the Guarantor's services;
- labour disputes and disputes with sub-contractors;
- inadequate infrastructure, including as a result of failure by third parties to fulfil their obligations relating to the provision of utilities and transportation links that are necessary or desirable for the successful operation of a project;

- failure to complete projects according to specifications;

- adverse weather conditions and natural disasters;

- accidents;

- changes in local governmental priorities; and

- an inability to obtain and maintain project development permission or requisite governmental licenses, permits or approvals.

The occurrence of one or more of these events may have a material adverse effect on the Guarantor's ability to complete its current or future network expansion projects on schedule or within budget, if at all, and may prevent the Guarantor from achieving its targeted increases in its subscriber base, revenues, internal rates of return or capacity associated with such projects. There can be no assurance that the Guarantor will be able to generate revenues from its expansion projects that meet its planned targets and objectives, or that they will be sufficient to cover the associated construction and development costs, which could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor has had, and continues to have, some operations in the Democratic Republic of the Congo and generates minor revenues from telecom operators in countries subject to U.S. and international trade restrictions, economic embargoes and sanctions.

The Guarantor has operations in the DRC, including mobile services and passive infrastructure services, which comprise a minor portion of the Guarantor's overall business. For the fiscal year ended 31 March 2013 and the six months ended 30 September 2013, revenues attributable to the Guarantor's operations in the DRC represented less than 2.7 per cent. of the Guarantor's total consolidated revenues. The DRC is subject to certain U.S., United Nations ("U.N."), European Union ("E.U.") and United Kingdom ("U.K.") trade restrictions, economic embargoes and sanctions. In particular, the U.S. Office of Foreign Assets Control ("OFAC") has imposed targeted sanctions which restrict U.S. persons from facilitating certain transactions with specified individuals in the DRC, namely members of certain armed militias threatening stability in the region and those employing child soldiers. Similarly, the U.N., the E.U. and the U.K. have imposed sanctions which restrict transactions with certain militia groups threatening stability within the DRC.

There can be no assurance that other persons and entities with whom the Guarantor now, or in the future may, engage in transactions and employ will not be subject to these various sanctions. There can be no assurance that the DRC or other countries in which the Guarantor currently operates will not be subject to further and more restrictive sanctions in the future. Further, the Guarantor derives a neglible portion of its revenues from roaming agreements with other telecom operators located in countries subject to sanctions. As a result, investors in the Notes may incur reputational or other risk as a result of the Guarantor's dealings with sanctioned persons or countries.

The Guarantor may have to pay additional spectrum charges for excess spectrum held or surrender excess spectrum held by it to the Government of India.

According to the Performance Audit Report of the Comptroller and Auditor General of India on the "*Issue of Licenses and Allocation of 2G Spectrum*" dated 8 November 2010, for the fiscal year ended March 2010 (the "Report"), the Guarantor is holding an aggregate of 32.4 megahertz ("MHz") of additional spectrum in 13 Telecom Circles beyond the upper limit laid down in the UASL agreement without having paid any upfront charges in respect of the additional spectrum held. In the Report, eight other operators were also stated to be holding excess spectrum.

In May 2010, TRAI in its recommendations had stated that the operators, who hold spectrum beyond 6.2MHz (and up to 8MHz) in the 1800MHz band and beyond 8MHz in the 1800MHz band may be levied an additional charge on a per MHz basis equivalent to the 3G auction price and 1.3 times of 3G auction price respectively. The TRAI also made further recommendations that operators who hold additional spectrum beyond 6.2MHz in the 900MHz band may be charged 1.5 times of the 3G auction price. The TRAI has also communicated to the Government that it was separately initiating an exercise to further study the subject and had asked the Government to await its final recommendations.

Subsequently, in February 2011, TRAI recommended fixing a charge of Rs. 45.7 billion per MHz for spectrum beyond 6.2MHz in the 1800MHz band. The TRAI also recommended that in case the Government conducts the auction for 1800 MHz, the auction price may be treated as the relevant price of spectrum beyond 6.2MHz.

Accordingly on 28 December 2012, the DoT issued an order for levying of one-time charge for excess spectrum. For spectrum beyond 6.2 Mhz in the 1800 Mhz and the 900 Mhz band, the DoT has imposed a circle wide excess charge from 1 July 2008 till 31 December 2012 and for spectrum beyond 4.4 Mhz in the 900 Mhz and the 1800 Mhz band, the DoT has imposed a circle wise excess charge on the basis of 2012 auction determined price from 1 January 2013 till the extended period of the license.

In September 2013, TRAI had recommended that there should be no reservation of spectrum for the renewal licensees in 900 or 1800 MHz bands. TRAI has further recommended that no priority should be accorded to these licensees in the bidding process and all bidders should be treated alike. The Guarantor's various telecom licenses are coming up for renewal between the years 2014 to 2032.

If the current TRAI recommendation is accepted, the Guarantor may have to surrender the spectrum held by it to the Government at the time of renewal of its telecom licenses and re-claim it at the time of auction which may materially and adversely affect its business, results of operations, cash flows and financial condition.

A public interest litigation was filed in the High Court of Delhi challenging the allocation of 2G spectrum by UoI to the Guarantor beyond 6.2 MHz. The matter is yet to be listed for hearing.

Meanwhile, a transfer petition filed in the Supreme Court has been allowed and the matter is now pending before the Supreme Court. Further, a transfer petition and a public interest litigation against several telecom firms including the Guarantor with respect to the allotment of additional spectrum beyond 4.4 Mhz, and 4.5 Mhz without payment of additional charges are pending before the Supreme Court. If the Supreme Court decides to admit the petitions and determines that the said allotment of additional spectrum was not in line with relevant Government policy, the Guarantor may have to make payment of additional charges for such spectrum and or surrender the spectrum beyond the prescribed limit held by it to the Government which may materially and adversely affect its business, results of operations, cash flows and financial condition. See "Business — Litigation".

Reductions in prices for communications services in India and worldwide may have an adverse effect on the Guarantor's business, results of operations, cash flows and financial condition.

Telecommunications tariffs in India have declined significantly in recent years as a result of increased competition. Market pricing for international wholesale voice telecommunications services continues to see annual declines between 5 per cent. and 10 per cent. The Guarantor expects that the prices for its communications services in India and worldwide will continue to decrease:

- as the Guarantor and its competitors increase transmission capacity on existing and new networks;
- as the Guarantor's traffic volumes increase because many of its customer agreements provide for volume-based pricing or contain other provisions for decreases in prices;
- as a result of technological advances;
- as a result of synergies realised through strategic acquisitions by the Guarantor and its competitors; and
- as a result of reduction in data tariffs with increasing competition.

Even though the decline in tariffs has so far resulted in a traffic volume growth, a further decline may materially and adversely affect the Guarantor's business, financial condition, cash flows and results of operations.

Telecommunications businesses require substantial capital investment and inability to obtain adequate financing to meet the Guarantor's liquidity and capital resource requirements may have an adverse effect on its business results of operations, cash flows and financial condition.

The Guarantor operates in a capital-intensive industry that requires substantial amounts of capital and other long-term expenditures, including those relating to the development and acquisition of new networks and the expansion or improvement of existing networks. Anticipated liquidity requirements include refinancing existing debt. In the past, the Guarantor has financed these expenditures through a variety of means, primarily through internally generated cash flows, and to a lesser extent, through joint ventures and partnerships, external borrowings and capital contributions. In the future, the Guarantor expects to utilise a combination of these sources, including banking and capital markets transactions, to manage its balance sheet and meet its financing requirements. The inability of the Guarantor to obtain such financing could result from, among other causes, the Guarantor's then-current or prospective financial condition or results of operations or its inability for any reason (including reasons applicable to Indian companies generally) to issue securities in the capital markets. The actual amount and timing of the Guarantor's future capital requirements may also differ from estimates as a result of, among other things, unforeseen delays or cost overruns in establishing, expanding or upgrading its networks, unanticipated expenses, regulatory reform, engineering and design changes and technological changes. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary or at competitive rates to meet the Guarantor's requirements. The inability of the Guarantor to obtain such financing may impair its business, prospects, financial condition, cash flows and results of operations.

The Guarantor has rapidly expanded internationally in recent years and continues to expand, which could affect future growth.

The Guarantor has significantly expanded its international operations (in terms of geography and scope) through both its subsidiaries and associate entities. These include the acquisition of new licenses and building its own network infrastructure and purchasing interests in existing businesses. For example, the Guarantor commenced telecommunications operations in Sri Lanka in 2009, Bangladesh in 2010 with the acquisition of Warid Telecom and Africa in 2010 with the acquisition of Zain. The Guarantor continues to invest in countries such as Bangladesh, Uganda, Nigeria and Congo.

The Guarantor's ability to manage its increased scope of operations and to achieve future growth and profitability depends upon a number of factors, including its ability:

- to effectively increase the scope of its management, operational and financial systems and controls to handle the increased complexity, expanded breadth and geographic area of its operations;
- to recruit, train and retain qualified staff to manage and operate its growing business;
- to accurately evaluate the contractual, financial, regulatory, environmental and other obligations and liabilities associated with its international acquisitions and investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with the Guarantor's accounting policies;
- to accurately judge market dynamics, demographics, growth potential and competitive environment;

- to effectively determine, evaluate and manage the risks and uncertainties in entering new markets and acquiring new businesses through its due diligence and other processes, particularly given the heightened risks in emerging markets; and

- to maintain and obtain necessary permits, licenses, spectrum allocation and approvals from governmental and regulatory authorities and agencies.

Any difficulties in addressing these issues or integrating one or more of its existing or future international operations could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations. In addition, the value of the Guarantor's investments in associates (operating companies in which it has less than a controlling stake) could decline, requiring the Guarantor to record impairments to those assets in its financial statements.

The Guarantor may not successfully be able to continue the integration of Zain and may incur additional losses as a result of the acquisition.

The continuing integration of Zain's operations following the consummation of the transaction which closed on 8 June 2010 involves a number of risks and presents financial, managerial and operational challenges. In particular, the Guarantor may have difficulty, and may incur unanticipated expenses related to, integrating management, personnel and operations from Zain with the Guarantor's management and personnel. Additionally, the Guarantor may not be able to achieve the anticipated cost savings for many reasons, including contractual constraints or an inability to take advantage of expected growth synergistic savings and increased operating efficiencies. Failure to successfully integrate the acquisition of Zain may have a material adverse effect on the Guarantor's business, prospects, financial condition, results of operations and cash flow.

The Guarantor may be unable to effectively manage its growth.

The Guarantor's growth is expected to place significant demands on its management and operational resources. In order to manage growth effectively, the Guarantor must implement and improve operational systems, procedures and internal controls on a timely basis. If the Guarantor fails to do so, or if there are any present or future weaknesses in its internal control and monitoring systems that would result in inconsistent internal standard operating procedures, the Guarantor may not be able to service its clients' needs, hire and retain new employees, pursue new business or operate its business effectively. Failure to effectively manage new site construction, properly budget costs or accurately estimate operational costs could result in delays in executing client contracts, trigger service level penalties, or cause the Guarantor's profit margins not to meet expectations or historical profit margins. The Guarantor's inability to execute its growth strategy, to ensure the continued adequacy of its current systems or to manage its planned business expansion effectively could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Increased sharing of existing and new passive telecommunication infrastructure and increasing competition in the Tower Infrastructure industry may create pricing pressures that may adversely affect the Guarantor.

The Guarantor believes that growth and demand for mobile telecommunication services in India will lead to an increased impetus for the sharing and integration of passive telecommunications infrastructure like towers, poles, conduits and physical sites, as mobile telecommunication operators will increasingly need to outsource their passive telecommunication infrastructure needs as high speed data transfer becomes more commonplace. There can be no assurance, however, that Indian telecommunication operators will not increasingly share existing and new passive telecommunication infrastructure constructed by other Indian telecommunication operators, other existing telecommunication infrastructure companies or their respective affiliates, which could adversely affect the Guarantor's Tower Infrastructure business and consequently its financial condition, cash flows and prospects.

For example, in January 2009, Wireless TT Info Services Limited, the Tower Infrastructure arm of Tata Teleservices Limited, and Quippo Telecom Infrastructure Limited announced a partnership agreement combining their tower portfolios. The Guarantor believes that other Indian wireless service providers may be considering spinning off their Tower Infrastructure networks as well, which could further increase competition within India for the Guarantor's Tower Infrastructure business. In addition, if BSNL, a large wireless service provider in India, were to begin to engage in significant amounts of site-sharing with other operators or otherwise offer Tower Infrastructure sharing availability, this could create a significant new competitor to the Guarantor's Tower Infrastructure business.

The Guarantor's Tower Infrastructure business currently faces competition principally from:

- Indian wireless communication operators that share their own Tower Infrastructure with other carriers;

- international, national and regional Tower Infrastructure companies, including joint ventures formed by other wireless communication operators;

- site development companies that purchase antenna space on existing towers for wireless carriers and manage new tower site construction; and

- public sector entities such as the Indian railway authority, which has a dedicated telecommunications infrastructure arm and offers mass communication facilities to the cellular and broadcast operators.

Competitive pricing pressures for tenants from these competitors could adversely affect the Guarantor's Tower Infrastructure business growth prospects and revenue. If the Guarantor in this business loses customers due to pricing or otherwise, it may not be able to find new customers, leading to an accompanying adverse effect on the Guarantor's profitability and cash flows. Increasing competition in this business could also make the acquisition of high quality Tower assets, and securing the rights to land for the Guarantor's towers, more costly. Competition can also lead to the inability to gain new customers. The Guarantor cannot therefore assure you that it will be able to successfully compete within this increasingly competitive business sector.

Decrease in demand for Tower space could materially and adversely affect the Guarantor's business, results of operations, cash flows and financial condition.

The Guarantor's business includes the ownership and provision of Tower space through Bharti Infratel, Indus Towers and related Tower Infrastructure to third-party wireless service providers. As such, factors adversely affecting the demand for Tower space in India in general would be likely to adversely affect the Guarantor's operating results and cash flows. Such factors could include:

- a decrease in consumer demand for mobile telecommunications services due to adverse general economic conditions or other factors, such as the adverse impact of the Supreme Court's cancellation of 122 2G licenses, which led Etilsat and S-Tel (two customers of the Guarantor's Tower Infrastructure business) to cease mobile services operations in India;

- a deterioration in the financial condition of mobile telecommunications service providers generally due to declining tariffs, media convergence or other factors;

- a decrease in the ability and willingness of mobile telecommunications service providers to maintain or increase capital expenditures;

- a decrease in the growth rate of mobile telecommunications or of a particular segment of the wireless communications sector;

- adverse developments with respect to governmental licensing of spectrum and changes in telecommunications regulations;

- mergers or consolidations among other mobile telecommunications;

- increased use of network sharing, roaming or resale arrangements by mobile telecommunications service providers amongst themselves;

- delays or changes in the deployment of 3G, Worldwide Interoperability of Microwave Access ("WiMAX") or other communications technologies;

- delays in regulatory changes that would permit the Guarantor to use its towers as broadcasting towers or for other revenue-generating purposes;

- deteriorating financial condition and access to capital mobile telecommunications service providers;

- changing strategies of mobile telecommunications service providers with respect to owning or sharing Tower Infrastructure;

- adverse developments with regard to zoning, environmental, health and other government regulations;

- technological changes; and

- general economic conditions.

The Guarantor's Tower Infrastructure business and proposed capital expenditure plans are based on the premise that the subscriber base for wireless telecommunications services in India will grow at a rapid pace and that Indian wireless service providers have, to a certain degree, adopted the Tower Infrastructure sharing model. If the Indian wireless telecommunications services market does not grow or grows at a slower rate than the Guarantor expects, or the behaviours of market players do not meet the Guarantor's current expectations, the demand for the Guarantor's services and its growth prospects will be adversely affected, which would have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor's infrastructure, including its network equipment and systems may be vulnerable to natural disasters, security risks and other events that may disrupt its services and could affect its business, financial condition, cash flows and results of operations.

The Guarantor's business depends on providing subscribers with service reliability, network capacity, security and account management. The services the Guarantor provides, however, may be subject to disruptions resulting from numerous factors, including fire, flood or other natural disasters, signal jamming, power outages, acts of terrorism and vandalism, equipment or system failures and breaches of network or information technology security. For example, on 27 December 2011, the Guarantor's network was disrupted in Mumbai and its surrounding region when a fire broke out in a server room in the Guarantor's central business processing outsourcing centre in Mumbai, leaving customers in the region without access to the Guarantor's long distance, mobile and data services for several hours. There were also instances of natural calamities that interrupted the Guarantor's network operations such as the floods and landslides in the North Indian state of Uttarakhand in June 2013 and the super cyclonic storm in the eastern states of India.

The Guarantor may not have insurance against all of these contingencies, or its insurance may not be adequate to cover all losses from these events. If any of these events were to occur, it could cause limited or severe service disruption which could result in subscriber dissatisfaction, regulatory penalties or reduced revenues. In addition, the Guarantor relies on manufacturers of telecommunications equipment for continued maintenance service and supply, and continued cooperation on the part of these manufacturers is important for the Guarantor to maintain its operations without disruption. Any interruption of services could harm the Guarantor's business reputation and reduce the confidence of its subscribers and consequently impair the Guarantor's ability to obtain and retain subscribers and could lead to a violation of the terms of the Guarantor's various licenses, each of which could materially or adversely affect the Guarantor's business, financial condition, cash flows and results of operations.

Any inability by the Guarantor to protect its rights to the land on which its tower sites are located could adversely affect the Guarantor's business, results of operations, cash flows and financial condition.

To install its active network infrastructure which are necessary for Guarantor to carry on its business, the Guarantor obtains a substantial amount of space on physical infrastructural towers from

Infrastructure Providers ("IPs") under commercial agreements. The IPs lease the substantial majority of the land and property on which the towers are located. In general these lease arrangements are for periods between 10 and 20 years. An IP may terminate the lease agreement pursuant to specified notice periods if the Guarantor is in arrears of payments under the lease agreement.

A loss of any IP leasehold interests, including an IP's actual or alleged non-compliance with the terms of these lease arrangements, termination of leases, or the IP's inability to secure renewal thereof on commercially reasonable terms when they expire, would interfere with the Guarantor's ability to operate its active network infrastructure and generate revenues. Moreover, IPs may not own the land underlying their infrastructure towers, and any dispute between IPs and the owners of land on which infrastructure towers are located may force IPs to relocate certain towers. Any such change or disruption in the active infrastructure portfolio has an adverse affect on Guarantor's ability to maintain its network and generate revenues. The cost to the Guarantor of relocating its active network infrastructure is significant. The Guarantor may not be able to pass these costs on to its customers and any such relocation could cause significant disruption to its customers. For various reasons the IPs may not always have the ability to access, analyse and verify all information regarding titles and other issues prior to entering into lease agreements in respect of its leased sites which may lead to litigation for eviction against certain IPs, and consequently the Guarantor, from such lands and properties. The Guarantor's inability to protect its rights with respect to such lands and properties on which its active network infrastructure is located could have a material adverse effect in the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor's telecommunications licenses, permits and frequency allocations are subject to finite terms, ongoing review and extension of terms if deemed expedient by Government and on mutually agreed terms, each of which may result in modification or early termination or expiry on efflux of term.

The terms of the Guarantor's licenses, permits and frequency allocations are subject to finite terms, ongoing review and extension of terms if deemed expedient and on mutually agreed terms and, in some cases, are subject to modification or early termination or may require extension with the applicable government authorities. While the Guarantor does not expect any of its subsidiaries or associated companies to be required to cease operations at the end of the term of their business arrangements or licenses, there can be no assurance that these business arrangements or licenses will be extended on equivalent satisfactory terms, or at all. Upon termination, the licenses and assets of these companies may revert to the local governments or local telecommunications operators, in some cases without any or adequate compensation being paid.

The DoT in its National Telecom Policy 2012, recommended reclaiming spectrum and allotment of alternative frequency bands to service providers from time to time. The DoT had also pursuant to the fresh notice inviting applications dated 30 January 2013 decided to auction spectrum on 11 March 2013 (however no telecom company, including the Guarantor had participated for the 900 Mhz band), to be reclaimed from the existing operators when their respective license is subject to extension, in the 900 Mhz band for three circles. However, this auction failed to attract any bidder for 900 Mhz spectrum. Thus, the existing 900 Mhz band under which the Guarantor operates may be replaced with another frequency band with the Government re-auctioning the frequency band vacated at current market prices, which could have a material adverse effect on the Guarantor's business, operations, cash flows and financial condition. The Guarantor had challenged this action before the Delhi High Court. The

Delhi High Court by its order dated 22 February 2013 had disposed of the writ petition, directing the DoT to dispose of the application by the Guarantor requesting for extension of license. The Guarantor on 25 March 2013 received a letter dated 22 March 2013 from the DoT, rejecting the application for extension of licenses in the Delhi and Kolkata Circles. In this regard, the Guarantor has filed a writ petition before the Delhi High Court on 14 May 2013. The matter is currently pending.

The Guarantor has in the past paid significant amounts for certain of its GSM, Broadband Wireless Access ("BWA") used with 4G platforms, and 3G and 4G telecommunications licenses (including the licenses required for the Guarantor's recently launched 4G mobile services in Pune, Bangalore, Kolkata and Chandigarh, and the competition for granting these licenses is increasing as more competitors enter the Guarantor's markets. For this reason, the Guarantor anticipates that it may have to pay increasingly substantial license fees in certain markets, as well as meet specified network build-out requirements. The Guarantor cannot assure you that it will be successful in obtaining or funding these licenses, or, if licenses are awarded, that they can be obtained on commercially acceptable terms. Furthermore, if the Guarantor obtains or renews additional licenses, it may need to seek future funding through additional borrowings or equity offerings, and it cannot assure you that such funding will be obtained on satisfactory terms or at all, which could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Current and future antitrust and competition laws in the countries in which the Guarantor operates may limit its growth and subject it to antitrust and other investigations or legal proceedings.

The antitrust and competition laws and related regulatory policies in many of the countries in which the Guarantor operates generally favour increased competition in the telecommunications industry and may prohibit the Guarantor from making further acquisitions or continuing to engage in particular practices to the extent that it holds a significant market share in such countries. In addition, violations of such laws and policies could expose the Guarantor to administrative proceedings, civil lawsuits or criminal prosecution, including fines and imprisonment, and to the payment of punitive damages.

Regulators are particularly focused on establishing rules and a regulatory framework for interconnection between fixed and mobile networks, including mobile termination (i.e., the ability of a telecommunications provider to terminate a call on another operator's network (i.e., calling between networks)) and the related pricing mechanisms (i.e., mobile termination rates). In fixed-line networks, although the incumbent provider has generally been obliged by the regulator to offer access to its network for the purposes of interconnection or call termination at prices which have usually been set by the regulator to equal cost, such pricing could also be set well below cost. Decisions by any of the Guarantor's relevant regulators requiring the Guarantor to provide mobile termination and interconnection services well below current rates, which is more likely to be required in countries in which the Guarantor is viewed or designated by the local regulator as having significant market power, could prevent the Guarantor from realising a significant amount of revenue and have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

In addition, antitrust and competition laws are subject to change and existing or future laws may be implemented or enforced in a manner that is materially detrimental to the Guarantor. The Guarantor cannot predict the effect that current or any future lawsuits, appeals or investigations by regulatory bodies or by any third-party in any of the countries in which it operates will have on its business, prospects, financial condition and results of operations. Although to date the Guarantor has not been subject to any material antitrust or competition related lawsuits, there can be no assurance that these lawsuits will not occur and as a result cause the Guarantor material losses and expenses. In addition, any fines, or other penalties on the Guarantor imposed by an antitrust or competition authority as a result of any such investigation, or any prohibition on the Guarantor engaging in certain types of business in one or more of the regions in which it operates, could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor is dependent on third party telecommunications providers over which it has no direct control for the provision of interconnection and roaming services.

The Guarantor's ability to provide high quality and commercially viable mobile telecommunications services depends, in some cases, on its ability to interconnect with the telecommunications networks and services of other local, domestic and international mobile and fixed-line operators. The Guarantor also relies on other telecommunications operators for the provision of international roaming services for its subscribers. While the Guarantor has interconnection and international roaming agreements in place with other telecommunications operators, it has no direct control over the quality of their networks and the interconnections and international roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to the Guarantor on a consistent basis, could result in loss of subscribers or a decrease in traffic, which could adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The spectrum allocated to Guarantor may be insufficient for the expansion of its mobile telecommunications business.

The operation of mobile telecommunications networks of the Guarantor is limited by the amount of spectrum allocated to it in the jurisdictions where it operates. Allocation of spectrum in India is determined by the DoT, Government of India and by various local regulators across the Guarantor's African operations. In determining spectrum allocation, governmental authorities generally seek to ensure choice of services, efficient use of spectrum and continuity of customer service while maintaining technology neutrality and providing a stable investment environment. The current spectrum allocation may not be sufficient for expected subscriber growth going forward, and the future profitability and cash flows of the Guarantor may be materially and adversely affected if its allocated spectrum proves inadequate in the future for the expansion of the Guarantor's mobile telecommunications business.

The Guarantor is exposed to a high risk of customer churn, which increases the Guarantor's subscriber acquisition costs, resulting in the loss of future subscriber revenues.

Prepaid customers, those customers that pay for service in advance through the purchase of wireless airtime, represented approximately 95.4 per cent. of the Guarantor's subscribers in India and 99.3 per cent. of its subscribers in Africa as at 30 September 2013. Prepaid subscribers who are retail customers do not sign service contracts, which make the Guarantor's customer base susceptible to switching to other wireless service providers. It can be difficult to determine actual churn rates as they can be artificially inflated when existing customers have lag time between the usage of one Subscriber

Identity Module ("SIM") card and its replacement by another SIM card. In addition, many of the Guarantor's subscribers are first time users of wireless telecommunications services. First time users have a tendency to migrate between service providers more frequently than established users. To the extent the Guarantor's competitors offer incentives to the Guarantor's subscribers to switch wireless service providers, the risk of churn will increase. The Guarantor's inability to retain existing prepaid customers and manage churn levels could have a material adverse effect on its business, prospects, financial condition, cash flows and results of operations.

Given the number of competitors the Guarantor faces, its churn rate may increase. A high churn rate increases the average cost of signing up a new customer (the "subscriber acquisition costs") and results in the loss of future subscriber revenues. The Guarantor may be unable to recover any acquisition costs not already covered and find it difficult to recover outstanding liabilities from post-paid subscribers who have been deactivated from the system. Higher churn in post-paid subscribers increases the incidence of bad debts. The amount of provision for doubtful debts in the Guarantor's consolidated income statements was Rs. 3,549 million for the six months ended 30 September 2013, which represented approximately 0.9 per cent of the Guarantor's total revenues for this period. A high rate of churn or an increase in bad debts could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor's ability to exercise control over its subsidiaries, associates and joint ventures is, in some cases, dependent upon the consent and cooperation of other participants who are not under its control.

The Guarantor currently operates mobile telecommunications services in countries outside India through subsidiaries, associates and joint ventures. The Guarantor's level of ownership of each of its subsidiaries, associates and joint ventures varies from market to market, and it does not always have a majority interest. Although the terms of its investments vary, the Guarantor's business, prospects, financial condition, cash flows and results of operations may be materially and adversely affected if disagreements develop with its partners.

As of 30 September 2013, the Guarantor through its subsidiary Bharti Infratel held a 33.36 per cent. stake in the joint venture Indus Towers. See "Business — Business — Tower Infrastructure Services". Its ability to withdraw funds, including dividends, from its participation in, and to exercise management control over, Indus Towers depends, in some cases, on the consent of its other partners in this joint venture. Further, failure to resolve any disputes with its partners in Indus Towers could restrict payments made by Indus Towers to the Guarantor and have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Some of the Guarantor's non-Indian interests are located in politically and economically unstable areas, which create security risks that may disrupt its operations.

The Guarantor derives a significant portion of its revenue from sales outside India. In the six months ended 30 September 2013, approximately 34.0 per cent. of the Guarantor's consolidated revenue came from its entities located outside India, mainly in Africa, Bangladesh and Sri Lanka. The Guarantor's financial condition and results of operations are expected to be increasingly affected by political, economic and operating conditions in or affecting countries where it operates, transacts business or has interests.

Overview

The Guarantor conducts its business in a number of countries and regions with developing economies, many of which do not have firmly established legal and regulatory systems and some of which from time to time have experienced economic, social or political instability. For example, the Guarantor operates in Bangladesh, Sri Lanka and in 17 African countries, many of which have suffered from regional political instability, armed conflict and general social and civil unrest in recent years. In particular, since December 2010, political instability has increased markedly in a number of countries in North Africa, such as Tunisia, Egypt, and Libya. Unrest in those countries may have implications for the wider global economy and may also negatively affect market sentiment towards other countries in the region, including the countries in which the Guarantor operates. Some of these countries are also in the process of transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that can affect the Guarantor's investments in these countries. There is also a higher risk that the Guarantor's operations in those countries could be expropriated by the relevant government or regulatory authorities, either by formal change in ownership, revocation of an operating license or by changes in regulatory or financial policies that have an equivalent effect. Governments in these jurisdictions and countries, as well as in more developed jurisdictions and countries, may be influenced by political or commercial considerations outside of the Guarantor's control, and may act arbitrarily, selectively or unlawfully, including in a manner that benefits the Guarantor's competitors. By doing so, the Guarantor could experience adverse publicity, which may in turn result in reputational harm in certain jurisdictions.

Specific country risks that may have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations include, among other things:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;
- government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal, regulatory and tax regimes;
- arbitrary or inconsistent government action, including capricious application of tax laws and selective tax audits;
- inflation in local economies;
- difficulties and delays in obtaining requisite governmental licenses, permits or approvals;
- cancellation, nullification or unenforceability of contractual rights; and
- underdeveloped industrial and economic infrastructure.

Changes in investment policies or shifts in the prevailing political climate in any of the countries in which the Guarantor operates, or seeks to operate, could result in the introduction of increased government regulations with respect to, among other things:

- price controls;
- export and import controls;
- income and other taxes;
- environmental legislation;
- customs and immigration;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

Political climate

South Asia and Africa have each experienced varying degrees of political instability over the past 50 years. Future armed conflicts or political instability in those regions could impact the Guarantor's operations. In addition, in recent years, terrorist groups have engaged in campaigns against their respective governments and allies, and have struck both military and civilian targets resulting in continued risk to the Guarantor's operations. There can be no assurance that terrorist groups will not escalate violent activities or that the relevant governments will be successful in maintaining the prevailing levels of domestic order and stability.

Investing in countries that are politically and economically undeveloped or developing, as the Guarantor has and expects to continue to do, is risky and uncertain. Any changes in the political, social, economic or other conditions in such countries, or in countries that neighbour such countries, could have a material adverse effect on the investments that the Guarantor has made or may make in the future, which in turn could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Economic climate

The success of the Guarantor's operations in South Asia and Africa is largely dependent on the economic policies of the countries in which those operations take place. For example, currencies in a number of the African countries where the Guarantor operates have recently faced significant deflation, which has and may continue to adversely affect the Guarantor's results of operations. Although the Guarantor attempts to minimise these adverse impacts through hedging, there can be no assurance that further deflation in these countries will not continue to adversely impact the Guarantor's operations in Africa.

The Guarantor is subject to risks arising from interest rate fluctuations, which could adversely affect its business, results of operations, cash flows and financial condition.

The Guarantor borrows funds in the domestic and international markets from various banks and financial institutions to meet the long-term and short-term funding requirements for its operations and funding its growth initiatives. Increases in interest rates will increase the cost of any floating rate debt that the Guarantor incurs. In addition, the interest rate that the Guarantor will be able to secure in any future debt financing will depend on market conditions at the time, and may differ from the rates on its existing debt. If the interest rates are high when the Guarantor needs to access the markets for additional debt financing, the Guarantor's business, results of operations and financial condition may be adversely affected. See also "— Risks Relating to India — Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Guarantor's business and the trading price of the Notes".

International credit ratings agencies may revise ratings to below investment grade.

The Guarantor is presently rated as Baa3 and BBB- with stable outlook from Moody's and Fitch, respectively. The rating agencies cite the risk of the rating being based on the borrower's achieving a desired leverage profile, which is impacted by many variables including, but not limited to, the ability of the business to generate significant free cash flows, the growth of the international business, the regulatory environment and any payment due to a regulatory expenditure being as per the agencies estimates. Further, a significant portion of the Guarantor's business is based in India and therefore, any rating risk on India's sovereign rating due to domestic or international economic conditions will also threaten the guarantor's ratings. See "— Risks Relating to India — Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Guarantor's business and the trading price of the Notes".

Any of these events, if adversely determined by rating agencies, may lead to a downgrade of borrower ratings and consequently of the ratings of the Notes. This may adversely affect the economics and tradability of the Notes. See also "— Risks Relating to India — Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Guarantor's business and the trading price of the Notes".

The Guarantor's operations are conducted worldwide and its results of operations are subject to currency translation risk and currency transaction risk.

The Guarantor's operations are conducted in several currencies. The financial condition, cash flows and results of operations of each subsidiary operating in a jurisdiction outside of India is reported in the relevant functional currency and then translated to the rupee at the applicable currency exchange rates for inclusion in the Guarantor's financial statements. Exchange rates between some of these currencies and the Rupee in recent years have fluctuated significantly and may do so in the future. In the six months ended 30 September 2013, approximately 34.0 per cent. of the Guarantor's consolidated revenue came from its entities located outside India, mainly in Africa, Bangladesh and Sri Lanka and approximately 37.0 per cent. of the Guarantor's total costs (representing operating expenses, depreciation and amortisation) related to its entities located outside India, mainly in Africa, Bangladesh and Sri Lanka. Significant changes in the value of certain currencies relative to the U.S.

dollar could also have an adverse effect on the Guarantor's financial condition, cash flows and results of operations and its ability to meet interest and principal payments on foreign-currency denominated debt, including borrowings under its existing debt. These include the U.S. dollar, Bangladesh Taka and Sri Lanka rupee, as well as 13 African currencies, most significant of which are the Nigerian Naira, Tanzanian Shilling, Zambian Kwacha and the West African and Central African CFA Franc.

In addition, the Guarantor incurs currency transaction risk whenever one of its operating subsidiaries enters into either a purchase or a sales transaction using a different currency from the currency in which it receives revenues. Given the volatility of exchange rates, the Guarantor cannot assure you that it will be able to effectively manage its currency transaction or translation risks or that any volatility in currency exchange rates will not have a material adverse effect on its financial condition, cash flows or results of operations and, therefore, on its ability to make principal and interest payments on its indebtedness, including the Notes, when due. In addition, the portion of the Guarantor's revenue denominated in non-rupee currencies may continue to increase in future periods.

A failure of the Guarantor's internal controls over financial reporting may have an adverse affect on the Guarantor's business, results of operations, cash flows and financial condition.

The Guarantor's management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes, including with respect to record keeping and transaction authorisation. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Guarantor's financial statements would be prevented or detected. Any failure to maintain an effective system of internal control over financial reporting could limit the Guarantor's ability to report its financial results accurately and in a timely manner, or to detect and prevent fraud, which could have a material adverse effect on the Guarantor's business, results of operations, cash flows and financial condition.

Environmental and health regulation imposes additional costs and may affect the results of the Guarantor's operations.

The Guarantor, like other companies in the passive communication infrastructure industry, is subject to various national, state-level and municipal environmental laws and regulations in India concerning issues such as damage caused by air emissions, noise emissions and electromagnetic radiation. These laws can impose liability for non-compliance with regulations and are increasingly becoming more stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. While the Guarantor intends to comply with applicable environmental legislation and regulatory requirements and believes that it is materially in compliance with these as of the date of this Offering Memorandum, it is possible that such compliance may come to have an adverse effect or prove to be costly. In addition to potential clean-up liability, the Guarantor may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may also result in closure or temporary suspension or adverse restrictions on the Guarantor's operations. The Guarantor may also, in the future, become involved in proceedings with various regulatory authorities that may require it to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. In addition, third-parties may sue the Guarantor for damages and costs resulting from environmental contamination emanating from its properties.

While the Guarantor believes it is currently in compliance in all material respects with all applicable and environmental laws and regulations, the discharge of materials that are chemical in nature or of other hazardous substances or other pollutants into the air, soil or water may nevertheless cause the Guarantor to be liable to the national governments or the state governments where its towers are located, including India, Sri Lanka, Bangladesh and throughout Africa.

Although there have been no claims that the Guarantor's properties or Towers are not in compliance in all material respects with all applicable environmental laws, unidentified environmental liabilities could arise which could have an adverse effect on the Guarantor's business, results of operations, cash flows and financial condition.

The Guarantor's costs are affected by global commodity and equipment prices.

The Guarantor purchases or relies on the purchase of commodities, such as diesel, steel and zinc, to support the development and maintenance of its tower network. Volatility in global commodity prices, in particular metal and fuel prices, will make it more difficult for the Guarantor to accurately forecast and plan the cost of equipment required for network maintenance and expansion. Additionally, increases in such global commodity prices will increase the amount of capital expenditure required to finance the Guarantor's expansion plans, which will exert downward pressure on its profit margins if the Guarantor is unable to pass these cost increases through to its customers. Alternatively, even if the Guarantor is able to pass these costs onto its customers, the increased cost of building new towers and related infrastructure could incentivise potential clients to rely more on existing towers and maintain current capacity, which could limit the Guarantor's growth prospects. This could have a significant adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor's business depends on the delivery of an adequate and uninterrupted supply of electrical power and fuel at a reasonable cost.

The Guarantor's Tower sites require an adequate and cost-effective supply of electrical power to function effectively. The Guarantor principally depends on power supplied by regional and local electricity transmission grids operated by the various state electricity providers in which the Guarantor's sites are located. In order to ensure that the power supply to the Guarantor's sites is constant and uninterrupted, the Guarantor also relies on batteries and diesel generators, the latter of which requires diesel fuel.

The Guarantor's operating costs will increase if the price at which it purchases electrical power from the state electricity providers or fuel increases. While the Guarantor believes that its current supply of electricity from third parties is sufficient to meet its existing requirements, there is no assurance that the Guarantor will have an adequate or cost effective supply of electrical power at its sites or fuel for the generation of captive power, lack of which could disrupt the Guarantor's and the Guarantor's customers' businesses, adversely affecting Guarantor's business, cash flows and results of operations. Further, any increase in the cost of electrical power, to the extent that the Guarantor is not able to pass this through to its customers, would also adversely affect its profitability and cash flows.

The Guarantor has entered into, and may continue to enter into, certain related-party transactions.

The Guarantor has entered into certain related party transactions, which have been disclosed in its financial statements in accordance with IAS-24 (related party disclosures). See "Related Party Transactions". While the Guarantor believes that all such transactions have been conducted on an arm's length basis, there can be no assurance that the Guarantor could not have achieved more favourable terms had such transactions been entered into with unrelated parties.

The Guarantor's ability to operate its business effectively could be impaired if it fails to attract and retain key personnel.

The Guarantor's ability to operate its business and implement its strategies depends, in part, on the continued contributions of the Guarantor's executive officers and other key employees. In particular, Sunil Bharti Mittal, the Executive Chairman of the Guarantor, has and is expected to continue to play a key role in the Guarantor's business and long-term strategy. The loss of any of the Guarantor's key senior executives could have an adverse effect on the Guarantor's business unless and until a replacement is found. A limited number of persons exist with the requisite experience and skills to serve in the Guarantor's senior management positions. The Guarantor may not be able to locate or employ qualified executives on acceptable terms. In addition, the Guarantor believes that its future success will depend on its continued ability to attract and retain highly skilled personnel with experience in the key business areas of the Guarantor. Competition for these persons is intense and the Guarantor may not be able to successfully recruit, train or retain qualified managerial personnel.

There can be no assurance that the Guarantor will attract and retain skilled and experienced employees and, should the Guarantor fail to do so, or lose any of its key personnel, its business and growth prospects may be harmed and its cash flows, results of operations and financial condition could be adversely affected.

The Guarantor may be adversely impacted by work stoppages and other labour matters.

While the Guarantor strives to maintain good relationships with its employees, there can be no assurance that such relationships will continue to be amicable or that the Guarantor will not be affected by strikes, further unionisation efforts or other types of conflict with labour unions employees. Furthermore, many of the Guarantor's customers and suppliers have unionised workforces. Work stoppages or slow-downs experienced by the Guarantor's customers or suppliers could result in lower demand for the Guarantor's services and products. In the event that either the Guarantor, or one or more of its customers or its suppliers experience a work stoppage, such work stoppage could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor may not be able to adequately protect its intellectual property and its intellectual property may be subject to data theft, which could harm the value of the Guarantor's brand and branded products and adversely affect its business, financial condition, results of operations, cash flows and prospects.

The Guarantor depends on its brands and branded products described under "Business — Trademarks" and believes that these brands are important to its business. The Guarantor relies primarily on trademarks and similar intellectual property rights to protect its brands and branded products. The success of the Guarantor's business depends on its ability to use its existing trademarks in order to increase brand awareness and further develop its branded products and services in its markets. The Guarantor's business is also dependent upon successfully protecting its network from theft of data and other intellectual property.

The Guarantor has registered certain trademarks and has other trademark registrations pending. The Guarantor has sought to register all of the trademarks that it currently uses in the markets in which they are used, though in many cases the Guarantor cannot be certain that these trademarks have not been registered by another party in the past. The Guarantor may not be able to adequately protect its trademarks and its use of these trademarks may result in liability for trademark infringement, trademark dilution or unfair competition. The Guarantor's network may also be susceptible to security breaches and theft of data and other intellectual property. These events could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor's business relies on sophisticated billing and credit control systems, and any problems with these systems could interrupt its operations.

Sophisticated billing and credit control systems are critical to the ability of the Guarantor to increase revenue streams, avoid revenue losses, monitor costs and potential credit problems and bill customers properly and in a timely manner. New technologies and applications are expected to create increasing demands on billing and credit control systems. Any damage or interruptions in operation or failure of servers, which are used for the billing and credit control systems of the Guarantor, could result in an interruption in its operations, and this in turn could materially and adversely affect the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor's increasing reliance on outsourced personnel to develop and maintain its internal IT infrastructure could, if not properly managed, result in a disruption of critical internal services and as a result, adversely affect the Guarantor's operations.

The Guarantor is dependent on effective IT systems. These systems support key business functions such as research and development and billing capabilities, and are an important means of internal communication and communication with customers and suppliers. Any significant disruption of these IT systems or the failure of new IT systems to integrate with existing IT systems could materially and adversely affect the Guarantor's operations. The Guarantor also has a number of outsourcing arrangements in respect of critical processes, services and the support of IT infrastructure and the Guarantor's increasing dependency on these outsourcing providers could negatively impact the Guarantor's ability to deliver on business targets and to maintain its compliance status and reputation. In particular, the Guarantor outsources its IT management to IBM and network management to Ericsson, Nokia Siemens and Huawei (for Sri Lanka and Africa). Any failure to effectively manage its outsourcing arrangements could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

The Guarantor relies on a limited number of third parties for key equipment and services.

The Guarantor depends upon a small number of suppliers to provide it with key equipment and services. For example, the bulk of the Guarantor's network equipment (including hardware, Base

Transceiver Station and switches) is sourced from Ericsson, NSN and Huawei under framework agreements, while its IT requirements are serviced through agreements with IBM. The Guarantor does not have operational or financial control over these network partners, and it has limited influence with respect to the manner in which these partners conduct their business. If these network partners fail to provide equipment or services to the Guarantor on a timely basis, the Guarantor may be unable to provide services to its subscribers in an optimal manner until an alternative source can be found. In addition, as the markets in which the Guarantor competes gain new entrants, it is possible that some of them (or existing market players) may compete for similar services from dealers that the Guarantor uses. If they are successful, such agreements may provide more favourable terms for the particular dealer than those provided under the Guarantor's arrangements with that dealer. This may result in downward pricing pressure on these contracts and the Guarantor may not be able to renew its contracts at all or at the same rate as in the past. If any of these contracts are terminated or the Guarantor is unable to renew them on favourable terms or negotiate agreements for replacement services with other providers at comparable rates, this could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Because definitions of telecommunications-related terms are not standardised in the industry and systems for publishing statistical information relating to the telecommunications industry is not comprehensive in the countries where the Guarantor operates, it may be difficult to evaluate different companies.

The methodology for calculating customer numbers varies substantially and is not standardised across the mobile telecommunications industry, particularly in Africa. As a result, customer numbers reported by various companies may vary from the numbers that would result from the use of a single methodology. In addition, it is not uncommon in the countries in which the Guarantor operates for prepaid mobile customers to have more than one SIM card from competing operators, so that two mobile operators may be counting the same user in their customer numbers. Customers of the Guarantor may be removed following a period of inactivity and may rejoin many times. Therefore, it may be difficult to compare customer numbers, ARPU or churn rates from period to period or between different mobile operators. The methodology for calculating other performance indicators, such as those based on minutes of usage and churn rates, varies among mobile operators, making it difficult to draw comparisons between these figures for different mobile operators.

In addition, there is no published statistical data that allows for adequate comparison of telecommunication companies. Therefore there is an increased risk that the data prepared and published by Indian or African telecommunications companies may be inconsistent, meaning that performing reliable company-to-company comparisons is more challenging.

Actual or perceived health risks or other problems relating to mobile handsets or transmission and/ or network infrastructure could lead to litigation or decreased mobile communications usage.

The effects of any damage caused by exposure to an electromagnetic field have been and continue to be the subject of careful evaluations by the international scientific community, but to date there is no conclusive scientific evidence of harmful effects on health. However, the Guarantor cannot rule out that exposure to electromagnetic fields or other emissions originating from wireless handsets or transmission infrastructure is not, or will not be found to be, a health risk.

The Guarantor's costs could increase and its revenue could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated. Public perception of potential health risks associated with cellular and other wireless communications media could slow the growth of wireless companies such as the Guarantor's. In particular, negative public perception of, and regulations regarding, these perceived health risks could slow the market acceptance of wireless communications services, which could materially restrict the Guarantor's ability to expand its business. Such perception could also increase opposition to the development and expansion of Tower infrastructure sites, which could force Bharti Infratel and Indus Towers to relocate existing sites, which could adversely impact the Guarantor's business, results of operations, cash flows and financial condition.

The potential connection between radio frequency emissions and certain negative health effects has been the subject of substantial study by the scientific community in recent years, and numerous health related lawsuits have been filed against wireless carriers and wireless device manufacturers in various jurisdictions. In India, petitions have also been filed against the installation of towers near residential areas owing to concerns relating to the adverse effects of electromagnetic radiation. Beginning 1 September 2012, the DoT has implemented new standards in relation to electromagnetic radiation emitted by towers as well as mobile handsets. The DoT has also issued new guidelines to all states in India with regard to clearance for installation of mobile towers. Further, the Rajasthan High Court had via an order dated 22 August 2012 asked the state government to remove mobile towers from areas near schools, hospitals and densely populated localities, as they were suspected to be containing potentially hazardous radiation (the "Order"). However, the Guarantor does not maintain any significant insurance with respect to these matters. If a scientific study resulted in a finding that radio frequency emissions posed health risks to consumers, it could negatively impact the market for wireless communications services, which would adversely affect the Guarantor's business, prospects, results of operations, cash flows and financial condition.

The Guarantor's mobile communications business may be harmed as a result of these alleged or actual health risks. For example, the perception alone of these health risks could result in a lower number of customers, reduced usage per customer or potential customer liability. In addition, these concerns may cause regulators to impose greater restrictions on the construction of base station towers or other infrastructure, which may hinder the completion of network build-outs and the commercial availability of new services and may require additional investments.

A significant portion of the Guarantor's revenue, profits and cash flows are currently concentrated in India.

The Guarantor relies, to a significant extent, on the revenue generated by its operations of entities located in India to make principal and interest payments on its indebtedness (which would include the Notes upon issuance), pay operating expenses, fund its international expansion and capital expenditures and meet its other obligations that may arise from time to time. In the financial results for the fiscal year ended 31 March 2013 (restated after giving effect to IFRS 11) and the six months ended 30 September 2013, the Guarantor's operations of entities located in India, including foreign currency revenue attributable to Indian operations, accounted for 66.3 per cent. and 66.0 per cent. of the Guarantor's consolidated revenue, respectively. Although the Guarantor's recent international acquisitions and investments have reduced its Indian operations' relative contribution to the

Guarantor's revenue, the Guarantor's Indian operations continue to be the primary contributor to the Guarantor's revenue and profitability and the Guarantor expects this situation to continue to be the case in the short- and medium-term. Consequently, any economic downturn in India could materially and adversely affect the Guarantor's overall performance. See "— Risks Relating to India".

Possible conflicts of interest may arise between the Issuer and the Guarantor.

The Issuer is wholly-owned by the Guarantor, and the Guarantor exerts significant influence over the policies, management and affairs of the Issuer. As a result, the Guarantor is able to exercise significant control and influence over many corporate actions of the Issuer. The interests of the Guarantor may differ from those of the Noteholders and the Guarantor may direct the Issuer in a manner that is contrary to the interests of the Issuer or of the Noteholders. There can be no assurance that conflicts of interest between the Guarantor and the Issuer will be resolved in the Issuer's or the Noteholders' favour. For more information, see "Related Party Transactions".

Risks Relating to India

As of 31 March 2013 (restated after giving effect of IFRS 11) and 30 September 2013, approximately 48.1 per cent. and 43.6 per cent. of the Guarantor's property, plant and equipment and intangible assets, respectively, are owned by entities located in India and a significant portion of its total revenue for year ended 31 March 2013 and the six months ended 30 September 2013 was derived from its entities located in India. Consequently, the Guarantor's performance is significantly influenced by the political and economic situation and governmental policies in India.

A significant change in the Government's economic liberalisation and deregulation policies could adversely affect general business and economic conditions in India and the Guarantor's business.

Since 1991, the Government has pursued policies of economic liberalisation, including significant relaxations of restrictions on the private sector. Nevertheless, the Government continues to exercise a dominant influence over many aspects of the economy and its economic policies have had and continue to have a significant effect on private-sector entities, including the Guarantor.

India has a mixed economy with a large public sector and an extensively regulated private sector. The role of the Government and the state governments in the Indian economy and the effect on producers, consumers, service providers and regulators have remained significant over the years. The Government has in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of their employees, and determined the allocation to businesses of raw materials and foreign exchange.

Although the current Government has continued India's economic liberalisation and deregulation programs, there can be no assurance that these liberalisation policies will continue in the future. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India in general as well as the Guarantor's business and the Guarantor's future financial performance.

A prolonged slowdown in economic growth in India or financial instability in other countries could cause the Guarantor's business to suffer.

The current slowdown in the Indian economy could adversely affect the Guarantor's business and its lenders and contractual counterparties, especially if such a slowdown were to be prolonged. According to the Central Statistical Office, Ministry of Statistics and Program Implementation, Government of India, the growth rate of India's GDP, was 9.0 per cent. or higher in each of fiscal years 2006, 2007 and 2008, moderated to 6.7 per cent. during fiscal 2009. The growth rate of India's GDP was 8.6 per cent. during fiscal year 2010, 9.3 per cent. during fiscal year 2011, 6.2 per cent. during fiscal year 2012 and 5.0 per cent. during fiscal year 2013. Even though the RBI has significantly reduced policy rates since October 2008, the course of market interest rates continues to be uncertain due to the increase in the fiscal deficit and the Government borrowing program. Any increase in inflation in the future, due to increases in prices of commodities such as crude oil or otherwise, may result in a tightening of monetary policy. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact the Guarantor's business.

In addition, the Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly those of emerging market countries in Asia. Investors' reactions to developments in one country may have adverse effects on the economies of other countries, including the Indian economy. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could influence the Indian economy and could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Terrorist attacks, civil disturbances and regional conflicts in India and South Asia may have a material adverse effect on the Guarantor's business.

India has, from time to time, experienced social and civil unrest within the country and hostilities with neighbouring countries. There have been continuing tensions between India and Pakistan over the states of Jammu and Kashmir. From May to July 1999, there were armed conflicts over parts of Kashmir involving the Indian army, resulting in a heightened state of hostilities, with significant loss of life and troop conflicts. Isolated troop conflicts and terrorist attacks continue to take place in such regions. The potential for hostilities between India and Pakistan could be particularly threatening because both India and Pakistan are nuclear powers. These hostilities and tensions could lead to political or economic instability in India and a possible adverse effect on the Guarantor's business and future financial performance. There can be no assurance that such situations will not recur or be more intense than in the past.

Terrorist attacks and other acts of violence or war may adversely affect global markets and economic growth. These acts may also result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse affect on the Guarantor's business, prospects, financial condition, cash flows and results of operations. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of the Notes. India has witnessed localised terrorist attacks recently, including the terrorist attacks in Mumbai in November 2008. Such incidents could also create an increased perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the Guarantor's business.

Natural calamities, climate change and health epidemics could adversely affect the Indian economy.

India has experienced natural calamities, such as earthquakes, floods and drought in recent years, including the tsunami that struck the coasts of India and other Asian countries in December 2004, the severe flooding in Mumbai in July 2005 and the earthquake that struck India in April 2006. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect the Guarantor's business, and may damage or destroy the Guarantor's facilities or other assets. Similarly, global or regional climate change or natural calamities in other countries where the Guarantor operates could affect the economies of those countries.

Since April 2009, there have been outbreaks of swine flu, caused by H1N1 virus, in certain regions of the world, including India and several other countries in which the Guarantor operates. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect the Guarantor's business.

Any downgrading of India's credit rating by an international rating agency could have a negative impact on the Guarantor's business and the trading price of the Notes.

As of the date of this Offering Memorandum, India was rated Baa3 Stable by Moody's, BBB-/Negative by Fitch and BBB-/stable by Standard & Poor's Rating Services ("S&P"). S&P in a release on 7 November 2013 indicated that it may revise India's sovereign rating to below investment grade should the next Government fail to provide a credible plan to reverse the country's low economic growth. S&P added it will conduct its next review on India's ratings after the elections, which are due by May 2014, unless the country's fiscal or external standing deteriorates.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Guarantor's ratings, the rating of the Notes and the terms on which the Guarantor is able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on the Guarantor's capital expenditure plans, business, cash flows and financial performance, and the trading price of the Notes.

Investors may not be able to enforce a judgment of a foreign court against the Guarantor or its management, except by way of a suit in India on such judgment.

The Guarantor is a public limited company incorporated under the laws of India. Many of its directors and substantially all of its key management personnel reside in India and all or a substantial portion of the assets of the Guarantor and such persons are located in India. Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards, even if such award is enforceable as a decree or judgment.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A. A judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to such award and any such amount may be subject to income tax in accordance with applicable laws.

There may be less company information available in the Indian securities market than in securities markets in other more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants, and that of markets and market participants in the United States and other more developed economies. The Securities and Exchange Board of India ("SEBI") is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be, however, less publicly available information about Indian companies than is regularly made available by public companies in more developed economies.

As a result, investors may have access to less information about the business, prospects, financial condition, cash flows and results of operations of the Guarantor and its competitors that are listed on stock exchanges in India than companies subject to reporting requirements of other more developed countries.

The proposed new taxation system could adversely affect the Guarantor's business and the trading price of the Notes.

In its union budget for fiscal year 2010, the Government proposed two major reforms in Indian tax laws, namely the goods and services tax and the direct tax code, which were initially proposed to be effective starting 1 April 2012. The goods and services tax is intended to replace the indirect taxes on good and services such as central excise duty, service tax, customs duty, central sales tax, surcharge and cess currently being collected by the central and state governments in India. The direct tax code was introduced in Parliament in August 2010. It aims to reduce distortions in tax structure, introduce moderate levels of taxation and expand the tax base. The code also aims to provide greater tax clarity and stability to investors who invest in Indian projects and companies. It aims to consolidate and amend laws relating to all direct taxes like income tax, dividend distribution tax, fringe benefit tax and wealth tax and facilitate voluntary compliance. The Government has not set a definitive time frame for the implementation of the direct tax code. The Government intends to implement the goods and service tax in the year 2014. As the taxation system may undergo significant overhaul, its long-term effects on the Issuer or the Guarantor are unclear as of the date of this Offering Memorandum and there can be no assurance that such effects would not adversely affect the Guarantor's business, future financial performance and the trading price of the Notes.

Risks Relating to the Notes and the Guarantee

The Guarantor's obligations under the Guarantee will be structurally subordinated to all existing and future obligations of the Guarantor's subsidiaries.

The Guarantor conducts much of its business through subsidiaries. As a result, the Guarantor's obligations under the Guarantee will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries. All claims of creditors of these subsidiaries, including trade creditors, lenders and all other creditors, will have priority as to the assets of these companies over claims of the Guarantor and its creditors, including holders of the Notes.

Investors' right to receive payments under the Guarantee is junior to secured obligations of the Guarantor and certain tax and other liabilities preferred by law.

The Guarantee will be subordinated to certain liabilities preferred by law such as claims of the Government on account of taxes and certain liabilities incurred in the ordinary course of the Guarantor's business (including workmen's dues), is expected to rank *pari passu* with the Guarantor's other existing and future unsecured obligations and will be effectively subordinated to the secured obligations of the Guarantor and the obligations of its subsidiaries. Indian laws relating to the Guarantee and to the enforcement thereof may differ, in some cases significantly, from the laws in other jurisdictions. Upon an order for a company's winding-up in India, its assets are vested in a liquidator that has wide powers to liquidate such company to pay its debt and administrative expenses. In such event, the Guarantee may not be deemed to rank senior in right of payment to any future subordinated indebtedness of the Guarantor and, as such, Noteholders may not receive any recovery on the Guarantee.

The Guarantor's potential liability under the Guarantee will be capped on the date that the Notes are issued at €1,500 million (which is 200 per cent. of the total aggregate principal amount of the Notes) and will end after the first anniversary of the maturity date of the Notes (the "Guarantee Period"). If the liability under the Notes is in excess of the Guaranteed Amount then the Guarantor will not be liable for any amount in excess of the Guaranteed Amount. Any demands by the Noteholders must be received by the Guarantor within the Guarantee Period.

The primary foreign exchange control legislation in India is FEMA. Pursuant to FEMA, the central government and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of exchange control. A guarantee issued by an Indian company on behalf of its non-Indian direct or indirect wholly owned subsidiaries or joint ventures is subject to certain regulations under FEMA, such as the FEMA Guarantee Regulations and the FEMA ODI Regulations as well as the provisions of the RBI's Master Circular.

Under the FEMA Guarantees Regulations, an Indian company can provide a guarantee on behalf of its non-Indian direct or indirect wholly owned subsidiaries or joint ventures provided that it is in compliance with the FEMA ODI Regulations. Pursuant to the FEMA ODI Regulations and the Master Circular, an Indian company is permitted to provide a guarantee on behalf of its non-Indian wholly owned subsidiaries or joint ventures without the prior approval of the RBI (under the "automatic route"), subject to certain conditions including, without limitation: such Indian company's total financial commitment does not exceed 100 per cent. of its net worth set forth in its last audited balance sheet at the time of issuance of any such guarantee.

For purposes of the FEMA ODI Regulations, "total financial commitment" includes the aggregate of 100 per cent. of the amount of equity shares, 100 per cent. of the amount of compulsorily and mandatorily convertible preference shares, 100 per cent. of the amount of other preference shares, 100 per cent. of the amount of loan, 100 per cent. of the amount of guarantee (other than performance guarantee) issued by the Indian company, 100 per cent. of the amount of bank guarantees issued by a resident bank on behalf of joint venture or non-Indian wholly owned subsidiaries of the Indian company provided the bank guarantee is backed by a counter guarantee/collateral by the Indian company, and 50 per cent. of the amount of performance guarantee issued by the Indian company. In addition, the Indian company (which is providing the guarantee outside India) is not on the RBI's exporters' caution list or list of defaulters and should not be under investigation by any investigative, enforcement agency or regulatory body. In order to meet the requirement of the automatic route, the guarantees must specify a maximum amount and duration of the guarantee upfront, i.e. no guarantee can be open-ended or unlimited; and the Indian company may extend the guarantee only to a joint venture or non-Indian wholly-owned subsidiaries in which it has equity participation.

In light of the above, the Guarantor has decided that the Guaranteed Amount will be capped on the date that the Notes are issued at €1,500 million (which is 200 per cent. of the total aggregate principal amount of the Notes). If the liability under the Notes is in excess of the Guaranteed Amount then the Guarantor will not be liable for any amount in excess of the Guaranteed Amount.

In addition, the Guarantee shall be in effect for the Guarantee Period only and requires that demands by Noteholders must be received by the Guarantor within the Guarantee Period. The Guarantee will be released upon repayment in full of the Notes. Any Noteholder wishing to bring a demand against the Guarantor must do so within the Guarantee Period.

See "Terms and Conditions of the Notes" and "Indian Government Filings/Approvals".

An active trading market may not develop for the Notes, in which the ability to transfer the Notes will be more limited.

The Notes are new securities for which there is currently no existing trading market. Prior to this offering there has been no trading market in the Notes. The liquidity of any market for the Notes will depend on a number of factors, including general economic conditions and the Issuer's and the Guarantor's own financial condition, performance and prospects, as well as recommendations of securities analysts. The Issuer has been informed by the Joint Lead Managers that they may make a market in the Notes after the Issuer has completed this offering. However, they are not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, market-making activity by the Joint Lead Managers' affiliates may be subject to limits imposed by applicable law. As a result, neither the Issuer nor the Guarantor can give any assurances that any market in the Notes will develop or, if it does develop, it will be maintained. If an active market in the Notes fails to develop or be sustained, investors may not be able to sell the Notes or may have to sell them at a lower price.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Indian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The Issuer may not be able to redeem the Notes upon the occurrence of a Change of Control Triggering Event.

The Issuer must offer to purchase the Notes upon the occurrence of a Change of Control Triggering Event, at a purchase price equal to 101 per cent. of the principal amount plus accrued and unpaid interest. See Condition 9.4 of the "Terms and Conditions of the Notes".

The source of funds for any such purchase would be the Issuer's available cash or third-party financing. However, the Issuer may not have or be able to obtain sufficient available funds at the time of the occurrence of any Change of Control Triggering Event to make purchases of outstanding Notes. The Issuer's failure to make the offer to purchase or to purchase the outstanding Notes would constitute an Event of Default under the Notes. The Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If the Issuer's other debt were to be accelerated, it may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of Change of Control Triggering Event for purposes of the Trust Deed does not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalisation. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control Triggering Event for purposes of the Trust Deed also includes a phrase relating to the sale of "all or substantially all" of our assets. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition under applicable law. Accordingly, the Issuer's obligation to make an offer to purchase the Notes and the ability of a holder of the Notes to require it to purchase its Notes pursuant to the Offer as a result of a highly-leveraged transaction or a sale of less than all of the Issuer's assets may be uncertain.

The rating of the Notes may be lowered or withdrawn depending on some factors, including the rating agency's assessment of the Guarantor's financial strength and Indian sovereign risk, which may adversely affect the Guarantor's ability to incur indebtedness.

The Notes are expected to be rated "BBB-" by Fitch and "Baa3" by Moody's. The rating will address the likelihood of payment of principal on the maturity date of the Notes. The rating will also address the timely payment of interest on each payment date. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. There can be no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. A downgrade in the rating of the Notes on its own will not be an event of default under the terms of the Notes. However, under a covenant of these Notes and U.S. dollar notes issued in March and April 2013, the Guarantor is obligated to limit its incurrence of indebtedness if two or more certain rating agencies have assigned ratings to those notes below the required investment grade ratings stipulated in the conditions of these Notes and those notes. While this covenant is suspended because those notes currently have the required investment grade ratings, there can be no assurance that the relevant ratings agencies will not downgrade their ratings, resulting in the end of suspension of the covenant to limit incurrence of indebtedness. The assigned rating may be raised or lowered depending, among other factors, on the rating agency's assessment of the Guarantor's financial strength as well as its assessment of Indian sovereign risk generally. The inability to incur indebtedness in accordance with business plans and obligations may have a negative effect on the Issuer's and the Guarantor's financial condition, cash flows and results of operations.

Investment in the Notes may subject investors to foreign exchange risks.

The Notes are denominated and payable in U.S. dollars. If an investor measures its investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollar relative to the currency by reference to which an investor measures its investment returns, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Notes.

Increased volatility or inflation of commodity prices in India could adversely affect the Guarantor's business.

In recent months, consumer and wholesale prices in India have exhibited inflationary trends. The Government's Wholesale Price Index stood at 7.00 per cent. (provisional) for the month of October 2013, and the Consumer Price Index stood at 10.09 per cent. (provisional) for the month of October 2013. Any increased volatility or rate of inflation of global commodity prices, in particular oil and steel prices, could adversely affect the Guarantor's customers and contractual counterparties. Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. Any slowdown in India's growth could increase the cost of servicing its non-Rupee-denominated debt, including the Notes, and adversely impact the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Trade deficits could have a negative effect on the Guarantor's business and the trading price of the Notes.

India's trade relationships with other countries can influence Indian economic conditions. In fiscal year 2014, the merchandise trade deficit is forecast to be U.S.$162 billion compared to U.S.$195 billion in fiscal year 2013, U.S.$190 billion in fiscal year 2012, U.S.$124 billion in fiscal year 2011 and U.S.$118 billion in fiscal year 2010. This large merchandise trade deficit neutralises the surpluses in India's invisibles in the current account, resulting in a current account deficit. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore the Guarantor's business, future financial performance, cash flows and the trading price of the Notes could be adversely affected.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on the Guarantor. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.

India's foreign exchange reserves increased by U.S.$21.9 billion (40.6 per cent.) in fiscal year 2003, by U.S.$36.9 billion (48.4 per cent.) in fiscal year 2004, by U.S.$28.5 billion (25.3 per cent.) in fiscal year 2005, by U.S.$10.1 billion (7.1 per cent.) in fiscal year 2006, by U.S.$47.6 billion (31.4 per cent.) in fiscal year 2007, and by U.S.$110.5 billion (55.5 per cent.) in fiscal year 2008 to U.S.$309.7 billion. However, during fiscal year 2009, foreign exchange reserves decreased sharply by U.S.$57.8 billion, as a direct consequence of the global financial crisis on India, although they increased by U.S.$25.0 billion during fiscal year 2010 and by U.S.$26.9 billion during fiscal year 2011 and declined moderately by U.S.$9.8 billion (3.2 per cent.) in fiscal year 2012 to U.S.$249.0 billion. India's foreign exchange reserves were U.S.$283.6 billion as of 15 November 2013. A decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy. On the other hand, high levels of foreign funds inflows could add excess liquidity into the system, leading to policy interventions by the RBI, which will also slow economic growth. Either way, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect the Guarantor's business, its future financial performance and the trading price of the Notes.

Risks Relating to the Issuer

The Issuer is dependent directly on payments to it by its subsidiaries or, failing which, payments from the Guarantor to meet its obligations under the Notes.

The Issuer is the holding company for the Guarantor's African businesses. The proceeds from the Notes issuance will be used by the Issuer to refinance its existing debt and for general corporate purposes outside India. See "Use of Proceeds". The Issuer's ability to make payments on the Notes is dependent directly on payments to it by its subsidiaries. In case the Issuer is unable to make its payments on the Notes, it will rely on the Guarantor. The Guarantor's ability to make payments on the Guarantee will depend on a number of factors, some of which may be beyond the Guarantor's control. See "Risks Relating to the Guarantor's Business". If the Guarantor fails to make scheduled payments under the Guarantee, the Issuer may not be able to meet its payment obligations under the Notes.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Notes:

The €750,000,000 4.00 per cent. Guaranteed Notes due 2018 (the "Notes", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 19 and forming a single series with the Notes) of Bharti Airtel International (Netherlands) B.V. (the "Issuer") are constituted by a Trust Deed dated 10 December 2013 (the "Trust Deed") made between the Issuer, Bharti Airtel Limited (the "Guarantor") as guarantor and The Bank of New York Mellon, London Branch (the "Trustee", which expression shall include its successor(s)) as trustee for the holders of the Notes (the "Noteholders").

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 10 December 2013 (the "Agency Agreement") made between the Issuer, the Trustee, The Bank of New York Mellon (the "Principal Paying Agent" and the "Transfer Agent"), The Bank of New York Mellon (Luxembourg) S.A. (the "Registrar") and the other paying agents named therein (together with the Principal Paying Agent and the Transfer Agent, the "Agents", which expression shall include any additional or successor agents) are available for inspection by the Noteholders during normal business hours at the registered office for the time being of the Trustee, being at the date of issue of the Notes at 40th Floor, One Canada Square, London E14 5JP United Kingdom, and at the specified office of each of the Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

The owners shown in the records of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in amounts of €100,000 and integral multiples of €1,000 in excess thereof (referred to as the "principal amount" of a Note). A note certificate (each a "Certificate") will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar.

The Notes are not issuable in bearer form.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions "Noteholder" and (in relation to a Note) "holder" means the person in whose name a Note is registered in the register of Noteholders.

For a description of the procedures for transferring title to book-entry interests in the Notes, see "Clearance and Settlement".

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

For a description of certain restrictions on transfers of interests in the Notes, see "Subscription and Sale".

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, "business day" shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see "The Global Certificate—Registration of Title"), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal, premium or interest on that Note.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. STATUS OF THE NOTES

The Notes are direct, unconditional and (subject to the provisions of Condition 6.3) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. GUARANTEE

4.1 Guarantee

The payment of the principal, premium (if any) and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor (the "Guarantee") in the Trust Deed.

4.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute direct, unconditional and (subject to the provisions of Condition 6.3) unsecured obligations of the Guarantor and (subject as stated above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4.3 Limitation on Amount of the Guarantee

On the Issue Date, the Guarantor's potential liability under the Guarantee is capped at an amount equal to 200 per cent. of the total initial aggregate principal amount under the Notes, being €1,500 million (the "Guaranteed Amount"). The Guaranteed Amount will be reduced by any amounts paid by the Guarantor under the Guarantee from time to time.

4.4 Release of the Guarantee

(a) The Guarantee shall be in effect for the period commencing on (and including) the Issue Date and ending on (and including) the first anniversary of the Maturity Date (the "Guarantee Period"). The Guarantee requires that demands by Noteholders must be received by the Guarantor within the Guarantee Period. The Guarantee given by the Guarantor will be released upon repayment in full of amounts due under the Notes, subject to the Guaranteed Amount.

(b) No release of the Guarantee will be effective against the Trustee, any Agent or the Noteholder if a Default or Event of Default shall have occurred and be continuing under the Notes as of the time of such proposed release until such time as such Default or Event of Default is cured or waived.

5. DEFINITIONS

Set forth below are defined terms used in these Conditions.

"Accreted Value" of any Indebtedness issued at a price less than the principal amount at Stated Maturity, means, as of any date of determination, an amount equal to the sum of (a) the issue price of such Indebtedness as determined in accordance with Section 1273 of the Code or any successor provisions plus (b) the aggregate of the portions of the original issue discount (the excess of the amounts considered as part of the "stated redemption price at maturity" of such Indebtedness within the meaning of Section 1273(a)(2) of the Code or any successor provisions, whether denominated as principal or interest, over the issue price of such Indebtedness) that shall theretofore have accrued pursuant to Section 1272 of the Code (without regard to Section 1272(a)(7) of the Code) from the date of issue of such Indebtedness to the date of determination, minus all amounts theretofore paid in respect of such Indebtedness, which amounts are considered as part of the "stated redemption price at maturity" of such Indebtedness within the meaning of Section 1273(a)(2) of the Code or any successor provisions (whether such amounts paid were denominated principal or interest).

"Affiliate" has the meaning ascribed to it under Rule 501(b) of Regulation D of the Securities Act.

"Applicable Premium" means with respect to any Note at any redemption date, the greater of (i) 1.00 per cent. of the principal amount of such Note and (ii) the excess of (A) the present value at such redemption date of (x) the principal amount of such Note on such redemption date plus (y) all required remaining scheduled interest payments due on such Note through the Maturity Date (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Comparable Government Bond Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

"Average Life" means, as of any date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing:

(a) the sum of the product of the numbers of years (rounded to the nearest one-twelfth of one year) from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by

(b) the sum of all such payments.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in London, Frankfurt or Delhi (or in any other place in which payments on the Notes are to be made) are authorised by law or governmental regulation to close.

"Capitalised Lease" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalised on the balance sheet of such Person.

"Capital Lease Obligations" means the discounted present value of the rental obligations under a Capitalised Lease.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"Change of Control" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Guarantor to any Person other than a Person controlled by the Promoters;

(2) the Promoters cease to exercise control of the Guarantor;

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Promoters, is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of more than 35 per cent. of the total voting power of the Voting Stock of the Guarantor; or

(4) individuals who on the Issue Date constituted the board of directors of the Guarantor, together with any new directors whose election to the board of directors was approved by a vote of at least two-thirds of the directors then still in office who were either directors on the Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Guarantor then in office.

"Change of Control Offer" has the meaning set forth in Condition 9.4.

"Change of Control Triggering Event" means the occurrence of both a Change of Control and a Rating Decline.

"Clearstream" means Clearstream Banking, société anonyme, Luxembourg.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Commodity Agreement" means any commodity swap agreement, commodity cap agreement, commodity floor agreement, commodity futures agreement, commodity option agreement or any other similar agreement or arrangement, which may consist of one or more of the foregoing agreements, designed to manage commodity prices and commodity price risk.

"Common Stock" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the Issue Date, and includes, without limitation, all series and classes of such common stock or ordinary shares.

"Comparable Government Bond" means, in relation to any Comparable Government Bond Rate calculation, at the discretion of the Independent Investment Bank, a German Bundesanleihe security whose maturity is closest to the maturity of the Notes, or if such Independent Investment Bank in its discretion considers that such similar bond is not in issue, such other German Bundesanleihe security as such Independent Investment Bank may, with the advice of three brokers of, and/or market makers in, German Bundesanleihe securities selected by such Independent Investment Bank, determine to be appropriate for determining the Comparable Government Bond Rate.

"Comparable Government Bond Rate" means the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield on the Notes, if they were to be purchased at such price on the third Business Day prior to the date fixed for redemption or the date of accelerated payment, would be equal to the gross redemption yield on such Business Day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such Business Day as determined by the Independent Investment Bank.

"Consolidated Indebtedness to EBITDA Ratio" means, as of any date of determination, the ratio of:

(a) the aggregate consolidated principal amount, or in the case of Indebtedness issued at a discount, the then-Accreted Value, of Indebtedness of the Guarantor and its consolidated Subsidiaries outstanding as of the most recent available quarterly or annual balance sheet of the Guarantor, after giving pro forma effect to the Incurrence of such Indebtedness and any other Indebtedness Incurred or repaid since such balance sheet date and the receipt and the application of the net proceeds thereof; to

(b) an amount equal to the aggregate EBITDA for the most recent four consecutive fiscal quarters of the Guarantor immediately preceding the Incurrence of such Indebtedness for which consolidated financial statements of the Guarantor are available.

"Consolidated Interest Expense" means, for any period, the total interest expense of the Guarantor and its consolidated Subsidiaries, plus, to the extent not included in such total interest expense, and to the extent Incurred by the Guarantor or its Subsidiaries:

(a) interest expense attributable to leases constituting part of a Sale and Leaseback Transaction and to Capital Lease Obligations;

(b) amortisation of debt discount and debt issuance cost, including commitment fees;

(c) capitalised interest;

(d) non-cash interest expenses;

(e) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(f) net costs associated with Hedging Obligations (including amortisation of fees);

(g) Disqualified Stock Dividends;

(h) Preferred Stock Dividends;

(i) interest Incurred in connection with investments in discontinued operations;

(j) interest accruing on any Indebtedness of any other Person to the extent such Indebtedness is guaranteed by the Guarantor or any Subsidiary of the Guarantor; and

(k) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Guarantor) in connection with Indebtedness Incurred by such plan or trust.

"Consolidated Net Income" means, for any period, the net income (loss) of the Guarantor and its consolidated Subsidiaries; provided, however, that there shall not be included in such Consolidated Net Income:

(a) any net income (loss) of any Person (other than the Guarantor) if such Person is not a Subsidiary of the Guarantor, except that:

(1) subject to the exclusion contained in clause (d) below, the Guarantor's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash distributed by such Person during such period to the Guarantor or a

Subsidiary of the Guarantor as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Subsidiary of the Guarantor, to the limitations contained in clause (c) below); and

(2) the Guarantor's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income;

(b) any net income (loss) of any Person acquired by the Guarantor or any of its consolidated Subsidiaries in a pooling of interests transaction for any period prior to the date of such acquisition;

(c) any net income (loss) of any Subsidiary of the Guarantor if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions, directly or indirectly, to the Guarantor, except that:

(1) subject to the exclusion contained in clause (d) below, the Guarantor's equity in the net income of any such Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash distributed by such Subsidiary during such period to the Guarantor or a Subsidiary of the Guarantor as a dividend or other distribution (subject, in the case of a dividend or other distribution to a Subsidiary of the Guarantor, to the limitation contained in this clause); and

(2) the Guarantor's equity in a net loss of any such Subsidiary for such period shall be included in determining such Consolidated Net Income;

(d) any gain (but not loss) realised upon the sale or other disposition of any Property of the Guarantor or any of its consolidated Subsidiaries (including pursuant to any Sale and Leaseback Transaction) that is not sold or otherwise disposed of in the ordinary course of business;

(e) any extraordinary gain (but not loss); and

(f) the cumulative effect of a change in accounting principles.

"Corporate Trust Office" means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which at Issue Date is located at 40th Floor, One Canada Square, London E14 5AL, United Kingdom.

"Currency Agreement" means any currency swap agreement, currency cap agreement, currency floor agreement, currency futures agreement, currency option agreement or any other similar agreement or arrangement, which may consist of one or more of the foregoing agreements, designed to manage currencies and currency risk.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; provided that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of a "change of control" occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "change of control" provisions applicable to such Capital Stock are no more favourable to the holders of such Capital Stock than the provisions contained under "— Repurchase of the Notes Upon a Change of Control Triggering Event" and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer's repurchase of such Notes as are required to be repurchased under "— Repurchase of the Notes Upon a Change of Control Triggering Event".

"Disqualified Stock Dividends" means all dividends with respect to Disqualified Stock of the Guarantor held by Persons other than a Wholly-Owned Subsidiary. The amount of any such dividend shall be equal to the quotient of such dividend divided by the difference between one and the maximum statutory income tax rate (expressed as a decimal number between 1 and 0) then applicable to the Guarantor.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than US dollars, at any time for the determination thereof, the amount of US dollars obtained by converting such foreign currency involved in such computation into US dollars at the base rate for the purchase of US dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"EBITDA" means, for any period, an amount equal to, for the Guarantor and its consolidated Subsidiaries:

(a) the sum of Consolidated Net Income for such period, plus the following to the extent reducing Consolidated Net Income for such period:

    (1) the provision for taxes based on income or profits or utilised in computing net loss;

    (2) Consolidated Interest Expense;

    (3) depreciation;

    (4) amortisation of intangibles; and

    (5) any other non-cash items (other than any such non-cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period); minus

(b) all non-cash items increasing Consolidated Net Income for such period (other than any such non-cash item to the extent that it will result in the receipt of cash payments in any future period).

Notwithstanding the foregoing clause (a), the provision for taxes and the depreciation, amortisation and non-cash items of a Subsidiary shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to the Guarantor by such Subsidiary without prior approval (that has not been obtained) other than shareholders' approval, pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Subsidiary or its shareholders.

"Euroclear" means Euroclear Bank SA/NV.

"Event of Default" has the meaning assigned to such term in Condition 12.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Existing Indebtedness" means Indebtedness of the Guarantor and its Subsidiaries existing on the Issue Date until repaid.

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the board of directors, whose determination shall be conclusive if evidenced by a duly passed board resolution.

"FEMA" means the Foreign Exchange Management Act, 1999, as amended.

"FEMA Guarantees Regulation" means the Foreign Exchange Management (Guarantees) Regulations, 2000, as amended.

"FEMA ODI Regulations" means the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended.

"Fitch" means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

"GAAP" means International Financial Reporting Standards as in effect from time to time.

"guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term "guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"Hedging Obligation" of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

"Incur" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence," "Incurred" and "Incurring" have meanings correlative with the foregoing.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

(6) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;

(7) to the extent not otherwise included in this definition, Hedging Obligations; and

(8) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends.

For the avoidance of doubt, a mandatory put option granted to a Person that obligates the Issuer, the Guarantor or any Significant Subsidiary to repurchase the Capital Stock of any Significant Subsidiary or any other Person shall be deemed to be "Indebtedness".

The amount of Indebtedness of any Person at any time shall be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided that:

(A) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortised portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(B) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest; and

(C) that the amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable by such Person if such Hedging Obligation terminated at that time if not Incurred pursuant to such clause.

"Independent Investment Bank" means an investment bank of recognised standing that is a primary dealer in German Bundesanleihe securities, selected by the Guarantor in good faith.

"India" means the Republic of India.

"Indian Foreign Exchange Laws" shall mean the FEMA, FEMA Guarantees Regulation, FEMA ODI Regulations or the Master Circular (individually or collectively as the context may require).

"Indian Rupees" means the legal currency of India.

"Interest Payment Date" means 10 December of each year, commencing on 10 December 2014.

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement, interest rate floor agreement, interest rate futures agreement, interest rate option agreement or any other similar agreement or arrangement, which may consist of one or more of the foregoing agreements, designed to manage interest rates and interest rate risk.

"Investment Grade" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest Rating Categories, by S&P or any of its successors or assigns or a rating of "Aaa," "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody's, or any of its successors or assigns or assigns; a rating of "BBB-" or better by Fitch, or any of its successors or assigns; or the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which will have been designated by the Guarantor as having been substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be.

"Issue Date" means the date on which the Notes are originally issued under the Trust Deed.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"Maturity Date" means 10 December 2018.

"Master Circular" means the Reserve Bank of India's Master Circular no. 11/2013-14 on Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary Abroad dated July 1, 2013.

"Moody's" means Moody's Investors Services, Inc. and its successors.

"Noteholder" means the Person in whose name a Note is registered in the Note register.

"Notes" has the meaning assigned to such term in the Recitals.

"Offer to Purchase" means an offer to purchase the Notes by the Issuer from the Noteholders commenced by the Issuer mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent and each Noteholder at its last address appearing in the Note register stating:

(1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase" "Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Noteholders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Noteholder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Noteholders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Noteholder, the principal amount of Notes delivered for purchase and a statement that such Noteholder is withdrawing his election to have such Notes purchased; and

(7) that Noteholders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of €100,000 or integral multiples of €1,000 in excess thereof.

On the Offer to Purchase Payment Date, the Issuer shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Paying Agent shall promptly mail to the Noteholders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Noteholders (at the expense of such Noteholder), a new Note equal in principal amount to any unpurchased portion of the Note surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of €100,000 or integral multiples of €1,000 in excess thereof. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Issuer and the Guarantor which the Issuer in good faith believes will assist such Noteholders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Noteholders to tender Notes pursuant to the Offer to Purchase.

"Officers' Certificate" means a certificate signed by two executive officers of the Issuer or the Guarantor, as the case may be.

"Opinion of Counsel" means a written opinion from legal counsel of recognised international standing acceptable to the Trustee, addressed to the Trustee, in form and substance acceptable to the Trustee.

"Outstanding" means in relation to the Notes all the Notes issued other than:

(a) those Notes which have been redeemed pursuant to the Trust Deed;

(b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the Noteholders in accordance with Condition 15) and remain available for payment (against presentation of the relevant Note, if required);

(c) those Notes which have been purchased and cancelled in accordance with Condition 9;

(d) those Notes which have become void under Condition 11;

(e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14;

(f) (for the purpose only of ascertaining the principal amount of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14; and

(g) the Global Certificate to the extent that it shall have been exchanged for Notes in definitive form pursuant to its provisions;

PROVIDED THAT for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the Noteholders or any of them, an Extraordinary Resolution in writing or an Ordinary Resolution in writing as envisaged by paragraph 1 of Schedule 4 to the Trust Deed and any direction or request by the holders of the Notes;

(ii) the determination of how many and which Notes are for the time being outstanding for the purposes of subclause 9.1, of the Trust Deed, Conditions 13 and 17 and paragraphs 4, 7 and 9 of Schedule 4 to the Trust Deed;

(iii) any discretion, power or authority (whether contained in these presents or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any of them; and

(iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Guarantor, any other Subsidiary of the Issuer or the Guarantor, any holding company of the Issuer, the Guarantor or any other Subsidiary of any such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

"Permitted Liens" means:

(1) any Lien existing on the date of the Trust Deed, any Lien pursuant to any agreement or instrument existing on the date of the Trust Deed; and any extension, renewal or replacement of any such Lien or any other Permitted Lien, provided, however, that the principal amount of any Indebtedness secured by any such Lien is not increased as a result thereof;

(2) any Lien on any property or assets (including Capital Stock of any person) securing Indebtedness incurred solely for purposes of financing the acquisition, lease, construction or improvement (including all costs, expenses and other liabilities incurred in connection with such acquisition, construction or improvement thereof, as well as with the development, fitting-out and/or obtaining of any performance or other bond required to be posted in connection therewith) of such property or assets after the date of the Trust Deed; provided that (a) the aggregate principal amount of Indebtedness secured by such Lien will not exceed (but may be less than) the cost of the property or assets so acquired, leased, constructed or improved, (b) the Lien is limited to property or assets (including Capital Stock of any project entity), and/or revenues of such project, and (c) the Lien is incurred before, or within 365 days after the completion of, such acquisition, lease, construction or improvement and does not encumber any other property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) of the Issuer, the Guarantor or any Significant Subsidiary; and provided, further, that to the extent that the property or asset acquired is Capital Stock, the Lien also may encumber other property or assets of the person so acquired;

(3) any Lien existing on any property or assets of any person before that person's acquisition (in whole or in part) by, merger into or consolidation with the Guarantor or any Subsidiary after the date of the Trust Deed or that person becomes a Significant Subsidiary; provided that such Lien is not created in contemplation of or in connection with such acquisition, merger, consolidation or such person becoming a Significant Subsidiary and such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured the obligations to which such Lien relates;

(4) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(5) any pledge, guarantee or deposit made in connection with any tax, civil or labour contingency or any administrative proceedings (whether in or out of court), any pledge, guarantee or deposit in respect of any proceeding being contested in good faith to which the Guarantor, the Issuer or any Significant Subsidiary is a party, good faith deposits, guarantees or pledges in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which the Guarantor, the Issuer or any Significant Subsidiary is a party or deposits, pledges or guarantees for the payment of rent, in each case made in the ordinary course of business;

(6) any Lien in favour of issuers of surety, judgment, performance or similar bonds or letters of credit issued pursuant to the request of and for the account of the Guarantor, the Issuer or any Significant Subsidiary in the ordinary course of business;

(7) any Lien securing taxes, assessments or other governmental charges or levies, the payment of which are not yet due or are being contested in good faith by appropriate proceedings and for which such reserves or other appropriate provisions, if any, have been established as required by GAAP;

(8) minor defects, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, licenses, restrictions on the use of property or assets or minor imperfections in title that do not materially impair the value or use of the property or assets affected thereby, and any leases and subleases of real property that do not interfere with the ordinary conduct of the business of the Guarantor, the Issuer or any Significant Subsidiary, and which are made on customary and usual terms applicable to similar properties;

(9) any rights of set-off or netting of any person with respect to any deposit account (or similar arrangement) of the Guarantor, the Issuer or any Significant Subsidiary arising in the ordinary course of business;

(10) any Lien securing Hedging Obligations so long as such Hedging Obligations are entered into for bona fide, non-speculative purposes;

(11) any encumbrance or restriction (including, but not limited to, put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement, as long as such joint venture does not constitute a Significant Subsidiary;

(12) any Lien securing Indebtedness incurred solely for the purpose of financing the acquisition, purchase or lease of equipment in the ordinary course of business;

(13) any Indebtedness for money borrowed that is denominated in Indian Rupees, Sri Lankan Rupees, Bangladeshi Taka or the currency of any country in Africa where the Guarantor or its Subsidiaries operate;

(14) Liens created or arising by operation of law or created in the ordinary course of business;

(15) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;

(16) Liens in favour of the Issuer, Guarantor or any Significant Subsidiary;

(17) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;

(18) Liens on any property or assets of the Issuer, Guarantor or any Significant Subsidiary in favour of any government or any subdivision thereof, securing the obligations of the Issuer, Guarantor or any Significant Subsidiary under any contract or payment owed to such government entity pursuant to applicable laws, rules, regulations or statutes;

(19) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby;

(20) Liens securing Permitted Refinancing Indebtedness Incurred to refinance secured Indebtedness, provided that such Liens do not extent to cover any property or assets of the Guarantor or any Subsidiary of the Guarantor other than the property or assets securing the Indebtedness being refinanced;

(21) Liens in respect of Indebtedness with respect to which the Issuer, the Guarantor or any Significant Subsidiary has paid money or deposited money or securities with a trustee or depositary to pay or discharge in full the obligations of the Issuer, the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full); and

(22) other Liens securing Indebtedness of the Guarantor or any Subsidiary of the Guarantor in an aggregate principal amount outstanding at any time not to exceed an amount equal to 15.0 per cent. of Total Assets.

"Permitted Refinancing Indebtedness" means any Indebtedness that Refinances any other Indebtedness, including any successive Refinancings, so long as:

(a) such Indebtedness is in an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) not in excess of the sum of:

    (1) the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being Refinanced; and

    (2) an amount necessary to pay any fees and expenses, including premiums and defeasance costs, related to such Refinancing;

(b) the Average Life of such Indebtedness is equal to or greater than the Average Life of the Indebtedness being Refinanced;

(c) the Stated Maturity of such Indebtedness is no earlier than the Stated Maturity of the Indebtedness being Refinanced; and

(d) the new Indebtedness shall not be senior in right of payment to the Indebtedness that is being Refinanced;

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof.

"Preferred Stock" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

"Preferred Stock Dividends" means all dividends with respect to Preferred Stock of Subsidiaries held by Persons other than the Guarantor or a Wholly-Owned Subsidiary. The amount of any such dividend shall be equal to the quotient of such dividend divided by the difference between one and the maximum statutory income tax rate (expressed as a decimal number between 1 and 0) then applicable to the issuer of such Preferred Stock.

"Promoter" means any or all of the following:

(1) Bharti Telecom Limited and Indian Continent Investment Limited and their affiliates;

(2) any Affiliate (other than an Affiliate as defined in clause (ii) or (iii) of the definition of "Affiliate") of the Person specified in clause (1) of this definition; and

(3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80 per cent. or more by one or more Persons specified in clauses (1) and (2) of this definition.

"Property" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Capital Stock in, and other securities of, any other Person. For purposes of any calculation required pursuant to the Trust Deed, the value of any Property shall be its Fair Market Value.

"Rating Agencies" means (1) S&P and (2) Moody's, (3) Fitch, and (4) if one or more of S&P, Moody's or Fitch shall not make a rating of the Notes publicly available, one or more internationally recognised rating agency or agencies, as the case may be, which will have been designated by the Guarantor as having been substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be.

"Rating Category" means (i) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); (ii) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); (iii) with respect to Fitch, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); and (iv) the equivalent of any such category of S&P or Moody's used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P; "1," "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB," as well as from "BB-" to "B+," will constitute a decrease of one gradation).

"Rating Date" means in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of, or the intention by the Guarantor or any other Person or Persons to effect, a Change of Control.

"Rating Decline" means, in connection with a Change of Control Triggering Event, the occurrence on or within six months after the date of, or the date of the public notice of the occurrence of, a Change of Control or the intention by the Issuer or any other Person or Persons to effect a Change of Control (which period will be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below associated with the Change of Control:

(a) if the Notes are rated by any Rating Agency on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be decreased to below Investment Grade; or

(b) if the Notes are rated below Investment Grade by any Rating Agency on the Rating Date, the rating of the Notes by such Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, repurchase, redeem, defease or retire, or to issue other Indebtedness, in exchange for or replacement of, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Registrar" means The Bank of New York Mellon (Luxembourg) S.A..

"Relevant Date" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 15.

"Relevant Jurisdiction" means the Netherlands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Issuer) or India or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Guarantor) or in either case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or the Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes.

"Responsible Officer" when used with respect to the Trustee, means any officer in the Corporate Trust Office of the Trustee with direct responsibility for the day to day administration of this Trust Deed and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of his knowledge and familiarity with the particular subject.

"S&P" means Standard & Poor's Ratings Services and its affiliates.

"Sale and Leaseback Transaction" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Guarantor or any Subsidiary transfers such property to another Person and the Guarantor or any Subsidiary leases it from such Person.

"Significant Subsidiary" means any Subsidiary which, at the time of determination, (1) at least a majority of the Capital Stock of which is owned by the Guarantor, directly or indirectly, and (2) (a) had assets which, as of the date of the Guarantor's most recent quarterly consolidated balance sheet, constituted at least 10 per cent. of the Guarantor's total consolidated assets as of such date or (b) had revenues for the 12 month period ending on the date of the Guarantor's most recent consolidated statement of income which constituted at least 10 per cent. of the Guarantor's revenues on a consolidated basis for such period, determined in each case in accordance with GAAP.

"Stated Maturity" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final instalment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled instalment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such Indebtedness.

"Subsidiary" means with respect to any Person, any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"Successor" means any resulting, surviving or transferee person.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 90 days.

"Total Assets" means, as of any date of determination, the total consolidated assets recorded in the Guarantor's most recent quarterly consolidated financial statements prepared in accordance with GAAP.

"Trustee" means The Bank of New York Mellon, London Branch.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly-Owned Subsidiary" means, at any time, a Subsidiary of the Guarantor all the Voting Stock of which (except directors' qualifying shares) is at such time owned, directly or indirectly, by the Guarantor and its other Wholly-Owned Subsidiaries.

6. COVENANTS

6.1 Suspension of Certain Covenants

Following the first day (the "Suspension Date") that (a) the Notes have Investment Grade ratings from at least two Rating Agencies and (b) no Default or Event of Default has occurred and is continuing, the Guarantor, the Issuer and the Significant Subsidiaries will not be subject to Condition 6.2 (*Limitation on Indebtedness*) (collectively the "Suspended Covenant").

In the event that the Guarantor, the Issuer and the Significant Subsidiaries are not subject to the Suspended Covenant for any period of time as a result of the preceding sentence and, on any subsequent date (the "Reversion Date"), either (i) two or more Rating Agencies have assigned ratings to the Notes below the required Investment Grade ratings or (ii) a Default or Event of Default occurs and is continuing, then the Guarantor, the Issuer and the Significant Subsidiaries will from and including the Reversion Date again be subject to the Suspended Covenant. The period of time between the Suspension Date and the Reversion Date is referred to in the covenant described hereunder as the "Suspension Period". Notwithstanding that the Suspended Covenant may be reinstated, no Default will be deemed to have occurred as a result of a failure to comply with the Suspended Covenant during the Suspension Period.

On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be classified to have been Incurred pursuant to clause (1) of the first paragraph or one of the clauses set forth in the second paragraph of the covenant described under Condition 6.2 (*Limitation on Indebtedness*) (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred pursuant to clause (1) of the first paragraph or one of the clauses set forth in the second paragraph of Condition 6.2 (Limitation on Indebtedness), such Indebtedness will be deemed to have been in existence on the Issue Date for purposes of the definition of "Existing Indebtedness" so that it is classified as permitted under clause (b) of the second paragraph of Clause 6.2 (*Limitation on Indebtedness*).

As of the date of this Offering Memorandum, the Guarantor is rated Baa3 by Moody's and BBB- by Fitch. As a result, the Issue Date will be the Suspension Date.

6.2 Limitation on Indebtedness

The Issuer and the Guarantor shall not, and shall not permit any Significant Subsidiary to, Incur, directly or indirectly, any Indebtedness unless, after giving effect to the application of the proceeds thereof, no Default or Event of Default would occur as a consequence of such Incurrence or be continuing following such Incurrence and either:

(1) after giving effect to the Incurrence of such Indebtedness and the application of the proceeds thereof, the Consolidated Indebtedness to EBITDA Ratio would be less than 4.0 to 1.0; or

(2) such Indebtedness is Permitted Indebtedness.

The term "Permitted Indebtedness" is defined to include the following:

(a) Indebtedness of the Issuer evidenced by the Notes (excluding further issuances under Condition 19) and the Guarantee;

(b) Existing Indebtedness;

(c) (1) Indebtedness of the Guarantor owing to and held by any of the Guarantor's Subsidiaries, and (2) Indebtedness of any Subsidiary of the Guarantor owing to and held by the Guarantor or any Subsidiary of the Guarantor; provided, however, that (i) with respect to Indebtedness referred to in clause (c)(1) above, such Indebtedness is subordinate and junior in right of payment to the Notes and the Guarantee and shall not be secured by any Lien, and (ii) the subsequent issue or transfer of Capital Stock or other event that results in any such Subsidiary of the Guarantor ceasing to be a Subsidiary of the Guarantor, or any subsequent transfer of any such Indebtedness (except to the Guarantor or the Guarantor's Subsidiaries (in the case of clause (c)(1) above) or to the Guarantor or Wholly-Owned Subsidiaries of the Guarantor (in the case of clause (c)(2) above)) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the issuer thereof;

(d) Indebtedness of a Subsidiary of the Guarantor outstanding on the date on which such Subsidiary was acquired by the Guarantor or otherwise became a Subsidiary of the Guarantor (other than Indebtedness Incurred as consideration in, or to provide all or any portion of the funds or credit support utilised to consummate, the transaction or series of transactions pursuant to which such Subsidiary became a Subsidiary of the Guarantor or was otherwise acquired by the Guarantor); provided that at the time such Subsidiary was acquired by the Guarantor or otherwise became a Subsidiary of the Guarantor and after giving effect to the Incurrence of such Indebtedness, the Guarantor would have been able to Incur US$1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant;

(e) Indebtedness under Hedging Obligations entered into by the Guarantor or any Subsidiary of the Guarantor solely for the purpose of limiting risk in the fluctuation of interest rates, currency exchange rates and commodity prices and not for speculative purposes;

(f) Indebtedness of the Guarantor or any Subsidiary of the Guarantor in an aggregate principal amount outstanding at any time not to exceed an amount equal to 5.0 per cent. of Total Assets;

(g) Permitted Refinancing Indebtedness Incurred in respect of Indebtedness Incurred pursuant to clause (1) of the first paragraph of this covenant and clauses (a), (b), and (d) above; and

(h) Indebtedness in respect of customary agreements providing for indemnification, adjustments of purchase price after closing, or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any such obligations of the Guarantor or any Subsidiary of the Guarantor pursuant to such agreements, Incurred in connection with the disposition of any business, assets or Subsidiary of the Guarantor or any Subsidiary (other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of any such business, assets or Subsidiary of the Guarantor or any Subsidiary for the purpose of financing such acquisition) and in an aggregate principal amount not to exceed the gross proceeds actually received by the Guarantor or any Subsidiary of the Guarantor in connection with such disposition.

For purposes of determining compliance with this Condition 6.2, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under clause (1) of the first paragraph of this Condition 6.2, the Issuer, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness. The Guarantor and the Issuer shall not incur any Indebtedness (including Permitted Indebtedness) that is contractually subordinated in right of payment to any other Indebtedness of the Guarantor and the Issuer unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the Guarantee on substantially identical terms.

6.3 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer and the Guarantor will not, and will not permit any Significant Subsidiary to, create or cause or permit to be created any Lien (other than Permitted Liens) on any of its property or assets now owned or hereafter acquired by them or on any Capital Stock of any Significant Subsidiary, securing any Indebtedness unless prior thereto or contemporaneously therewith effective provision is made to secure the Notes and Guarantee equally and ratably with such Indebtedness for so long as such Indebtedness is so secured by such Lien.

6.4 Ownership of Issuer

The Guarantor shall not make any change in its equity ownership of the Issuer that would impair or render the Guarantee unenforceable or invalid under or contrary to Indian Foreign Exchange Laws or any other applicable law or regulation.

6.5 Consolidation, Merger and Sale of Assets

Neither the Issuer nor the Guarantor will consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its assets to, any person, unless:

(a) the Successor will be a person organised and existing under the laws of India, The Netherlands or any other country that is a member country of the European Union or of the Organisation for Economic Co-operation and Development on the date of the Trust Deed, and the Successor will expressly assume, by a supplemental trust deed to the Trust Deed, executed and delivered to the Trustee, all the obligations of the Issuer or the Guarantor, as the case may be, under the Notes (in the case of the Issuer), the Guarantee (in the case of the Guarantor) and the Trust Deed;

(b) the Successor, if not organised and existing under the laws of the jurisdiction of incorporation of the Issuer or the Guarantor, undertakes, in such supplemental Trust Deed, to pay such additional amounts in respect of principal (and premium, if any) and interest as may be necessary in order that every net payment receivable in respect of the Notes after deduction or withholding for or on account of any present or future tax, duty, assessment or other governmental charge imposed by such other country or any political subdivision or taxing authority thereof or therein will not be less than the amount of principal (and premium, if any) and interest then due and payable on the notes, subject to the same exceptions set forth under Condition 10;

(c) immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(d) the Issuer or Guarantor will have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental Trust Deed comply with the Trust Deed.

7. INTEREST

7.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 10 December 2013 at the rate of 4.00 per cent. per annum, payable annually in arrear on 10 December in each year (each an "Interest Payment Date"). The first payment shall be made on 10 December 2014.

7.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest will continue to accrue as provided in the Trust Deed.

7.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "Accrual Date") to but excluding the date on which it falls due divided by (b) 365 or (in the case of a leap year) 366.

8. PAYMENTS

8.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by euros cheque drawn on a bank that processes payments in euros mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and premium (if any) and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the "record date") being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Noteholder's registered account means the euro account maintained by or on behalf of it with a bank that processes payments in euros, details of which appear on the register of Noteholders at the close of business, in the case of principal and premium (if any) and interest due otherwise than on an Interest Payment Date, on the second business day (as defined below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Noteholder's registered address means its address appearing on the register of Noteholders at that time.

8.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 10.

8.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

8.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal and premium (if any) or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In this Condition 8 "Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London, and a day on which the TARGET2 System is open and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

8.5 Partial Payments

If the amount of principal, premium (if any) or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal, premium (if any) or interest in fact paid.

8.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantor reserve the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be an Agent (which may be the Principal Paying Agent) having a specified office in a European city;

(c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;

(d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated; and

(e) a Registrar.

Notice of any termination or appointment and of any changes in specified offices given to the Noteholders promptly by the Issuer in accordance with Condition 15.

9. REDEMPTION AND PURCHASE

9.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 10 December 2018.

9.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 3 December 2013, on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 10 or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and

(b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two executive officers of the Issuer or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

9.3 Redemption at the Option of the Issuer

The Issuer may, having given:

(a) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15; and

(b) notice to the Registrar and the Trustee not less than 15 days before the giving of the notice referred to in (a);

(which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at their principal amount plus the Applicable Premium as of and accrued and unpaid interest, if any, to (but not including the redemption date).

9.4 Repurchase of the Notes upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Issuer will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101 per cent. of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date (as defined in clause (2) of the definition of "Offer to Purchase").

The Issuer has agreed that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to this Condition 9.4.

9.5 Purchases

The Issuer, the Guarantor or any of the Guarantor's other Subsidiaries (as defined above) may at any time purchase Notes in any manner and at any price.

9.6 Cancellations

All Notes which are redeemed will forthwith be cancelled, and accordingly may not be reissued or resold.

9.7 Notices Final

Upon the expiry of any notice as is referred to in Conditions 9.2 or 9.3 the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

10. TAXATION

10.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented for payment by or on behalf of a holder of such Note who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or

(c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or

(e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 8); or

(f) the failure of the Noteholder or beneficial owner to comply with a timely request of the Issuer, a Successor or the Guarantor addressed to the Noteholder or beneficial owner, as the case may be, to provide information concerning such Noteholder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which additional amounts would have otherwise been payable to such Noteholder or beneficial owner and such request is made to a Noteholder or beneficial owner at least 60 days before it will be required to comply with such request; or

(g) the existence of any present or former connection between the Noteholder or beneficial owner of such Note or the Guarantee, as the case may be, and the Relevant Jurisdiction other than merely acquiring or holding such Note, the receipt of payments or the enforcement of rights thereunder or under the Guarantee, as the case may be, including, without limitation, such Noteholder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein; or

(h) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge; or

(i) to a Noteholder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment, to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such additional amounts had that beneficiary, settlor, partner or beneficial owner held the Note directly; or

(j) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a) to (i) above.

As a result of these provisions, there are circumstances in which taxes may be withheld or deducted but additional amounts would not be payable to some or all beneficial owners of the Notes.

10.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

11. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date.

12. EVENTS OF DEFAULT

12.1 Events of Default

The following events are defined as "Events of Default":

(a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 10 consecutive days;

(c) default in the performance or breach of the provisions of the covenants described under Conditions 6.3, 6.4 or 6.5, or the failure by the Issuer to make or consummate an Offer to Purchase in the manner described under Condition 9.4;

(d) the Issuer, the Guarantor or any Significant Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Trust Deed or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 45 consecutive days after written notice of such default or breach to the Issuer by the Trustee or the Noteholders representing 25 per cent. or more in aggregate Outstanding principal amount of the Notes;

(e) there occurs with respect to any Indebtedness of the Issuer, the Guarantor or any Significant Subsidiary having an outstanding principal amount of US$50 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (1) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity, and such declaration shall not have been rescinded or annulled within 21 days after such declaration, or (2) a failure to make a payment of principal or premium, if any, or interest when due on such Indebtedness after giving effect to any grace period;

(f) one or more final judgments or orders for the payment of money are rendered against the Issuer, the Guarantor or any Significant Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$50 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(g) an involuntary case or other proceeding is commenced against the Issuer, the Guarantor or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Guarantor or any Significant Subsidiary or for any substantial part of the property and assets of the Issuer, the Guarantor or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer, the Guarantor or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(h) the Issuer, the Guarantor or any Significant Subsidiary (1) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (2) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Guarantor or any Significant Subsidiary, or for all or substantially all of the property and assets of the Issuer, the Guarantor or any Significant Subsidiary, or (3) effects any general assignment for the benefit of creditors;

(i) The Guarantor ceases to control, directly or indirectly, at least 51 per cent. of the voting power of the Voting Stock of the Issuer or makes a change in the equity ownership of the Issuer contrary to provisions of Condition 6.4; or

(j) the Guarantor denies or disaffirms its obligations under the Guarantee or, the Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

12.2 Acceleration

(a) If an Event of Default (other than an Event of Default specified in Condition 12.1(g) or (h) above) occurs and is continuing under the Trust Deed, the Trustee or the Noteholders of at least 25 per cent. in aggregate principal amount of the Notes then Outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Noteholders), may, and the Trustee at the written request of the Noteholders of at least 25 per cent. in aggregate principal amount of the Notes then Outstanding (the Trustee having been pre-funded and/or secured and/or indemnified to its satisfaction by such Noteholders) shall, declare the principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable without any further declaration or other act on the part of the Trustee or any Noteholder.

(b) If an Event of Default specified in Condition 12.1(g) or (h) above occurs, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Noteholder.

(c) The Noteholders of at least 50 per cent. of the aggregate principal amount of the Notes then Outstanding by written notice to the Issuer and to the Trustee may on behalf of all Noteholders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if (x) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived and (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

12.3 Reports

A report by two executive officers of the Guarantor whether or not addressed to the Trustee that in their opinion a Subsidiary of the Guarantor is or is not or was or was not at any particular time or throughout any specified period a Significant Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

13. ENFORCEMENT

13.1 The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes then Outstanding, and (b) it shall have been indemnified, secured or pre-funded to its satisfaction.

13.2 No Noteholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

14. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. NOTICES

15.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed or couriered to them at their respective addresses in the register of Noteholders maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the seventh day after being so mailed or couriered or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

16. SUBSTITUTION

The Trustee may, without the consent of the Noteholders, agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes and the Trust Deed subject to:

(a) the Notes being unconditionally and irrevocably guaranteed by the Guarantor;

(b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and

(c) certain other conditions set out in the Trust Deed being complied with.

17. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

17.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them. The Trust Deed does not contain any provisions requiring higher quorums in any circumstances. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

17.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest or proven error.

17.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 10 and/or any undertaking given in addition to, or in substitution for, Condition 10 pursuant to the Trust Deed.

17.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

18. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTOR

18.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction.

18.2 Trustee Contracting with the Issuer and the Guarantor

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (i) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of and notice to the Noteholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking pari passu in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

20. CONCERNING THE TRUSTEE

The Trustee shall not be obliged to supervise the performance of any parties to the transaction documents or any other documents related thereto and the Trustee shall be entitled to assume, until the Trustee is notified in writing to the contrary, that all such persons are properly performing their duties thereunder.

21. GOVERNING LAW AND SUBMISSION TO JURISDICTION

21.1 Governing Law

The Trust Deed (including the Guarantee), the Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with these documents are governed by, and will be construed in accordance with, English law.

21.2 Jurisdiction of English Courts

(a) The Trust Deed provides, subject to Clause 20.2(c) below, that the courts of England have exclusive jurisdiction to settle any disputes (including disputes relating to any non-contractual obligations which may arise out of or in connection with the Trust Deed or the Notes) and accordingly each of the Issuer, the Guarantor, the Trustee and any Noteholders in relation to any dispute shall submit to the exclusive jurisdiction of the English courts.

(b) Each of the Issuer and the Guarantor has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

(c) To the extent allowed by law, the Trustee and the Noteholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed or the Notes respectively (together referred to as "Proceedings") (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes) against either the Issuer or the Guarantor in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

21.3 Appointment of Process Agent

Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at its registered office for the time being in London as its agent for service of process in England in respect of any Proceedings and have undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

22. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE GLOBAL CERTIFICATE

The Global Certificate contain the following provisions which apply to the Notes in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in paragraphs 1 to 6 below.

1. ACCOUNTHOLDERS

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an "Accountholder") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "Noteholders" and references to "Holding of Notes" and to "Holder of Notes" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, the Guarantor and the Trustee, solely in the nominee for the relevant clearing system (the "Relevant Nominee") in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

2. CANCELLATION

Cancellation of any Note following its redemption or purchase by the Issuer, the Guarantor or any of the Guarantor's Subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the Global Certificate.

3. PAYMENTS

Payments of principal and interest in respect of Notes represented by the Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender, of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Distributions of amounts with respect to book-entry interests in the Global Certificate will be credited, to the extent received by the Registrar, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

4. NOTICES

So long as all the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by the Conditions. For so long as the Notes are listed on the FWB (the **Exchange**), notices shall also be published in the manner required by the rules and regulations of the Exchange.

5. REGISTRATION OF TITLE

The Global Certificate may be exchanged in whole but not in part (free of charge) for definitive Note only upon the occurrence of an Exchange Event.

For these purposes, Exchange Event means that: (i) an Event of Default (as defined in Condition 10) has occurred and is continuing; (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Certificate in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Registrar.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee who is a holder appearing on the register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) preceding the due date for any payment of principal, or interest in respect of the Notes.

6. TRANSFERS

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and their respective direct and indirect participants.

USE OF PROCEEDS

The Issuer estimates that the net proceeds from the issue of the Notes will be approximately €744.8 million after deducting the underwriting discount and its and the Guarantor's estimated offering expenses. The Issuer intends to use all the net proceeds for repayment and refinancing of existing indebtedness. The proceeds from the issue of the Notes shall be used by the Issuer in accordance with the terms specified by the RBI set out in any of the RBI approval letters issued to the Guarantor in connection with the issuing of the Guarantee.

CAPITALISATION

The following table sets forth the Guarantor's short-term and long-term debt and shareholders' equity at 30 September 2013 on a consolidated basis and as adjusted to give effect to the issuance of the Notes offered hereby but not the use of proceeds thereof as described in "Use of Proceeds". You should read the following table together with "Selected Consolidated Financial and Operating Data of the Guarantor".

	As at 30 September 2013			
	Actual[1]		As Adjusted	
	(Rs. in millions)	(U.S.$ in millions)[3]	(Rs. in millions)	(U.S.$ in millions)[3]
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
Indebtedness:				
Current borrowings	181,508	2,891	181,508	2,891
Non-current borrowings	562,929	8,967	562,929	8,967
The Notes	—	—	63,506[4]	1,013[5]
Total indebtedness[2]	**744,437**	**11,858**	**807,943**	**12,871**
Equity:				
Issued capital	19,987	318	19,987	318
Treasury shares	(478)	(8)	(478)	(8)
Share premium	123,456	1,967	123,456	1,967
Retained earnings	421,459	6,714	421,459	6,714
Foreign currency translation reserve	(10,783)	(172)	(10,783)	(172)
Other components of equity	34,115	543	34,115	543
Equity attributable to equity holders of parent[6]	587,756	9,362	587,756	9,362
Non-controlling interest	41,265	657	41,265	657
Total equity	**629,021**	**10,019**	**629,021**	**10,019**
Total indebtedness and equity	**1,373,458**	**21,877**	**1,436,964**	**22,890**

(1) Except as disclosed herein, there have been no material changes in the Guarantor's capitalisation since 30 September 2013.

(2) As at 30 September 2013, the Guarantor's secured and unsecured borrowings totalled Rs. 114,520 million and Rs. 629,917 million, respectively.

(3) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts have been provided at a rate of U.S.$1.00 = Rs. 62.78, which was the RBI Reference Rate as at 30 September 2013.

(4) For the reader's convenience, Indian Rupee translations of Euro amounts have been provided at a rate of €1.00 = Rs. 84.6745 which was the RBI Reference Rate as of 30 September 2013.

(5) For the reader's convenience, U.S. dollar translations of Euro amounts have been provided at a rate of €1.00 = U.S.$1.35, as reported by the Federal Reserve Bank of New York as of 30 September 2013.

(6) Parent refers to the Guarantor.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA OF THE GUARANTOR

The selected consolidated financial data for the Guarantor as of and for each of the fiscal years ended 31 March 2012 and 2013 and as of and for the six months ended 30 September 2013 set forth below have been derived or calculated from the Annual Financial Statements and the Interim Financial Statements included elsewhere in this Offering Memorandum unless stated otherwise. This financial information should be read in conjunction with "Capitalisation" and the Annual Financial Statements and the Interim Financial Statements set forth in this Offering Memorandum. Effective 1 April 2013, IFRS 11 on joint arrangements became mandatory whereby accounting for investment in joint ventures changed from the proportionate consolidation method (line by line consolidation) to the equity method. Accordingly, the Guarantor has adopted IFRS 11 effective 1 April 2013 and the interim financial statements as at and for the six months ended 30 September 2013 have been prepared giving effect to this standard. The Guarantor has restated the financial data for the six months ended 30 September 2012 on the same basis. It has also restated the financial data as at and for the fiscal year ended 31 March 2013 on the same basis for presentation purposes below. However, the Guarantor has not restated the financial data for the fiscal year ended 31 March 2012. While the Guarantor believes that this change is presentational in nature and does not impact the Group's net profit, it does impact a number of the Group's disclosed financial metrics, including revenue, EBITDA, free cash flow and net debt, amongst others. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

Consolidated Statement of Income and Comprehensive Income

The table below presents the Guarantor's consolidated statement of income and comprehensive income for the periods indicated and presents the data for the fiscal year ended 31 March 2013 as originally prepared and as restated to give effect to IFRS 11.

	Fiscal year ended 31 March				
	2011	**2012**	**2013**	**2013**	**2013**
	(Rs. in millions)(2)	**(Rs. in millions)**	**(Rs. in millions)(1)**	**(Rs. in millions)(1)**	**(U.S.$ in millions)(3)**
	(Audited)	**(Audited)**	**(Audited)**	**(Audited Restated)**	**Unaudited**
Revenue	595,383	714,508	803,112	769,045	14,755
Other operating income	635	550	478	425	9
Operating expenses	(395,300)	(477,935)	(554,886)	(536,891)	(10,194)
Depreciation and amortisation	(102,066)	(133,681)	(154,964)	(148,148)	(2,848)
Profit from operating activities	98,652	103,442	93,740	84,431	1,722
Share of results of associates	(57)	(74)	(76)	3,506	(1)
Profit before finance income, finance costs and tax	98,595	103,368	93,664	87,937	1,721
Finance income	3,536	2,643	5,633	5,103	103
Finance costs	(25,349)	(40,828)	(49,477)	(45,187)	(909)
Profit before tax	76,782	65,183	49,820	47,853	915
Income tax expense	(17,790)	(22,602)	(27,151)	(25,184)	(499)
Net profit for the year	58,992	42,581	22,669	22,669	416
Exchange differences on translation of foreign operations (net of income tax effect)	12,681	(20,410)	(25,669)	(25,669)	(471)
Total comprehensive income/(loss) for the year, net of tax	71,673	22,171	(3,000)	(3,000)	(55)

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data for the six months ended 30 September 2013 on an equity basis and restated the financial data for the six months ended 30 September 2012 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements. The Guarantor has also restated the financial data for the fiscal year ended 31 March 2013 in accordance with IFRS 11 for the purpose of comparison.

(2) During the fiscal year ended 31 March 2011, "other income" and "non operating expenses" were presented after "profit from operating activities" in the Guarantor's consolidated statement of operations. The Guarantor has reassessed this presentation and reclassified "other income" as "other operating income" and "revenue", and included "non operating expenses" as part of "operating expenses".

(3) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts for the fiscal year ended 31 March 2013 have been provided at a rate of U.S.$1.00 = Rs. 54.43, the average exchange rate for the fiscal year ended 31 March 2013 based on the RBI Reference Rate.

	Six months ended 30 September		
	2012[1]	2013[1]	2013[1]
	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[2]
	(Audited)		(Unaudited)
Revenue	379,600	415,883	7,013
Other operating income	190	540	9
Operating expenses	(265,563)	(282,653)	(4,766)
Depreciation and amortisation	(72,793)	(77,864)	(1,313)
Profit from operating activities before exceptional items	41,434	55,906	943
Share of results of associates	1,688	2,474	41
Profit before finance income, finance costs, exceptional items and tax	43,122	58,380	984
Finance income	5,093	2,525	43
Finance costs	(21,710)	(30,312)	(511)
Exceptional income/(expense), net	—	1,433	24
Profit before tax	26,505	32,026	540
Income tax expense	(11,739)	(18,318)	(309)
Net profit for the period	14,766	13,708	231
Exchange differences on translation of foreign operations (net of income tax effect)	(22,706)	21,159	357
Actuarial gains/(losses) on defined benefit plans (net of income tax effect)	—	(138)	(2)
Total comprehensive income/(loss) for the period, net of tax	(7,940)	34,729	586

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data for the six months ended 30 September 2013 on an equity basis and restated the financial data for the six months ended 30 September 2012 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts for the six months ended 30 September 2013 have been provided at a rate of U.S.$1.00 = Rs. 59.30 the average exchange rate for the six months ended 30 September 2013 based on the RBI Reference Rate.

The Guarantor's results of operations by segment for the fiscal years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2012 and 2013

The following tables sets forth total revenues and EBITDA for the fiscal years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2012 and 2013.

The Guarantor's DTH direct to home network ("DTH") business has made increasing contributions to the Group's revenues since commencing commercial operations in 2008. For this reason, during the fiscal year ended 31 March 2012, the Guarantor began reporting its DTH business as a separate segment, earlier reported as part of the "others" segment. This includes digital broadcasting services provided under the Guarantor's DTH platform. The Guarantor also adjusted its internal reporting from the fiscal year ended 31 March 2012 by reclassifying corporate headquarters' expenses and results, assets and liabilities relating to the Group's Africa operations as a component of the 'Africa mobile services' segment, removing it from the "others" business segment. Further, during the fiscal year ended 31 March 2012, the Guarantor has revised the presentation of expenses, results, assets and liabilities of corporate headquarters of the Guarantor and other activities not allocated to the operating segments as 'Unallocated', earlier reported as part of the "Others" segment. For comparison purposes, corresponding financial data for the fiscal year ended 31 March 2011 has been reclassified in accordance with the segment reclassification implemented for the fiscal year ended 31 March 2012 and presented in the first table below.

During the quarter ended 31 March 2013, the Guarantor made certain management changes. As a result, beginning on 1 April 2013, the Guarantor's operations in South Asia, namely Sri Lanka and Bangladesh, are now reported as part of its "Mobile Services — South Asia" segment. Previously, they were reported as part of the "India and South Asia" segment. The results of International operations now include the operational and financial performance of 17 countries of Africa (including acquired operations of Warid Telecom, Uganda) and South Asia. In addition, to better reflect business synergies, intra city fibre networks earlier included in 'Telemedia Services', and Mobile Commerce Services in India earlier included in 'Others', have now been included in 'Mobile Services — India'. Further, in order to improve the comparability of results with the single segment telecom players, the company has also allocated certain common expenses, earlier included in 'Unallocated' to 'Mobile-Services — India', 'Telemedia Services' and 'Airtel Business'. As a result, the financial information reported on a segment basis for the six months ended 30 September 2012 and 2013 is not comparable with the financial information reported on a segment basis for the fiscal years ended 31 March 2011, 2012 and 2013.

	Total Revenues[1]			EBITDA[1][2]		
	Fiscal year ended 31 March			Fiscal year ended 31 March		
	2011	2012	2013	2011	2012	2013
	(Rs. in millions) (Audited)			(Rs. in millions) (Unaudited)		
India and South Asia						
Mobile Services	363,400	403,091	440,235	126,897	136,667	135,138
Telemedia Services	36,324	37,271	38,158	16,489	15,836	16,204
Digital TV Services (formerly DTH)	7,760	12,960	16,294	(1,095)	465	452
Airtel Business (formerly Enterprise Services)	41,463	44,541	53,202	10,123	8,313	9,361
Tower Infrastructure Services (formerly Passive Infrastructure Services)	85,555	95,109	103,154	31,746	35,944	38,561
Others	2,741	3,117	3,533	47	(412)	(644)
Africa						
Mobile Services	130,834	198,265	240,439	28,509	52,791	63,147
Unallocated	—	—	—	(9,151)	(9,271)	(9,819)
Eliminations	(72,694)	(79,846)	(91,903)	(2,847)	(3,210)	(3,696)
Total	595,383	714,508	803,112	200,718	237,123	248,704

(1) EBITDA is defined as earnings before finance income and finance costs, exceptional items, taxation, depreciation, amortisation and impairment and share of results of associates and joint ventures (unless otherwise specified). It is not a IFRS (GAAP) measure. Revenue and EBITDA for the fiscal year ended 31 March 2011 have been restated for the effect of change in classification of certain items of income and expenses.

(2) EBITDA for the year ended 31 March 2012 is based on comparatives reported in the year ended 31 March, 2013.

	Total Revenues[1]		EBITDA[1][2]	
	Six months ended 30 September		Six months ended 30 September	
	2012	2013	2012	2013
	(Rs. in millions) (Audited)		(Rs. in millions) (Unaudited)	
India[3]				
Mobile Services	213,540	229,554	64,663	75,668
Telemedia Services	17,829	19,241	7,228	7,381
Digital TV Services (formerly DTH)	7,595	9,972	9	1,405
Airtel Business (formerly Enterprise Services)	25,840	30,861	3,870	6,007
Tower Infrastructure Services (formerly Passive Infrastructure Services)	23,960	25,434	10,678	11,166
Others	1,785	1,696	84	32
Africa and South Asia[3]				
Mobile Services — Africa	118,098	129,567	31,337	34,903
Mobile Services — South Asia	5,792	8,450	(796)	428
Unallocated	—	0	(1,001)	(1,051)
Eliminations	(34,839)	(38,892)	(1,845)	(2,169)
Total	379,600	415,883	114,227	133,770

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data for the six months ended 30 September 2013 on an equity basis and restated the financial data for the six months ended 30 September 2012 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) EBITDA is defined as earnings before finance income and finance costs, exceptional items, taxation, share of results of joint ventures and associates and depreciation, amortisation and impairment (unless otherwise specified). It is not a IFRS (GAAP) measure.

(3) Beginning on 1 April 2013, the Guarantor's operations in South Asia, namely in Sri Lanka and Bangladesh, are reported as part of its "Mobile Services — South Asia" segment. As a result, the financial information reported on the segment basis for the six months ended 30 September 2012 and 2013 is not comparable with the financial information reported on the segment basis for the fiscal years ended 31 March 2011, 2012 and 2013.

The Guarantor's Key Operating and Financial Information

The following information is intended to assist in understanding the trends in the operating and financial information of the Guarantor included in this Offering Memorandum.

	As at/for the fiscal year ended 31 March		
	2011	2012	2013
		(Unaudited)	
Total customer base (000's)	220,877	251,646	271,227
Total minutes on network (millions of minutes)	890,093	1,020,615	1,127,150
Network sites	131,304	141,059	156,905
Number of countries of operation	19	20	20
Population covered (billions)	1.83	1.84	1.85
Total revenue (Rs. millions)	595,383	714,508	803,112
EBITDA (Rs. millions)(1)	200,718	237,123	248,704
Capital expenditure (Rs. millions)	306,948	143,978	145,918
Operating free cash flow (EBITDA - capital expenditure) (Rs. millions)	(106,230)	93,145	102,786
EBITDA Margin(2)	33.7%	33.2%	31.0%
Net profit margin(3)	10.2%	6.0%	2.8%
Net debt to funded equity ratio (times)(4)	1.23	1.29	1.27
Return on shareholder's equity(5)	13.3%	8.6%	4.5%
Return on capital employed(6)	10.8%	7.2%	5.8%

(1) EBITDA is defined as earnings before finance income and finance costs, exceptional items, taxation, share of results of joint ventures and associates and depreciation, amortisation and impairment (unless otherwise specified). It is not a IFRS (GAAP) measure.

(2) EBITDA Margin is defined as EBITDA for the period divided by total revenues for that period.

(3) Net profit margin is defined as net profit for the period attributable to equity holders of the Guarantor divided by total revenues for that period.

(4) Net debt to funded equity ratio comprises net debt (which, unless otherwise specified, is non-current borrowings plus current borrowings minus cash and cash equivalents, current and non-current restricted cash and investments (short term investments and investment (non-current)) divided by funded equity (which is equity attributable to equity holders of the Guarantor).

(5) Return on shareholder's equity comprises net profit attributable to equity holders of the Guarantor for the period divided by the average (of opening and closing) equity attributable to equity holders of the Guarantor.

(6) Return on capital employed comprises the sum of net profit attributable to equity holders of the Guarantor, and finance income and finance cost for the period divided by average (of opening and closing) capital employed.

	As at/for the six months ended 30 September[1]	
	2012	2013
	(Unaudited)	
Total customer base (000's)	262,555	280,087
Total minutes on network (millions of minutes)	549,436	599,239
Network sites	151,219	159,439
Number of countries of operation	20	20
Population covered (billions)	1.85	1.85
Total revenue (Rs. millions)	379,600	415,883
EBITDA (Rs. millions)[2]	114,227	133,770
Capital expenditure (Rs. millions)	74,042	54,974
Operating free cash flow (EBITDA - capital expenditure) (Rs. millions)	40,185	78,796
EBITDA Margin[3]	30.1%	32.2%
Net profit margin[4]	3.9%	2.9%
Net debt to funded equity ratio (times)[5]	1.24	1.04
Return on shareholder's equity[6]	7.1%	3.7%
Return on capital employed[7]	6.0%	6.3%

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data as at and for the six months ended 30 September 2013 on an equity basis and restated the financial data for the six months ended 30 September 2012 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) EBITDA is defined as earnings before finance income and finance costs, exceptional items, taxation, share of results of joint ventures and associates and depreciation, amortisation and impairment (unless otherwise specified). It is not a IFRS (GAAP) measure.

(3) EBITDA Margin is defined as EBITDA for the period divided by total revenues for that period.

(4) Net profit margin is defined as net profit for the period attributable to equity holders of the Guarantor divided by total revenues for that period.

(5) Net debt to funded equity ratio comprises net debt (which, unless otherwise specified, is non-current borrowings plus current borrowings minus cash and cash equivalents, current and non-current restricted cash and investments (short term investments and investments (non-current)) divided by funded equity (which is equity attributable to equity holders of the Guarantor).

(6) Return on shareholder's equity comprises net profit attributable to equity holders of the Guarantor for the period divided by the average (of opening and closing) equity attributable to equity holders of the Guarantor. For the six months ended 30 September 2012 and 2013, return on shareholder's equity is computed by dividing net profit attributable to equity holders of the Guarantor for the preceding 12 months from the end of the relevant period by the average shareholder's equity for the preceding 12 months. Average shareholder's equity is calculated by calculating the average of the quarterly average for the preceding four quarters from the end of the relevant period.

(7) Return on capital employed comprises the sum of net profit attributable to equity holders of the Guarantor, and finance income and finance cost for the period divided by average (of opening and closing) capital employed. For the six months ended 30 September 2012 and 2013, return on capital employed comprises the sum of net profit attributable to equity holders of the Guarantor and finance income and finance cost for the preceding 12 months from the end of the relevant period divided by average (of opening and closing) capital employed. Average capital employed is calculated by calculating the average of the quarterly average for the preceding four quarters from the end of the relevant period.

Consolidated Statement of Financial Position

The table below presents the Guarantor's consolidated statement of financial position as at the dates indicated and presents the data as at 31 March 2013 as originally prepared and as restated to give effect to IFRS 11.

	As at 31 March				As at 30 September	
	2011	2012	2013	2013	2013	2013
	(Rs. in millions)	(Rs. in millions)(3)	(Rs. in millions)(1)	(Rs. in millions)(1)	(Rs. in millions)(2)	(U.S. in millions)(2)
	(Audited)	(Audited)	(Audited)	(Audited Restated)	(Audited)	(Unaudited)
Assets						
Non-current assets						
Property, plant and equipment	651,426	674,932	688,430	638,277	615,313	9,801
Intangible assets	637,317	660,889	680,808	648,386	786,013	12,520
Investment in associates(4)	—	223	242	11,552	56,224	895
Investment (non-current)			—	—	35,647	568
Derivative financial assets	1,998	2,756	3,566	3,566	4,140	66
Other financial assets	7,930	16,887	16,999	16,326	14,926	238
Other non-financial assets	9,255	15,568	21,038	18,749	23,267	371
Deferred tax asset	45,061	51,227	59,245	58,491	66,039	1,052
Total non-current assets	1,352,987	1,422,532	1,470,328	1,395,347	1,601,569	25,511
Current assets						
Inventories	2,139	1,308	1,109	1,109	1,662	26
Trade and other receivables	54,929	63,735	66,430	67,824	52,474	836
Derivative financial assets	2,682	2,137	1,097	1,097	1,768	28
Prepayments and other assets	30,504	32,621	33,134	30,860	33,599	535
Income tax recoverable	5,280	9,049	12,040	10,093	6,404	102
Short term investments	6,224	18,132	67,451	65,546	58,229	928
Other financial assets	744	802	4,348	4,299	6,723	107
Cash and cash equivalents	9,575	20,300	17,295	16,078	30,819	491
Total current assets	112,077	148,084	202,904	196,906	191,678	3,053
Total assets	1,465,064	1,570,616	1,673,232	1,592,253	1,793,247	28,564

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data as at 30 September 2013 on an equity basis and restated the financial data as at 31 March 2013 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at 30 September 2013 have been provided at a rate of U.S.$1.00 = Rs. 62.78 the closing exchange rate as at 30 September 2013 based on the RBI Reference Rate.

(3) Consolidated statement of financial position as at 31 March 2012 is based on comparatives reported in the year ended 31 March, 2013.

(4) Investment in associates as at 30 September 2013 and 31 March 2013 (Audited Restated) includes investment in joint ventures.

	As at 31 March				As at 30 September	
	2011	2012	2013	2013	2013	2013(2)
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)(1)	(Rs. in millions)(1)	(Rs. in millions)	(U.S. in millions)
	(Audited)	(Audited)	(Audited)	(Audited Restated)	(Audited)	(Unaudited)
Equity and liabilities						
Equity						
Issued capital	18,988	18,988	18,988	18,988	19,987	318
Treasury shares	(268)	(282)	(674)	(674)	(478)	(7)
Share premium	56,499	56,499	56,499	56,499	123,456	1,966
Retained earnings	357,446	395,682	414,027	414,027	421,459	6,713
Foreign currency translation reserve	14,018	(6,026)	(32,571)	(32,571)	(10,783)	(171)
Other components of equity	40,985	41,252	46,948	46,948	34,115	543
Equity attributable to equity holders of parent	487,668	506,113	503,217	503,217	587,756	9,362
Non-controlling interest	28,563	27,695	40,886	40,886	41,265	657
Total equity	516,231	533,808	544,103	544,103	629,021	10,019

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data as at 30 September 2013 on an equity basis and restated the financial data as at 31 March 2013 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at 30 September 2013 have been provided at a rate of U.S.$1.00 = Rs. 62.78 the closing exchange rate as at 30 September 2013 based on the RBI Reference Rate.

	As at 31 March				As of 30 September	
	2011	2012	2013	2013	2013(1)	2013
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)(1)	(Rs. in millions)(1)	(Rs. in millions)	(U.S. in millions)(2)
	(Audited)	(Audited)	(Audited)	(Audited Restated)	(Audited)	(Unaudited)
Non-current liabilities						
Borrowing	532,338	497,154	615,485	569,137	562,929	8,967
Deferred revenue	8,700	2,892	9,696	9,685	12,508	199
Provisions	6,085	7,240	10,548	9,744	9,234	147
Derivative financial liabilities	151	401	893	893	5,308	84
Deferred tax liability	12,487	11,621	15,873	12,556	14,572	232
Other financial liabilities	13,856	23,076	22,748	23,204	21,718	346
Other non-financial liabilities	5,371	5,551	3,465	2,384	2,441	39
Total non-current liabilities	578,988	547,935	678,708	627,603	628,710	10,014
Current liabilities						
Borrowing	84,370	193,078	114,123	98,226	181,508	2,891
Deferred revenue	30,599	43,282	39,560	39,560	44,584	710
Provisions	1,180	1,290	1,835	1,768	1,895	30
Other non financial liabilities	10,053	10,811	13,922	13,245	20,095	320
Derivative financial liabilities	317	166	219	219	1,381	22
Income tax liabilities	3,642	7,596	7,628	7,627	7,960	127
Trade & other payables	239,684	232,650	273,134	259,902	278,093	4,430
Total current liabilities	369,845	488,873	450,421	420,547	535,516	8,530
Total liabilities	948,833	1,036,808	1,129,129	1,048,150	1,164,226	18,545
Total equity and liabilities	1,465,064	1,570,616	1,673,232	1,592,253	1,793,247	28,564

(1) Prior to 1 April 2013, the Guarantor accounted for its joint ventures in accordance with the proportionate consolidation method. Subsequently, in accordance with IFRS 11, the Guarantor prepared the financial data as at 30 September 2013 on an equity basis and restated the financial data as at 31 March 2013 on the same basis. See Note 3(a) of the Guarantor's interim condensed consolidated financial statements.

(2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at 30 September 2013 have been provided at a rate of U.S.$1.00 = Rs. 62.78 the closing exchange rate as at 30 September 2013 based on the RBI Reference Rate.

BUSINESS

Overview

The Guarantor is one of the world's leading providers of telecommunications services, with a presence in all 22 of India's Telecom Circles as well as in Sri Lanka, Bangladesh and 17 countries in Africa. As of September 2013, the Guarantor was the largest private integrated telecommunications operator in India, the second largest mobile operator in Africa and the fourth largest wireless service provider in the world, as measured by proportionate equity subscriptions according to Informa Telecoms & Media. The Guarantor served an aggregate of 280.1 million customers as of 30 September 2013.

The Guarantor offers an integrated suite of telecom solutions to its customers, including mobile and fixed line service, long distance connectivity and broadband services both nationally and internationally. The Guarantor offers traditional mobile voice services with an increasing focus on data and non-voice services through the expansion of its 3G network and its 4G network, which was launched in Kolkata in April 2012 and later expanded to Bangalore, Pune, Chandigarh and Mohali, being the first 4G service in India. The Guarantor also offers Digital TV and IPTV services. All of these services are offered under the unified brand "airtel". The Guarantor also deploys, owns and manages Tower Infrastructure pertaining to telecom operations through its subsidiary Bharti Infratel and Bharti Infratel's 42 per cent. interest in the telecom Tower Infrastructure company Indus Towers. Including its proportionate stake in Indus Towers, Bharti Infratel is among the largest providers of Tower Infrastructure in India and in the world as measured by number of towers. Indus Towers is a joint venture between Bharti Infratel, Idea Cellular and Vodafone India. As of 30 September 2013, Bharti Infratel operated 35,376 towers and Indus Towers operated 112,144 towers. On 28 December 2012, shares of Bharti Infratel were listed on the BSE and NSE after Bharti Infratel completed an initial public offering of its equity shares, with the proceeds of the offering to be used to further expand Bharti Infratel's Tower network and upgrade existing towers.

On 8 June 2010, the Guarantor, through its subsidiary Bharti Airtel International (Netherlands) B.V., concluded an agreement with Zain International B.V. to acquire Zain for an enterprise valuation of U.S.$10.7 billion. Through this acquisition, the Guarantor acquired Zain's African mobile services operations in 15 countries with a total subscriber base of over 36 million at the time of acquisition. The largest of these acquired operations in terms of revenues were those in Nigeria. The Guarantor completed its acquisition of Telecom Seychelles Limited on 27 August 2010 for U.S.$62.0 million. It launched operations in Rwanda on 30 March 2012, bringing the Guarantor's African operations to 17 countries in total. On 12 June 2013 the Guarantor fully acquired Warid Telecom Uganda from the Warid Group. With the acquisition, the Guarantor has consolidated its position as the second largest mobile operator in Uganda based on customer market share. In November 2013, the Guarantor entered into a second agreement with the Warid Group to fully acquire Warid Congo SA. This acquisition will make the Guarantor the largest mobile operator in Congo Brazzaville with approximately 2.6 million customers in the country.

In February 2010, the Guarantor acquired a majority equity stake in Airtel Bangladesh Limited and on 12 June 2013 it acquired an additional 30 per cent equity interest from the Warid Group and now owns a 100 per cent equity interest. In March 2013, the Guarantor acquired an additional 13.36 per cent. interest in Airtel Networks Limited, Nigeria from certain existing shareholders. With this acquisition, the Guarantor's wholly owned subsidiary, Bharti Airtel Nigeria B.V. now owns a 79.06 per cent. equity interest in Airtel Networks Limited, Nigeria.

From May 2012 to October 2013, the Guarantor acquired 100 per cent. of Qualcomm Asia Pacific's Indian BWA entity, which comprise its 4G operations in India, securing a BWA spectrum license in four additional circles of India, namely Mumbai, Delhi, Haryana and Kerala, and opportunities for expansion of the Guarantor's 4G service offerings in a number of Telecom Circles.

For the fiscal years ended 31 March 2012 and 2013, the Guarantor's net profit was Rs. 42,581 million and Rs. 22,669 million, respectively, a decrease of 46.8 per cent. For the six months ended 30 September 2012 and 2013, its net profit was Rs. 14,766 million and Rs. 13,708 million, respectively, a decrease of 7.2 per cent. The Guarantor's EBITDA for the fiscal years ended 31 March 2012 and 2013 was Rs. 237,123 million and Rs. 248,704 million, respectively, an increase of 4.9 per cent. The Guarantor's EBITDA for the six months ended 30 September 2012 and 2013 was Rs. 114,227 million and Rs. 133,770 million, respectively, an increase of 17.1 per cent. As at 31 March 2012 and 2013, the Guarantor's total assets were Rs. 1,570,616 million and Rs. 1,673,232 million, respectively, an increase of 6.5 per cent. As at 30 September, the Guarantor's total assets were Rs. 1,793,247 million. The Guarantor's EBITDA margin for the fiscal years ended 31 March 2012 and 2013 and for the six months ended 30 September 2012 and 2013 was 33.2 per cent., 31.0 per cent., 30.1 per cent. and 32.2 per cent., respectively.

History

The Guarantor was founded and promoted by Bharti Telecom Limited, a company incorporated under the laws of India. The Guarantor was incorporated on 7 July 1995 in the State of Delhi in India for the purpose of promoting investments in telecommunications services.

The Guarantor obtained its certificate of commencement of business on 16 January 1996. The Guarantor first issued its equity shares publicly in February 2002 and was listed on the NSE and the BSE on 18 February 2002. The Guarantor had a market capitalisation of Rs. 1,272 billion as at 30 September 2013.

Competitive Strengths

The Guarantor believes that the following factors contribute to its strong competitive position:

Brand leadership

Each product and service offered by the Guarantor across India, South Asia and Africa bears the "airtel" brand. The Guarantor's "airtel" brand was ranked as India's number one service brand and third overall brand in The Economic Times' Brand Equity Survey for September 2012. The Guarantor's brand was rated one of the 200 most valuable brands globally by Brand Finance in 2011 and was also named brand of the year by the India Business Leader Awards in 2012. In 2011 and 2012, the Guarantor was ranked as having the No.1 service brand in Brand Equity's Most Trusted Brands Annual

Survey. The Guarantor was also ranked third in Interbrand's "Best Indian Brands" survey in 2013, in which the survey valued the Guarantor's brand at U.S.$6,220 million based on the survey's valuation methodology. Through its Vision 2015 initiative, the Guarantor aims to continue building its brand and increasing its market share across the countries in which it operates through 2015.

The Guarantor believes that these awards and rankings demonstrate its brand strength and association with quality service delivery across India. The Guarantor also believes its brand was widely recognised across Sri Lanka and Bangladesh even before it commenced operations there in January 2009 and January 2010, respectively, significantly easing its entry into those markets. The Guarantor has begun building its brand recognition in Africa by completing a brand change from Zain to "airtel" across all 17 African countries in which the Guarantor currently operates, and the Guarantor believes it is moving to establish positive brand recognition in these countries. The Guarantor believes that its brand recognition in the jurisdictions in which it operates allows it to leverage significant synergies across various product offerings and highlight the Guarantor's image as an integrated customer-centric organisation to continue to increase its customer base. The Guarantor was named one of the top 10 brands in Africa in September 2013 according to a survey conducted by African Business Magazine. The Guarantor was also awarded "Brand of the Year" award at the Nigerian Telecom Awards.

Innovative business model

The Guarantor believes it has created an innovative business model in India with a focus on providing affordable mobile telephony services, thereby attracting new customers. The Guarantor has built a "minutes factory" model which focuses on producing the lowest cost minute possible and thereby improving margins, as well as offering simple, user-friendly tariff plans with features such as pre-paid plans with electronic top-ups at minimal denominations. The Guarantor has also developed partnerships with Nokia, Apple, Samsung and other handset vendors to provide handsets to its users. The Guarantor's mobile and data service plans also feature some of the lowest activation costs of any network in India and "starter packs" to ease user activation of the Guarantor's mobile services. Each of the Guarantor's potential products or service offerings is vetted through a structured internal process which assesses the potential product's cost, performance and features, value and time-to-market of the potential product, with the ultimate aim of minimising product cost and increasing market share. This business model has enabled the Guarantor to expand its customer base and thereby increase its sales volume. The Guarantor has also focused on building its Indian network in a planned and systematic manner, creating an expansive distribution network to provide a large portion of the Indian population with convenient access to the Guarantor's products and services and to apply its innovative business model to a growing customer base. These strategies have enabled the Guarantor to benefit from increased economies of scale, allowing it to further lower its rates and attract new subscribers.

The Guarantor believes that a key element of its ability to lower costs is its business model, which entails developing strategic partnerships and outsourcing a number of operations. The Guarantor has established strong relationships with network partners such as Ericsson, NSN and Huawei and ZTE Corporation that manage the Guarantor's telecom network. In particular, the Guarantor has worked with these network partners to purchase network equipment and capacity on a pay-as-you-grow basis, rather than at pre-determined rates for set capacity amounts that may or may not reflect actual capacity requirements. To ensure superior quality of service, the rates paid to the network partners are adjusted based on quality of service metrics. The Guarantor provides usage projections and quality of service objectives to be met by each network partner, and it only pays based on usage and quality of service parameters once it begins to use this capacity, thereby matching equipment and capacity purchases with capacity requirements and quality of service.

The Guarantor has minimised its dependence on any single network partner providing critical network services by obtaining ownership of equipment deployed by its network partners and utilising GSM technology that can be established and maintained with standardised components, allowing equipment installed by one partner to be modified, expanded and maintained by another competing partner. This enables the Guarantor to enter into short-term non-exclusive contract with network partners. The Guarantor issues a new request for proposal process at the end of each short contract term, allowing the Guarantor to continually re-evaluate the cost and performance of each network partner and form new partnerships as necessary. The Guarantor believes that this business delivery model highlighted above, which aims to manages its capital and operating expenditure effectively, will be a strength as it focuses on non-voice services through 3G and 4G services. Moreover, the Guarantor believes that its extensive 2G network and coverage can be leveraged to layer 3G and 4G services, providing superior cost advantages compared to newer market players with more limited coverage.

The Guarantor has formed a number of other partnerships to meet its operational requirements at lower costs. The majority of the Guarantor's IT requirements are met through its partnership with IBM. The Guarantor relies heavily on call centres to address customer queries or complaints, and many of these centres are operated through partnerships with Nortel Networks, HTMT, Ericsson, Nokia Siemens Networks (NSN), Huawei, Cisco, Tech Mahindra, Infosys, Avaya and others. The Guarantor has developed a number of partnerships with other mobile services companies in India such as Spicedigital and One97 to provide value added services to its mobile services customers. The Guarantor has sourced most of its Tower requirements through its subsidiary Bharti Infratel and Indus Towers, a joint venture between Bharti Infratel, Vodafone India and Idea Cellular. The Guarantor believes these partnerships have improved its operational efficiencies, allowing the Guarantor to offer its various services at lower costs, expand its customer base and improve its operating margins. The Guarantor has employed a similar partnering strategy in its African operations.

Strong management team, shareholder support and financial position

The Guarantor is led by a highly experienced executive and operational management team, with Mr. Sunil Bharti Mittal as its Executive Chairman. The Guarantor's management team has successfully managed the Guarantor's growth in recent years, executing its strategy of partnering with equipment and other service vendors, minimising capital expenditure and selectively expanding internationally. Moreover, the Guarantor believes that it has been successful in identifying, training younger executives for higher management roles in the future. The Guarantor believes that an experienced and effective management team is an important competitive advantage in pursuing its growth strategy successfully in the future.

The Guarantor's substantial shareholder, SingTel, which owns directly and indirectly approximately 32.3 per cent. of the Guarantor's shares, contributes relevant strategic and business insights through representation on both the Issuer's and the Guarantor's boards. SingTel also provides its international telecommunications industry experience and innovation from across the SingTel group. The Guarantor intends to continue leveraging SingTel's industry experience and technological expertise, thereby enhancing the Guarantor's position in the global telecommunications market.

In June 2013, the Guarantor completed the allotment of 199,870,006 new equity shares to Three Pillars Pte Ltd, an affiliate of Qatar Foundation Endowment SPC, representing 5 per cent. of the post issue share capital of the Guarantor. The Guarantor believes that the Qatar Foundation Endowment's investment decision to support the Guarantor's long term strategic growth will benefit the Guarantor's future business endeavours.

The Guarantor believes that its focus on providing mobile and other telecommunications services at low cost through its innovative business model has resulted in its stable EBITDA growth, from Rs. 114,227 million in the six months ended 30 September 2012 to Rs. 133,770 million in the six months ended 30 September 2013 , an increase of 17.1 per cent. The Guarantor believes that its stable EBITDA growth has provided it with a solid platform to continue to expand its existing business and pursue other investment opportunities as they arise.

Well positioned for growth in Africa

The Guarantor believes its operations in Africa are well positioned for growth. Following shortly after its acquisition of operations in 15 of the countries where Zain operated, the Guarantor acquired operations in the Republic of Seychelles and also launched service in Rwanda in March 2012 by acquiring greenfield licenses, bringing total operations in Africa to 17 countries. As of September 2013, the Guarantor was the second largest operator in Africa based on proportionate equity subscriptions according to Informa Telecoms & Media. On 12 June 2013 the Guarantor fully acquired Warid Telecom Uganda from the Warid Group. With the acquisition, the Guarantor consolidated its position as the second largest mobile operator in Uganda based on based on customer market share. In November 2013, the Guarantor entered into a second agreement with the Warid Group to fully acquire Warid Congo SA. This acquisition makes the Guarantor the largest mobile operator in Congo Brazzaville with approximately 2.6 million customers in the country. In March 2013, the Guarantor acquired an additional 13.36 per cent. equity interest in Airtel Networks Limited, Nigeria from certain existing shareholders. With this acquisition, the Guarantor's wholly owned subsidiary, Bharti Airtel Nigeria B.V. now owns a 79.06 per cent. equity interest in Airtel Networks Limited, Nigeria. The Guarantor believes the potential for growth of the telecommunications market in Africa is significant due to the region's young and growing population, currently estimated to be over one billion people, combined with a relatively low teledensity and the high potential demand for data services.

Moreover, the Guarantor believes that its innovative business delivery model and the advantages that business model brings can be replicated across much of its African operations. In particular, the Guarantor has developed a means of producing low cost minutes through its equipment and technology partnerships. The Guarantor believes it is well positioned to implement this model in Africa and increase sales volumes and effectively compete with established players.

The Guarantor also believes its African operations have benefited from positive relationships and cooperation it has built with local regulators, due to the shared vision of increasing teledensity in the countries which are underpenetrated. Airtel Africa has acquired adequate spectrum across its African operations to meet its current needs and cater to future growth requirements. This in turn is expected to reduce the Guarantor's capital expenditure requirements allowing the Guarantor to offer lower cost services and grow its customer base across Africa.

Significant share of mobile services market revenues

According to the Telecom Regulatory Authority of India ("TRAI"), during each of the past four fiscal quarters, the Guarantor's revenues from its mobile services operations in India have accounted for approximately 30 per cent. of total mobile services revenues in India, making the Guarantor the largest mobile services company in India as measured by revenue share.

The Guarantor believes that its size and market share offer significant benefits from economies of scale. The telecommunications industry is subject to rapid advances in technology, and the Guarantor believes its scale and market share have positioned it to bring products and services to the market quickly based on new technologies to its customers at lower costs than its competitors.

Extensive telecommunications network and strong network quality

As of 30 September 2013, the Guarantor's telecom network coverage extended to approximately 86.7 per cent. of India's population. The Guarantor's network coverage is facilitated through an extensive Tower portfolio offered by its subsidiary, Bharti Infratel, and through Indus Towers, a joint venture between Bharti Infratel, Vodafone India and Idea Cellular. As of 30 September 2013, Bharti Infratel and its proportionate ownership in Indus Towers owned 82,476 towers across India. The Guarantor's network is further strengthened by its demand forecasting process, a model which provides monthly projections for the Guarantor's mobile services, telemedia services and Airtel business offerings and potential network expansion to meet these projected demands. The Guarantor has also implemented a design and development process which aims to minimise errors during all network roll outs, modifications, new network developments and network redesigns.

The Guarantor also believes its network quality is among the strongest in India, South Asia and Africa. The Guarantor's network is supported by leading equipment suppliers such as Ericsson, NSN and Huawei, companies at the forefront of GSM and other technologies crucial to the Guarantor's network. In 2010, the Guarantor deployed a system for monitoring customer feedback on network quality, called "customer experience management", which the Guarantor utilises to improve its network based on customer queries and complaints. The Guarantor has developed a structured incident management system to quickly log customer complaints, assess the severity of each complaint and respond appropriately. The Guarantor has also developed an operations process focused on proactive incident prevention, identifying and addressing potential problems even before customer complaints arise.

Strong distribution network

As of 30 September 2013, the Guarantor had more than 1.5 million retail outlets in India offering its products, many of whom have long term relationships with the Guarantor. The Guarantor believes its strong distribution network is a critical part of its business and a key reason for its large customer base. As of 30 September 2013, 95.4 per cent. of the Guarantor's subscribers in India were pre-paid and 99.3 per cent. of its subscribers in Africa were pre-paid. As it has done in India, the Guarantor is developing a wide distribution presence in Africa, introducing convenient services such as electronic recharge options as well as augmenting its distribution base to increase customer access to its services.

Strategy

The key elements of the Guarantor's strategy are:

Strengthen position as an integrated telecom company and further solidify market leadership in India

The Guarantor aims to strengthen its position as an integrated telecom company in India by further developing its array of service offerings. Currently the Guarantor offers mobile services through its extensive wireless network; telemedia services including fixed-line telephone and broadband Internet; Airtel business catering to the various telecom needs of large corporate clients, government and telecom carriers, including a network of submarine cables to provide express international connectivity; a network of Tower Infrastructure to facilitate its wireless services; and other services such as digital television. The Guarantor plans to continue expanding these service offerings in India, particularly technologies such as 3G and 4G which offer potentially higher margins than 2G with relatively low capital expenditure required. As part of its business strategy, the Guarantor may seek to acquire additional spectrum from other operators or in auctions from governments when available. The Guarantor also plans to continue marketing the "airtel" brand as an integrated telecom services company able to meet all of its clients' various telecom needs.

The Guarantor also plans to continue solidifying its market leadership position within India. The Guarantor will focus on continuing to offer affordable and reliable services at competitive prices to its customer base, expanding its network coverage and improving network quality. The Guarantor also plans to improve its content offerings through new technologies and generate alternate revenue streams through innovative product offerings such as airtel money. See "— Other operations — Mobile Commerce".

Implement innovative business model and capital expenditure strategy across Africa

The Guarantor believes its expansion into 17 African telecommunications markets offers a new platform to implement its unique business model and expand its customer base. The Guarantor believes these African markets offer a suitable growth platform based on current low teledensity and an estimated population of over one billion, along with positive macroeconomic dynamics, including business environments in which the Guarantor can form strategic partnerships with supportive local authorities to improve efficiency and reduce cost. The Guarantor believes that conditions in Africa are similar to the conditions in India, when the Guarantor began building its business there in 1996, in terms of demographics and an opportunity to radically transform a traditional high cost model to a more affordable one for its customers. Average active SIM penetration rate across all 17 African countries in which the Guarantor operates was approximately 60.2 per cent. in September 2013, according to Informal Telecoms & Media, compared to an average of approximately 70.9 per cent. in India as of 31 March 2013, according to TRAI, indicating a sizeable untapped customer base. Similar to its strategy in India, the Guarantor is implementing a pay-as-you-grow model which minimises its capital expenditure by outsourcing non-core functions and services to equipment and technology partners. The Guarantor believes that this innovative business model, which has proved successful in India, will also succeed in Africa and will reduce future capital expenditure requirements as it grows its business there.

The telecommunications market in Africa, unlike the market in India, is characterised by relatively low mobile penetration, low usage and high ARPU. As of 1 July 2013, over half the overseas jurisdictions in which the Guarantor operates have a mobile penetration rate of less than 65 per cent., according to Informa Telecoms & Media. These jurisdictions have a combined population of over 250 million and a relatively low per capital gross domestic product as compared to the other jurisdictions in which the Guarantor operates. For these reasons, the Guarantor believes these markets provide an opportunity to further expand its "minutes factory" model which focuses on producing the lowest cost minute and providing simple, user-friendly tariff plans.

Upgrade network to further expand 3G, 4G and data service offerings

The Guarantor believes 3G, 4G and other data services provide an opportunity for substantial additional growth within the Indian telecommunications market. In jurisdictions in which the Guarantor operates, the revenue from data as a percentage of revenue from mobile services is relatively low with potential to increase. For example, in 2012, in India, Uganda and Nigeria, the revenue from data as a percentage of revenue from mobile services were 14.0 per cent., 10.0 per cent. and 11.0 per cent, respectively. Other emerging markets have already experienced an increase in data revenue as a percentage of total mobile services revenue. For example, the revenue from data as a percentage of revenue from mobile services across emerging markets including Korea, the Philippines and Indonesia were 41.3 per cent., 50.3 per cent. and 39.1 per cent, respectively. The Guarantor aims to capitalise on this opportunity by expanding its 3G, 4G and non-voice service offerings across its network. In particular, the Guarantor plans to implement its business delivery model, which minimises capital and operating expenditure through partnerships with equipment and service providers, to offer 3G, 4G and other data services at minimal cost and to thereby increase data usage. Moreover, the Guarantor believes it can expand its 3G network with minimal additional capital expenditure because the technology can be added to its existing Tower Infrastructure.

The Guarantor launched India's first 4G wireless network in Kolkata in April 2012, which provides much faster upload and download speeds as compared with 3G wireless networks. The Guarantor expanded its 4G platform to Bangalore, Karnataka in May 2012 and to Pune, Maharashtra in October 2012 followed by Chandigarh and Mohali in March 2013. From May 2012 to October 2013, the Guarantor acquired 100 per cent. of Qualcomm Asia Pacific's Indian BWA entity, which comprise its 4G operations in India, securing a BWA spectrum license in four additional circles of India, namely Mumbai, Delhi, Haryana and Kerala and opportunities for expansion of the Guarantor's 4G service offerings in a number of Telecom Circles. 4G is a technology which allows fast access to HD video streaming and video conferencing, multiple chatting, instant uploading of photos and support other data-intensive applications. The Guarantor believes that 4G technologies will support a "data revolution" in India, driving fundamental changes in individuals lifestyles, business and society at large and supporting economic growth in rural areas by enhancing the reach of e-governance, e-health and e-education services, and will be a significant source of revenue in the long term.

Continue to maintain high standards of corporate governance, transparency and ethics

The Guarantor maintains a high standard of conduct, which has been recognised by third parties. CRISIL has assigned its Governance and Value Creation rating "CRISIL GVC Level 1" to the corporate governance and value creation practices of the Guarantor. The Guarantor was ranked fourth amongst 100 emerging market multinational companies by Transparency International, who ranked the corporate reporting practices of 100 large multinational companies from 16 different countries. The Guarantor believes these ratings reflect its commitment to its stated objective of value creation for all its stakeholders while preserving high standards of ethics and corporate governance. The Guarantor also publishes audited financial results every quarter to provide greater transparency and reliability to investors. The Guarantor treats corporate governance as a continual process of improvement by benchmarking itself with the best practices in India and globally in order to maintain the highest standards of corporate governance. Moreover, the Guarantor believes these practices will translate into a much higher level of stakeholder confidence which in turn will ensure longer term sustainability and value generation for the Guarantor's business.

Business

The Guarantor offers telecommunications services, including mobile, broadband and telephone services, enterprise services through Airtel business and digital television services. These services are offered under the "airtel" brand. The Guarantor also offers Tower Infrastructure Services through its subsidiary, Bharti Infratel and its 42 per cent. ownership stake in Indus Towers.

With effect from 1 April 2013, for management reporting purposes, the Guarantor's business segment results are reported in terms of regional operations, namely (i) India and (ii) International.

Currently, Africa and South Asia regional operations comprise of reportable business segment under international operations. The India operations are further reported on a customer group basis, namely (i) business-to-consumer ("B2C"), (ii) business-to-business ("B2B") and (iii) Others. B2C comprise the following reportable business segments: (a) mobile services, (b) telemedia services (formerly broadband and telephone services) and (c) digital TV services. B2B comprise the following reportable business segments: (a) Airtel business (including value added services ("VAS") like International Toll Free Services and SMS hubbing and internet services and network solutions) and (b) Tower Infrastructure Services. These reportable business segments, which are described below, are based on the nature of the products and services provided and provide the basis on which the Guarantor reports its primary segment information:

B2C services:

Mobile Services — India: These services cover voice, internet, m-Commerce (Airtel Money), VAS, messaging and other data telecom services using GSM mobile technology. The Guarantor provides 3G services across key cities in the country. These services consist of high-speed internet access and host innovative services like Mobile TV, video calls, live-streaming videos and gaming. The Guarantor provides 4G services in Kolkata, Bangaluru, Pune and Chandigarh. These services consist of high-speed wireless services that enable buffer-less HD video streaming and multitasking capabilities.

Mobile Services — International: These services cover voice, VAS, messaging and data telecom services offered to customers: 17 countries in Africa and in Bangladesh and Sri Lanka, which represents the Guarantor's operations in South Asia. In Africa, the Guarantor provides 3G services in

14 countries and m-Commerce (Airtel Money) across all 17 countries. In South Asia, the Guarantor was awarded license and spectrum to operate 3G services across Bangladesh in September 2013. The Guarantor provides 3.5G services across major towns in Sri Lanka. The Mobile Services — Africa segment also includes costs associated with the Guarantor's corporate headquarters for its operations in Africa.

Telemedia Services: These services comprise Digital Subscriber Line ("DSL") based broadband internet and local, national and international long distance telephone services provided through wire-line connectivity to the subscriber. The end-user equipment is connected through cables from main network equipment (i.e., switch) to the subscriber's premises. Fixed telephone lines, broadband (via DSL) and Internet Protocol TV ("IPTV") services are provided to homes while fixed telephone line, internet leased line and MPLS services are provided to offices. IPTV services are provided in Bangalore and the Delhi-National Capital Region.

Digital TV Services: These services comprise television programming provided via a digital signal and received on a digital set top box and related services, which are provided under the Guarantor's Direct-To-Home ("DTH") platform. Features include high-definition ("HD") digital TV services with 3D capabilities and Dolby surround sounds, choice of packages comprising different channels, interactive features such as on-demand viewing, and a choice of set top boxes, including an HD recorder box, which may be instructed to record programmes via a mobile handset or the internet.

B2B services

Airtel business: These services include domestic and international long distance communication, information communication technology ("ICT") services, provided to the service providers of cellular or fixed line services, internet services and broadband services, as well as transmission bandwidth, VSAT-based communications, voice, data, network integration, data centres, managed services, enterprise mobility applications, digital medial services and other network solutions to Government and corporate customers.

Tower Infrastructure Services: These services include setting up, operating and maintaining wireless communication towers. They are provided by the Guarantor's subsidiary Bharti Infratel Limited ("BIL"), which is one of the largest tower infrastructure providers in India based on the number of towers owned after including its proportionate holding in Indus Towers.

Other operations: These comprise the unallocated revenues, profits / (losses), assets and liabilities of the Guarantor, none of which constitutes a separately reportable segment.

Further details relating to the Guarantor's business segments are provided below:

Mobile services

India

The Guarantor offers mobile services using GSM technology in India. The Guarantor has the largest wireless services customer base in India, with 193 million mobile subscribers as of 30 September 2013, which represents a customer market share of 22.2 per cent., according to TRAI. The Guarantor's mobile services offerings include post-paid, pre-paid, roaming, internet and other value added services through its extensive sales and distribution network covering over 1.5 million retail outlets. As of 30 September 2013, the Guarantor's network covered 5,121 census cities and towns and 460,550 non-census towns and villages in India, covering a geographic area in which approximately 86.7 per cent. of the country's population is located. During the fiscal year ended 31 March 2011, the Guarantor was allocated 3G licenses in 13 Telecom Circles for total consideration of Rs. 122,982 million, funded through cash flows generated from operations, and through bilateral facilities extended by several Indian creditors. The Guarantor launched its 3G network in India on 24 January 2011. Since then, the Guarantor has launched 3G services across more that 1,500 cities in India. As of 30 September 2013, there are 8.0 million active 3G data customers. The Guarantor has also entered into inter-circle roaming agreements with other operators to provide 3G services in areas where it does not hold 3G spectrum. However, in 2011, the DoT directed all service providers, including the Guarantor to stop providing the 3G services through roaming agreements. All the directed parties, including the Guarantor, collectively challenged the DoT directive before the TDSAT. This matter remains pending with the TDSAT. See "— Business — Regulatory Matters". As of 30 September 2013, the Guarantor's national long distance infrastructure includes 175,405 route kilometres ("Rkms") of optical fibre, providing coverage across a substantial portion of India. In 2010, the Guarantor was allocated 4G licenses in four Telecom Circles for total consideration of Rs. 33,144 million. The Guarantor launched its 4G network in India on 10 April 2012, first in Kolkata and then in Bangalore and Pune followed by Chandigarh and Mohali.

(i) 4G

The Guarantor launched India's first Fourth Generation Mobile Telephony network in Kolkata on 10 April 2012, employing Time-Division Long-Term Evolution ("TD-LTE") technology. TD-LTE provides download and upload speeds up to 100 Mbps and 40 Mbps, respectively, much faster than speeds available from as compared with 3G wireless network technologies. The Guarantor launched its 4G platform in Bangalore, Karnataka on 7 May 2012, and in Pune, Maharashtra on 18 October 2012 followed by Chandigarh and Mohali on 20 March 2013. The Guarantor is investing in building network infrastructure across all towns of LTE presence. The Guarantor operates on BWA spectrums which allow fast access to HD video streaming and video conferencing, multiple chatting, instant uploading of photos and support other data-intensive applications. The Guarantor believes that 4G technologies will support a "data revolution" in India, driving fundamental changes in individuals lifestyles, business and society at large and supporting economic growth in rural areas by enhancing the reach of e-governance, e-health and e-education services, and will be a significant source of revenue in the long term.

The Guarantor paid approximately Rs. 33,144 million for BWA spectrum licenses to operate 4G networks in the four Telecom Circles of Kolkata, Karnataka, Maharashtra (excluding Mumbai) and Punjab in a Government auction in 2010. From May 2012 to October 2013, the Guarantor acquired 100 per cent. of Qualcomm Asia Pacific's Indian BWA entity, which comprise its 4G operations in India, securing a BWA spectrum license in four additional circles of India, namely Mumbai, Delhi, Haryana and Kerala, and opportunities for expansion of the Guarantor's 4G service offerings in a number of Telecom Circles. See "— Business — Mobile Services — 4G". This acquisition is part of the Guarantor's long term growth strategy of investing in new technologies and data services, and the Guarantor believes this acquisition will provide further opportunities for expansion of its 4G service offerings across a number of new Telecom Circles offering significant potential for growth, particularly Delhi and Mumbai. The Guarantor also expects to reach agreement with Qualcomm to provide technical assistance in network architecture and optimisation, infrastructure and device testing, as well as in developing and supporting underlying 4G technology such as TD-LTE.

(ii) Mobile Commerce

India is a cash economy with greater than 75 per cent. of all retail transactions being conducted in cash. India's growing middle-class and their increasing disposable income, combined with the number of mobile subscribers in India recently exceeding 900 million, presents a huge opportunity for non-cash methods of payment. In contrast, current non-cash payment modes (which account for approximately 13 per cent. of all retail transactions) including credit cards and debit cards (which account for approximately 2 per cent. of all retail transactions), appeal to only a small demographic group. Boston Consulting Group predicts that mobile payment transactions in India will have an annual value of U.S.$350 billion by 2015.

In view of the industry dynamics, the Guarantor's mobile commerce strategy is to provide mobile money solutions to serve its diverse customer segments and intermediate and large flows of business and consumer payments. In February 2012, the Guarantor launched ***airtel money*** nationally across over 300 cities through its wholly owned subsidiary Airtel M Commerce Services Limited and under license of the Reserve Bank of India. Airtel money is a funds account on a mobile phone that can receive money deposits (called "loading cash"). The airtel money account balance can be used to pay for various products and services through a simple menu on the phone across a range of merchants. An enhanced version of airtel money enables a user to transfer money from his airtel money "wallet" to any other airtel money "wallet" or to a bank account. After the launch of this enhanced version in a pilot programme in 2011 in Delhi NCR and Chennai, Airtel Money's active subscriber base has increased by 168.5 per cent. year on year to 1.4 million subscribers as of 30 September 2013. Airtel Money had a transaction volume of Rs. 6,541 million during the second quarter of fiscal year 2013 as compared to Rs. 691 million in the same quarter in fiscal year 2012, representing wider acceptability of these services.

International

(i) South Asia

The Guarantor began its mobile services offering in Bangladesh in November 2010 through acquiring, in January 2010, a 70 per cent. equity stake in Warid Telecom, a Bangladesh telecommunications service provider. Subsequently on 12 June 2013, the Guarantor acquired the balance 30 per cent. equity interest in Warid Telecom. With the acquisition, the Guarantor now owns 100 per cent. of Airtel Bangladesh Limited. The Guarantor offers mobile services in Bangladesh under the brand name "Airtel Bangladesh". The Guarantor is present across 64 districts with a distribution network comprising of 109,000 retailers across the country. In September 2013, the Guarantor was awarded license and spectrum to operate 3G services across Bangladesh.

The Guarantor's mobile services offering in Sri Lanka, "Airtel Lanka" operates across 25 administrative districts with distribution network of over 41,400 retailers. The Guarantor has launched 3.5G services in major towns in Sri Lanka.

(ii) Africa

On 30 March 2010, the Guarantor, through its subsidiary Bharti Airtel International (Netherlands) B.V., entered into a definitive agreement with Zain International B.V. to acquire Zain for a valuation of U.S.$10.7 billion. The acquisition was completed on 8 June 2010. This acquisition was funded partly through a U.S.$7.5 billion credit facility arranged by a syndicate of banks. Through this acquisition, the Guarantor acquired Zain's African mobile services operations in 15 countries with a total subscriber base of over 36 million at the time of acquisition. The largest of these acquired operations in terms of revenues were those in Nigeria.

The Guarantor completed its acquisition of Telecom Seychelles Limited on 27 August 2010 for U.S.$62.0 million. It subsequently launched operations in Rwanda on 30 March 2012, bringing the Guarantor's African operations to 17 countries in total: Nigeria, Malawi, the DRC, Kenya, Zambia, Chad, Tanzania, Burkina Faso, Gabon, Uganda, Congo (Brazzaville), Madagascar, Niger, Seychelles, Ghana, Sierra Leone and Rwanda. The Guarantor has established its Africa headquarters in Nairobi, Kenya.

In the second quarter of fiscal year 2011, the Guarantor completed a brand change-over from Zain to "Airtel Africa". As of 30 September 2013, the Guarantor's mobile services offering through Airtel Africa included approximately 66.4 million customers across the 17 African countries in which the Guarantor has operations, as well as 3G services in 14 countries, namely Ghana, Kenya, Nigeria, Tanzania, Zambia, Congo (Brazzaville), Sierra Leone, Malawi, Uganda, Rwanda, Madagascar, Seychelles, Democratic Republic of Congo and Burkina Faso. The Guarantor has also launched mobile commerce services in 17 African countries. See "— Other Operations — Mobile Commerce". As at 30 September 2013, the Guarantor was the second largest operator in Africa based on proportionate equity subscribers according to Informa Telecoms & Media.

The Guarantor is currently focusing on building brand recognition in Africa and improving its customer service. The Guarantor's Airtel Africa division lowered its rates per minute from U.S.$0.072 for the quarter ending 30 June 2010 to U.S.$0.040 for the quarter ending 30 September 2013, which the Guarantor believes was a primary reason for the increase in Airtel Africa's minutes of usage per customer per month from 103 for the quarter ending 30 June 2010 to 143 for the quarter ending 30 September 2013. In addition to the tariff reduction, the Guarantor has also expanded its network presence and reach while making telecom services more affordable by reducing recharge denominations. The Guarantors also plans to demerge its Tower Infrastructure assets in Africa into an independent tower company. This separate entity will focus on introducing the Tower sharing concept across the Guarantor's African operations while providing specialised management services and other operational efficiencies.

As part of its strategy to leverage the opportunity to extend banking services to underserved populations and thereby drive non-voice revenue, the Guarantor has rolled out Airtel money across 17 countries in Africa. The Guarantor believes Airtel money offers mobile banking opportunities to many customers in Africa who may not utilise traditional banking services or those in rural areas who may not have access to such services. The Guarantor has undertaken marketing and educational campaigns in Africa to ensure customers are aware of and understand its Airtel money service.

Telemedia Services

The Guarantor's Telemedia Services business division offers a range of services including fixed-line telephone services providing local, national and international long distance voice connectivity, as well as broadband Internet access through DSL and IPTV services in Bangalore and the Delhi-National Capital Region. These various services are provided through wire-line connectivity to the subscriber. The end-user equipment is connected through cables from main network equipment to the subscriber's premises.

The Guarantor provides telemedia services in 87 cities in India. As of 30 September 2013, the Guarantor had approximately 3.3 million telemedia services customers, of which 43.1 per cent. subscribed to broadband and internet services. The Guarantor has increasingly focused on providing telemedia services to small and medium businesses by providing a range of customised telecom and IT solutions with an aim of achieving revenue leadership in this rapidly growing segment of the ICT market. In connection with this, the Guarantor's Telemedia Services business division focuses on developing its services in cities with high revenue potential, such as New Delhi, Mumbai, Kolkata and Chennai.

Digital TV Services

The Guarantor, through its "Airtel Digital TV" service launched in October 2008, is the fifth operator to provide DTH services in India, in a market that is currently estimated to be 43 million customers as of March 2013. As of 30 September 2013, Airtel Digital TV reached 8.6 million customers, an increase of 15.0 per cent. as compared to corresponding quarter in 2012. Revenues from Digital TV services represented a strong growth of 28.8 per cent. to Rs. 5,072 million for the quarter ending 30 September 2013, compared to Rs. 3,937 million in the corresponding quarter of 2012.

The Guarantor has focused on increasing its DTH distribution presence across India, and had coverage in 639 districts in India as of 30 September 2013. The Guarantor distributes the majority of its DTH service offerings through its mobile services retail outlets.

The Guarantor has also focused on product improvements and service offerings. The Guarantor's DTH services offer 379 channels, including 17 HD channels, and interactive applications such as iDarshan, iExam, iKids and iMusic, remote recording, Dolby digital sound and multi-language functions. The Guarantor has also invested in technologies to improve signal quality and consistency.

Airtel Business

The Guarantor's Airtel business division, which changed its name from "Enterprise Services" in 2012, is one of India's leading providers of communications services to large enterprise and carrier customers. The Guarantor delivers end-to-end telecom solutions to the Government, large companies and carrier customers in India by serving as the single point of contact for all telecommunication needs. It provides a full suite of communication services, including data, voice, network integration, data centre and managed services, enterprise mobile applications and digital media. Data centre and managed services include managed hosting, storage, business continuity, data security and cloud services. Digital media services provide a centralised online media management and distribution platform that links all content owners and production facilities with other users and enables them to store, forward, share and trade multiple versions of produced content to multiple platforms across the globe. The Guarantor also provides wholesale voice and data services to Indian and international telecom carriers. The Guarantor believes it is regarded as a trusted communications partner by India's leading organisations, helping them to meet the challenges of growth.

The Guarantor owns a state of the art national and international long distance network infrastructure, including submarine cable and satellite connectivity, enabling it to provide connectivity services both within India and internationally. The Guarantor's international infrastructure includes ownership of the i2i submarine cable system connecting Chennai to Singapore, consortium ownership of the SMW4 submarine cable system connecting Chennai and Mumbai to Singapore and Europe, and investments in new cable systems such as the Asia-America Gateway, India Middle East and Western Europe, Unity North, Europe India Gateway and East Africa Submarine System, or EASSy. These investments have expanded the Guarantor's global network to over 225,000 Rkms, covering 50 countries across 5 continents. The Guarantor also provides terrestrial express connectivity to neighbouring countries including Nepal, Pakistan, Bhutan and China.

In 2004, The Guarantor also entered into a joint venture with nine other overseas mobile operators to form a regional alliance in South East Asia and Australia called the Bridge Mobile Alliance (incorporated in Singapore as Bridge Mobile Pte Limited). The principal activity of the joint venture is to create and develop regional mobile services and manage the Bridge Mobile Alliance Program, which facilitates roaming between alliance members' networks.

Tower Infrastructure Services

Tower infrastructure Services include setting up, operating and maintaining towers. Towers comprise the non-active components of a wireless telecommunications infrastructure network, including the tower structure, shelters, industrial air conditioners, diesel generators, batteries, switch mode power supplies and voltage stabilisers.

The Guarantor deploys, owns and manages Tower Infrastructure pertaining to telecom operations through its subsidiary Bharti Infratel and Bharti Infratel's 42 per cent. interest in the telecom Tower Infrastructure company Indus Towers, providing services on a non-discriminatory basis to all telecom operators in India. Including its proportionate stake in Indus Towers, Bharti Infratel is amongst the largest providers of Tower Infrastructure in India and in the world as measured by number of towers. Indus Towers is a joint venture between Bharti Infratel, Idea Cellular (formerly Aditya Birla Telecom Limited) and Vodafone India. As of 30 September 2013, Bharti Infratel operated 35,376 towers and Indus Towers operated 112,144 towers. As of 30 September 2013, Bharti Infratel had 65,391 co-locations for a sharing ratio of 1.84, while Indus Towers had 225,252 co-locations for a sharing ratio of 2.00. Taking into consideration Bharti Infratel's proportionate ownership of Indus Towers, Bharti Infratel owned and maintained 82,476 towers with 159,997 co-locations for a sharing ratio of 1.93 as of 30 September 2013. On 14 September 2012, Bharti Infratel filed for registration of an initial public offering of its equity shares with SEBI. On 28 December 2012, shares of Bharti Infratel were listed on the BSE and NSE after Bharti Infratel completed an initial public offering of its equity shares, raising approximately Rs. 41.7 billion. The proceeds are to be used primarily for the expansion of Bharti Infratel's Tower network and upgrades to its existing towers. The Guarantor did not participate in the share sale and did not receive any of the proceeds from the sale. However, the Guarantor is entitled to dividends payable on its shareholdings in Bharti Infratel. During the last fiscal year, Bharti Infratel has declared a dividend of Rs. 5.5 per equity share, with further plans to pay total dividends during the current fiscal year of 30 per cent. to 50 per cent. of its net profit or 100 per cent. of any dividend received from its investee companies, whichever is higher, subject to adequate liquidity and approval by its board.

Network Partners and Joint Ventures

Strategic Equity Partners

The Guarantor has a strategic alliance with SingTel which has enabled the Guarantor to further enhance and expand its telecommunications networks in India to provide quality service to its customers. SingTel has made an investment in the Guarantor which is one of their largest investments made in the world outside Singapore. As of 30 September 2013, SingTel held 32.3 per cent. of the Guarantor's shares through direct and indirect ownership.

In June 2013, the Guarantor completed the allotment of 199,870,006 new equity shares to the Qatar Foundation Endowment, representing 5 per cent. of the post issue share capital of the Guarantor. The Guarantor believes that the Qatar Foundation Endowment's investment decision to support the Guarantor's long term strategic growth will benefit the Guarantor's future business endeavours.

Equipment and Technology Partners

The Guarantor has forged long term strategic partnerships in all areas including equipment and technology, building upon the unique outsourcing business models the Guarantor has pioneered. The Guarantor believes its business models have enabled it to partner with global leaders who share its drive for co-creating innovative and tailor made solutions for the markets it operates in.

Telemedia Partners

For telemedia services (e.g., fixed-line broadband and telephone), the Guarantor has partnered with Alcatel-Lucent Network Management Services India Limited, a special purpose vehicle of Alcatel-Lucent India Limited, under a managed services agreement. On 5 February 2013, the Guarantor announced its intent to purchase Alcatel-Lucent India Limited's entire equity interest in the venture. The equity interest purchase has since completed and the venture has been renamed Telesonic Networks Limited. The Guarantor believes this acquisition will allow it to better manage its fixed line and broadband networks, thereby improving customer satisfaction network across India. The Guarantor believes this agreement will allow the Guarantor to provide faster mobile broadband speeds to customers as well as to provide better quality broadband service on mobile phones.

IT Partners

Since 2004, the Guarantor has maintained a strategic partnership with IBM for all business and enterprise IT systems. The Guarantor's contract with IBM caters to, among others, financial systems, reporting and analytics tools, customer web portal, digital goods, delivery, technical evolution, scale, tariff changes and subscriber growth. During the third quarter of fiscal year 2011, the Guarantor entered into a global IT outsourcing contract with IBM covering India, Bangladesh, Sri Lanka and the African regions. The Guarantor also partners with IBM for digital media exchange, a service which would enable the Guarantor to establish a presence in the digital cinema and digital signage arena with a host of other media and entertainment related services.

Customer Care Partners

The Guarantor's call centre partners are IBM Daksh, Wipro, Mphasis, Firstsource, Teleperformance, Aegis and HGSL, amongst others, providing a strong customer experience through dedicated contact centre operations. The Guarantor's existing call centre technology partners are Avaya, Wipro and Cisco, providing interactive voice response, call routing and handling technology.

Content and Value Added Partners

The Guarantor works with globally renowned organisations such as Comviva, OnMobile, Yahoo, Google and Spice Digital, amongst others, providing each of its customers with a unique experience in 136 value added services like caller ring back tone, music on demand, email services and other applications on the Guarantor's WAP site. The Guarantor has revenue share agreements in place with most of these content partners. The Guarantor also has an alliance with Research In Motion Limited ("RIM") for selling "Blackberry" enterprise services and "Blackberry internet services".

Network Partners

Network partners include active network partners, Tower Infrastructure partners and IT partners. The active network partners plan, design, supply, implement, integrate, deploy and maintain the Guarantor's mobile network. The Tower Infrastructure partners provide and maintain site infrastructure such as towers, shelters and other equipment needed to run the Guarantor's mobile network. IT partners provide services related to the Guarantor's customers facing as well as internal IT requirements for their businesses.

Active Network Partners

The key agreements with the active network partners include Equipment Supply Contracts and Service Contracts. The Equipment Supply Contracts cover the supply of hardware, software and other electronic equipment required to setup and expand the Guarantor's mobile network. The Service Contracts provide for the planning, designing, implementation, integration, deployment and maintenance of the equipment deployed under the Equipment Supply Contracts.

Guarantor has minimised its dependence on any single network partner to provide critical network services by obtaining ownership of equipment deployed by its network partners under the Equipment Supply Contracts and utilising GSM technology that can be setup and maintained with standardised components, allowing equipment installed by one partner to be integrated, expanded and maintained by another competing partner. This enables the Guarantor to enter into short-term non-exclusive contract with network partners and separate Service Contracts from Equipment Supply Contracts. Typically these contracts are two to three years in term, and the Guarantor engages in a new request-for-proposal process at the end of each contract term, allowing the Guarantor to continually re-evaluate the cost and performance of each active network partner and form new partnerships as necessary.

The Guarantor has partnered with Ericsson since 1995, NSN since 2004 and Huawei since 2007 for its networks in India, Sri Lanka and Bangladesh. As highlighted above, while many of these relationships are long-standing, the contracts with the Guarantor's service partners are typically re-evaluated every two to three years depending on the contractual terms. Each partner is assigned to service a specific geographical region of the Guarantor's mobile network. For the Guarantor's 2G and 2.5G network, Ericsson was awarded contracts for 15 Telecom Circles and a majority of the mobile network regions in Bangladesh, while NSN was awarded contracts for eight Telecom Circles and Huawei was awarded contracts for the entire Sri Lanka mobile network and a portion of the Bangladesh mobile network. For the Guarantor's 3G network, Ericsson was awarded contracts for eight Telecom Circles, NSN was awarded contracts for three Telecom Circles and Huawei was awarded contracts for two Telecom Circles. For the Guarantor's new 4G network rolled out in Kolkata 10 April 2012, ZTE was awarded the contract for building and operating the network. Huawei was awarded the contract for building and operating the Guarantors 4G network deployed in Karnataka in May 2012; and NSN was awarded the contract for building and operating the Guarantors 4G network deployed in the Maharashtra Telecom Circle in October 2012. For its African operations, the Guarantor has awarded 2G and 3G contracts to Ericsson, NSN and Huawei, dividing the territories between these three partners.

The Guarantor has worked with these network partners to purchase network equipment and capacity on an actual need basis, rather than at a box rate basis for installed equipment which set capacity amounts that may or may not reflect actual requirements. To ensure superior quality of service, the payouts to the network partners are adjusted based on quality of service metrics. The Guarantor provides usage projections and quality of service objectives to be met by each network partner, and it pays based on usage and quality of service parameters once it begins to use this capacity, there by matching equipment and capacity purchases with capacity needs and quality of service.

Tower Infrastructure Partners

The Tower Infrastructure of the Guarantor's mobile network is provided through Bharti Infratel and Indus Towers. Tower infrastructure includes the telecommunication site housing the active network equipment, any infrastructure located at such site, including but not limited to the tower, shelter, diesel generator sets, air conditioners and electrical power and civil works. Indus is a joint venture with other mobile network operators in India. For more information on Indus Towers, see "Business – Business – Tower Infrastructure Services".

The Guarantor has entered into Master Services Agreements with Indus Towers and Bharti Infratel. These Master Service Agreements are long term and are reviewed yearly. Individual services agreements entered under these Masters Service Agreements are typically for a minimum period of five years and can be terminated after seven years for a penalty fee. If a Master Service Agreement terminates, all service agreements made under it terminate as well. Under the individual service agreements, the Guarantor typically pays a lease fee and energy charges. If additional mobile network operators share the same Tower Infrastructure, the Guarantor's charges are reduced according to a formula based on the number of operators sharing the Tower Infrastructure. As of 30 September 2013, the Guarantor had service agreements with Bharti Infratel in eight Telecom Circles of India and with Indus Towers in 15 Telecom Circles of India. In Africa, the Guarantor has entered into Master Service Agreements with Ericsson, NSN and Huawei for maintenance of its Tower Infrastructure.

Capital Expenditure

The Guarantor's operations are capital intensive and the Guarantor requires significant maintenance capital expenditures as well as additional capital spending to support its growth and development strategy.

Effective 1 April 2013, IFRS 11 on joint arrangements became mandatory whereby accounting for investment in joint ventures changed from the proportionate consolidation method (line by line consolidation) to the equity method. Accordingly, the Guarantor has adopted IFRS 11 for all interim financial statements issued during fiscal year 2014. The Guarantor has prepared the financial data for the six months ended 30 September 2013 on an equity basis, and restated the financial data for the six months ended 30 September 2012 on the same basis. Hence, the capital expenditures reported below, for the six months ended 30th September 2013 and for the six months ended 30th September 2012, are not prepared on the same basis with those reported for the fiscal year ended 31 March, 2011, 2012 and 2013.

The table below sets out the Guarantor's capital expenditures, including intangible assets, such as bandwidth and software, in the fiscal years ended 31 March 2011, 2012 and 2013 and the six months ended 30 September 2013:

	Expenditure
	(Rs. in millions) **(Audited)**
31 March 2011 (actual)	306,948
31 March 2012 (actual)	143,978
31 March 2013 (actual)	145,918
30 September 2013 (actual)	54,974

The following table summarises the Guarantor's capital expenditures, including intangible assets, by segment for the six months ended 30 September 2012 and 2013.

	Six months ended 30 September	
	2012	**2013**
	(Rs. in millions) **(Audited)**	
Mobile Services — India	36,416	17,378
Mobile Services — South Asia	3,243	9,314
Mobile Services — Africa	18,925	21,816
Telemedia Services	2,759	4,693
Airtel Business	1,827	3,646
Digital TV Services	4,896	3,304
Tower Infrastructure Services	5,134	2,927
Others	—	0
Unallocated	2,479	93
Eliminations	(1,637)	(8,197)
Total	**74,042**	**54,974**

Licenses and Regulations

The operation of telecommunications networks and the provision of related services are regulated to varying degrees by national, state, regional or local governmental and/or regulatory authorities. Operating licenses of the Guarantor and its subsidiaries specify the services they can offer and the frequency spectrum they can utilise for wireless operations. These licenses are subject to review, interpretation, modification or termination by the relevant authorities. The operating licenses are generally renewable upon expiration. However, there is no assurance that they will be renewed or that any renewal on new terms will be commercially acceptable to the Guarantor and its subsidiaries. See "Risk Factors — Risks Relating to the Guarantor's Business — The telecommunications market is highly regulated and changes in laws, regulations or governmental policy could adversely affect the Guarantor's business, prospects, financial condition and results of operations" and "Risk Factors — Risks Relating to the Guarantor's Business — The Guarantor's telecommunications licenses, permits and frequency allocations are subject to finite terms, ongoing review and periodic renewal, each of which may result in modification or early termination".

The Guarantor holds mobile network licenses in all 22 Telecom Circles (UAS Licences in 21 Telecom Circles and a Cellular Mobile Telephone Service Licence in the remaining Telecom Circle), an NLD License, an ILD License, a VSAT License and an ISP License. It has received amendments to UAS Licences to use the 3G spectrum in 13 Telecom Circles and the BWA spectrums in four Telecom Circles. Apart from the telecom licenses, the Guarantor through one of its group companies also holds a DTH Licence in India.

The Guarantor inherited a number of licenses in its various African operations when it acquired Zain Africa B.V., primarily relating to authorisation by local authorities to operate public mobile telecommunications networks and for frequency spectrum. In Nigeria, the Guarantor holds a UAS Licence, a Digital Mobile Licence for the Guarantor's 2G network, and a 2GHz Spectrum Licence for the Guarantor's 3G network. All 17 African countries in which the Guarantor operates have 900 MHz spectrum. The Guarantor's average 2G spectrum across these 17 countries is close to 20 MHz. The Guarantor also has 3G spectrum across fourteen African countries.

For more information on the Guarantor's licenses and regulations affecting the Guarantor, see "Regulation".

Employees

As of 30 September 2013, the Guarantor's total number of employees was 25,288 (excluding the Guarantor's proportionate consolidation of Indus Towers). The total number of employees as of 30 September 2012 was 20,749.

The Guarantor seeks to attract the highest quality engineering and management graduates. It arranges for employees to participate in development training programs throughout their employment, with the majority of such programs being run in-house.

The Guarantor continues to invest in its employees to upgrade their skills and competencies through various learning and development initiatives, such as e-learning.

Trademarks

The Guarantor's general policy is to seek intellectual property protection for those inventions and improvements likely to be incorporated into its products or to give it a competitive advantage. The Guarantor relies on a variety of copyrights, trade secrets, trademarks and proprietary information to maintain and enhance its competitive position. The Guarantor's principal brand name "AIRTEL" is registered trademark of India. In other countries, the registered trademark is either "AIRTEL" or

"Airtel". The Guarantor has also registered trademarks in the United States, the European Union, Hong Kong, Singapore, Mozambique, Nigeria, Uganda, Ethiopia, Zambia, Kenya, Madagascar, Malawi and Rwanda.

The Guarantor has changed its logo for the mark "airtel" in November 2010. The Guarantor has registered the new "airtel" logo in the countries of India, Sri Lanka, Tanzania, Kenya, Madagascar, Malawi, Mozambique, Uganda, Rwanda, Zambia, Ghana and OAPI (which includes Chad, Burkina Faso, Gabon, Niger and the Congo (Brazzaville)) in which it has operations. The applications for registration of the mark in the countries of Bangladesh, Sierra Leone, Congo, Seychelles and Angola are currently pending.

Competition

India

The Indian wireless industry is highly competitive with most Telecom Circles having between 12 to 14 licensees with at least 10 operators currently operating in each Telecom Circle (with the exception of Jammu and Kashmir and the Northeastern states). The Guarantor's primary competitors are pan-India operators such as Vodafone India, Reliance Communications, BSNL, Mahanagar Telephone Nigam Ltd. ("MTNL"), Idea Cellular, Tata Teleservices and Aircel. The Guarantor competes with all these operators in the wireless market space. In addition, to facilitate greater competition, the regulator launched nationwide Mobile Number Portability ("MNP") in January 2011. For more information on MNP, see "Regulation — Regulation Governing the Guarantor's Business" included in this Offering Memorandum.

The Guarantor, however, continues to be the market leader in wireless market space both in terms of customer market share as well as revenue market share despite the aggressive launch by the new players in the last 36 months. The Guarantor had an approximate 7.6 per cent. market share lead over its nearest rival in wireless revenue market share based on gross revenues (based on June 2013 numbers reported by TRAI) and an approximate 4.34 per cent. lead in terms of customer market share (based on September 2013 data reported by TRAI). The Guarantor has also been a net gainer of customers since the launch of MNP with the number of subscribers porting into their network exceeding the number of port out requests.

The Guarantor expects the Indian wireless industry to be impacted by the Supreme Court's order of 2 February 2012 to cancel 122 2G telecom licenses. Some mobile services providers, such as Etilsat and S-Tel, have ceased operations in India because of the cancellation order, and the Guarantor believes other companies may reduce or cease operations as a result of the order. The Guarantor may participate in the auction of additional spectrum, although it has made no definitive plans to do so. While competition facing the Guarantor's mobile services business may be definite other providers reduce or cease operations, or if the Guarantor is able to acquire additional spectrum through the reauctioning of 2G spectrum, the Guarantor may face additional competition if it is unable to acquire additional spectrum relative to new entrants or established competitors.

The Guarantor also operates in the international and national long distance segments, where barriers to entry are low and licenses are available at relatively low prices. While a number of players have been awarded licenses, primary competitors for the Guarantor in this segment includes Tata Communications, BSNL and Reliance, with the other licensees using their long distance licenses primarily to carry their own traffic. These smaller players however do not own their have fibres to carry their traffic and consequently continue to lease traffic capacity from the larger players like the Guarantor.

In the traditional fixed line services, the Guarantor's primary competitors are existing government owned entities such as BSNL and MTNL. The Guarantor's strategy is to offer features such as rich fixed wireless services as a substitute for narrow band telephony services offered by BSNL and MTNL.

The Guarantor's main competitors in the Tower Infrastructure business include Reliance Infratel, Viom Networks and GTL Infrastructure while smaller players include players like American Tower Company and ITIL. The barrier to entry in this business is low as well. However, the Guarantor (including its Indus Towers joint venture) is the largest Tower Infrastructure player in India with a pan-India footprint and high pedigree of tenants on its towers.

In the DTH segment, the Guarantor's current competitors include Dish TV, Tata Sky, Reliance BIG, Sun Direct and Videocon. While the entry barriers to this segment are relatively low, the constraining factor remains the availability of appropriate band transponder capacity in satellites with footprint over India.

International

i) Africa

The Guarantor competes with approximately 29 different operators across its 17 African operations. Total number of operators (including the Guarantor) per country range from two (Seychelles and Malawi) to nine (Nigeria) with an average of four operators per country. GSM operations are prevalent in all these countries and many of these countries also have 3G operations.

The Guarantor was the top ranked operator in six countries, second ranked operator in eight countries, and third ranked operator in three countries (all ranked by number of subscribers as of September 2013) according to Informa Telecoms & Media. The Guarantor's total number of subscribers in the 17 countries was 66.4 million as of September 2013.

According to Informa Telecoms & Media, active SIM penetration rates vary widely across these 17 countries from approximately 25.3 per cent. in Madagascar to approximately 153.2 per cent. in Gabon as of September 2013.

Subscribers are unevenly distributed across countries. Nigeria has the largest number of reported market subscribers at approximately 121 million followed by Kenya at 31 million while Seychelles and Gabon have the least number of reported market subscribers, according to Informa Telecoms & Media.

The chief competitors of the Guarantor are Etisalat (five countries), MTN (five countries), Millicom (four countries), France Telecom / Orange (five countries) and Vodafone / Vodacom (four countries).

ii) South Asia

The Guarantor competes with approximately five and four other operators in Bangladesh and Sri Lanka, respectively. The Guarantor's total number of market subscribers in the Bangladesh and Sri Lanka was 8.3 million as of September 2013, respectively. In September 2013, the Guarantor was awarded license and spectrum to operate 3G service across Bangladesh. The Guarantor provides 3.5G across major towns in Sri Lanka.

The chief competitors of the Guarantor in Bangladesh are Grameenphone, Banglalink and Robi. The chief competitors of the Guarantor in Sri Lanka are Dialog, Mobitel and Etisalat.

Litigation

The Guarantor is currently a party to certain proceedings brought by various government authorities and private parties. The Guarantor is one of the largest companies in India and has diversified operations throughout the country. From time to time, the Guarantor is involved in various disputes and proceedings. In addition to the litigation disclosed below, the Guarantor is also involved in, or is a party to, many other disputes. Other than as described below, the Guarantor and its subsidiaries are not involved in any litigation that may (individually or in the aggregate) have a material effect on the Guarantor's business, prospects, financial position, cash flows and results of operations.

As of the date of this Offering Memorandum, the Guarantor is involved in a number of disputes and ongoing proceedings in India. The majority of these disputes relate to regulatory disputes, as well as sales disputes with tax authorities regarding additional tax to be paid on the Guarantor's revenues from activation charges of SIM cards and revenues received from value added services.

The Guarantor has also become party to a number of ongoing proceedings since it acquired Zain Africa B.V. in June 2010. These primarily relate to disputes with local government authorities regarding alleged unpaid taxes, as well as a number of civil proceedings with private parties.

India Litigation

Except as described below, the Guarantor is not involved in any legal proceedings and disputes, and no proceedings are threatened, which may have, or have had, a material adverse effect on the business, financial condition or operations of the Guarantor. The Guarantor believes that the number of proceedings and disputes in which the Guarantor is involved in is not unusual for a company of its size in the context of doing business in India and in the international market. Civil, tax cases and regulatory matters involving an amount of USD 100 million or more have been disclosed below. Additionally all material cases pertaining to the Guarantor being in the nature of criminal cases, and regulatory matters involving on amount of less than USD 100 million which the Guarantor considers to be material have also been disclosed below.

CBI investigation

1. In the matter CBI v. Shyamal Ghose and Others, in the special court for the 2G Spectrum Cases ("Special Court"), the Central Bureau of Investigation ("CBI") has filed a first information report ("FIR") which was registered on 17 November 2011 against Bharti Airtel Limited (the "Guarantor") and other telecom providers on account of alleged irregularities in spectrum allocation by the Department of Telecommunications ("DoT") in 2002. The CBI has alleged in the FIR that the DoT in allocating additional spectrum (between 8 and 10 Mhz) to telecom operators without charging for further spectrum usage charge from these telecom operators (per an order dated 1 February 2002) had caused a loss to the Government for an amount of Rs. 5,080 million. The CBI has on 21 December 2012 filed a charge sheet before the Special Court dealing with 2G spectrum cases, against the then Secretary, Telecom in the Government of India, the Guarantor and another prominent telecom operator in India, in relation to the allocation of additional spectrum to the Guarantor for the Delhi circle and to another prominent telecom operator for Mumbai and Delhi circles during the years 2002 and 2003. The Special Court considered the charge sheet on 19 March 2013.

   The Special Court by its order dated 19 March 2013 ("Order") has ordered issuance of summons to the Guarantor, another prominent telecom operator in India, Mr. Sunil Bharti Mittal, Executive Chairman (at the relevant time, the Chairman and Managing Director) of the Guarantor and two individuals from another prominent telecom operator in India and an ex-official of the Government of India for 11 April 2013. The summons to Mr. Sunil Bharti Mittal and the two individuals from another prominent telecom operator are on the basis that Mr. Sunil Bharti Mittal was Chairman and Managing Director of the Guarantor and therefore in that capacity was prima facie in control of the affairs of the Guarantor as he represented the directing mind and will of the Guarantor and was consequently the *alter ego* of the Guarantor. Due to this reason the acts of the Guarantor were attributed to Mr. Sunil Bharti Mittal for the purposes of the Order.

   Mr. Sunil Bharti Mittal has filed a special leave petition in the Supreme Court in which, on 15 April 2013, the Supreme Court has, by its interim order, deferred the proceedings before the special judge until the special leave petition is heard.

   Directorate of Enforcement investigation:

   As a corollary to the aforesaid CBI investigation, with regard to allocation of additional spectrum (between eight and 10 Mhz) by the DoT in 2002, the Directorate of Enforcement through its letter dated 20 April 2012 and other related requests has also asked the Guarantor under Section 50 of the Prevention of Money Laundering Act, 2002 to produce certain records. The Guarantor is providing necessary cooperation and documents to the investigation agencies. This matter is currently pending.

   As of the date of this Offering Memorandum, no further details of these investigations have been announced by the ED. The Guarantor believes it has cooperated fully with the ED and the CBI. For a further discussion of the risks relating to these ongoing investigations, see "*Risk Factors — Risks Relating to the Guarantor's Business — The Guarantor is involved in certain legal* *proceedings that, if determined against it, could have an adverse effect on its business, results of operations, cash flows and financial condition*".

Spectrum charges dispute

1. The DoT, in its order dated 25 February 2010 issued an order (the "DoT Order") where under the 2G spectrum charges, applicable on telecom service providers, have been increased by 1-2 per cent. with effect from 1 April 2010. The Guarantor, along with other telecommunications service providers appealed against the DoT Order, before the Telecom Dispute Settlement and Appellate Tribunal (the "TDSAT"). In its order dated 1 September 2010 the TDSAT ruled in favour of the DoT upholding the DoT Order. The Guarantor has challenged the decision of TDSAT before the Supreme Court. The Supreme Court, in its order dated 22 October 2010, stayed the operation of the DoT Order, imposing the following conditions:

    1. The Guarantor to deposit 50 per cent. of the outstanding principal amount net of interest in its registry within a period of two weeks;

    2. The balance 50 per cent. of the disputed outstanding amount net of interest be secured by way of bank guarantee of a nationalised bank to be given within a period of two weeks; and

    3. The managing director of the Guarantor to give an affidavit to the effect that, in the event of appeal before the Supreme Court is dismissed, the Guarantor will pay the balance amount with interest at the rate which may be fixed by the Supreme Court at the appropriate stage.

    The Supreme Court also stated that in case of a breach of the aforementioned conditions, the impugned DoT order will come into force with immediate effect. All the conditions as stated herein above have been fulfilled and the stay of the DoT Order has been maintained. The matter is currently pending before the Supreme Court and no date of hearing has been notified. The Guarantor by way of caution is making the payments to DoT under protest and has made appropriate provisioning for all claims. The total amount involved is Rs. 6,952 million. However, the total exposure is Rs. 16,262 million.

Regulatory matters

1. Subsequent to a Government approval to the decision of levying of a one-time spectrum charge on 8 November 2012, an order dated 28 December 2012 was passed by the DoT levying a one-time charge on incumbent telecom operators, by which a one-time charge was levied in accordance with the rates provided for in the schedule of the decision dated 28 December 2012 on entities holding spectrum above 6.2 MHz between the period of 1 July 2008 to 31 December 2012. Additionally, a one-time charge for holding more than 4.4 MHz of spectrum prospectively from 1 January 2013, is being levied in accordance with the rates provided in the schedule of the decision dated 28 December 2012. Thereafter on 8 January 2013, the DoT issued a demand notice raising a demand of Rs. 52,012.40 million against the Guarantor as one time spectrum charges, out of which, Rs. 1,7580.70 million was required to be paid within 21 days from the date of issue

of the said demand notice. The Guarantor challenged the demand by filing a writ petition (no. 184 of 2013) before Bombay High Court, which by order dated 28 January 2013 has stayed the demand while directing the respondents not to adopt any coercive action for non-payment till the next date of hearing. The matter is currently pending.

2. The Government introduced a new package with effect from 1 August 1999, that is, the "Migration Package" pursuant to the "New Telecom Policy 1999" regime which required the licensees to migrate from fixed license fee to revenue sharing fee under which the licensee would be required to pay a one-time entry fee and license fee as a percentage share of gross revenue under the license. In connection therewith, a dispute arose regarding the definition of Adjusted Gross Revenue ("AGR") which was challenged by the Guarantor along with other telecommunications service providers and COAI before the TDSAT. The TDSAT by way of orders dated 7 July 2006 and 30 August 2007 ("Orders") held that the license fee would be payable only on revenues arising out of 'licensed activity' and not revenue arising out of activities outside the license. Aggrieved by this, the DoT filed an appeal before the Supreme Court which, by an order dated 11 October 2011, set aside the Orders and held that TDSAT had no power to get into the validity of the definition of AGR, but could interpret the definitions based on the material on record and remitted the matter back to TDSAT for a fresh decision. The matter is currently pending for arguments before the TDSAT.

   The Guarantor has thereafter challenged the validity of the definition of AGR through a writ petition filed before the Kerala High Court at Ernakulam which passed an interim order dated 8 June 2012 in favour of the Guarantor, ordering it to continue making payments in the same way it was being made throughout the period of its license for telecom activities.

   Subsequently, in November 2012 and thereafter, DoT has also raised additional demands on account of special audit for fiscal years ended 2007 and 2008 against the Guarantor and Bharti Hexacom Limited amounting to Rs. 3,217.76 million and Rs. 110.21 million respectively. In case of the demand against the Guarantor, the Kerala High Court has passed interim order on 23 November 2012 in favour of the Guarantor. In case of the demand against Bharti Hexacom Limited, the Agartala bench of Gauhati High Court has granted stay on 1 February 2013. In November 2012, DoT had also raised supplementary show cause notice on account of special audit amounting to Rs. 226.52 million against which representation has been submitted to DoT.

   From November 2012 and onwards, DoT has raised license fee assessment demands on the Guarantor and Bharti Hexacom Limited for fiscal years ended 2007 and 2008 totalling to Rs. 8,013.80 million (Rs. 1,872.90 million for fiscal year ended 2007 and Rs. 6,108.50 million for fiscal year ended 2008 for the Guarantor and Rs. 32.40 million for the financial year ended 2007 for Bharti Hexacom Limited). The Guarantor has also challenged the said license fee assessment demands before the Kerala High Court and similar interim orders have been passed against such demands and the DoT.

   Further, against the aforesaid demands on account of special audit and license fee assessment raised on the Guarantor and Bharti Hexacom Limited, the Guarantor has filed petitions before the TDSAT, regarding interpretation of the definition of AGR and further challenging all the license fee assessment demands raised by DoT, including the demand dated 31 January 2013 raised on

Bharti Hexacom Limited for the year 2007. The TDSAT has also stayed the demand through its order dated 18 February 2013. The matters are currently pending.

For the license fee assessment demands cum show cause notices amounting to Rs. 20,705.09 million (Rs. 11,466.38 million for the fiscal year ended 2009, Rs. 5,967.70 million for the fiscal year ended 2010, Rs. 3,163.53 million for the fiscal year ended 2011 raised on the Guarantor and Rs. 61.75 million for the fiscal year ended 2008, Rs. 41.68 million for the fiscal year ended 2009, Rs. 4.06 million for the fiscal year ended 2010 raised on Bharti Hexacom Limited), against the Guarantor and Bharti Hexacom Limited, representations have been submitted against some demands to the DoT and with respect to the remaining, representations are in the process of being submitted. The matters are currently pending before the DoT.

3. The Government on 3 November 2006 increased royalty charges (based on revenue share) for microwave access and microwave backbone networks of global systems of mobile communication based telecom service providers. Aggrieved by this, the Cellular Operators Association of India ("COAI") and others, including the Guarantor, filed a petition against the DoT before the TDSAT which, by order dated 22 April 2010, allowed COAI's petition. While the matter was pending adjudication in TDSAT, the DoT further increased the microwave charges on 10 November 2008 and made the decision effective retrospectively from 3 November 2006. Thereafter the DoT filed a special leave petition before the Supreme Court, challenging the decision of the TDSAT and this matter is currently pending for hearing. The disputed royalty amount involved in the case is approximately Rs. 10,267 million.

4. On 23 December 2011, the DoT directed all service providers, including the Guarantor, which have intra-circle roaming agreements to provide 3G services to their customers in circles where they have not been allotted 3G spectrum to immediately stop providing the 3G services through roaming agreements. All the directed parties, including the Guarantor, collectively challenged the DoT directive before the TDSAT, which stayed the DoT order. On 3 July 2012, the two member bench of the TDSAT pronounced a split verdict in the matter. The chairperson, in his judgment, set aside the direction given by the DoT and allowed the petition while the member ordered that the petition be dismissed. As a result of split verdict, the matter remains pending with the TDSAT.

On 28 September 2012, DoT issued a show cause notice for imposition of penalty of Rs. 3,500 Million (at the rate of Rs. 500 Million for 7 Telecom Service Areas, namely, Haryana, Maharashtra, Uttar Pradesh (East), Kolkata, Gujarat, Kerala and Madhya Pradesh) and cancellation of licenses and also directed that 3G intra-circle roaming services be stopped in these 7 circles. The Guarantor challenged the notice before the Delhi High Court by way of writ petition. By way of an order dated 3 October 2012, the writ petition was disposed of by the High Court on agreed terms that the Guarantor would file a reply to the impugned show cause notice and the concerned authority will adjudicate upon the issues raised before it, after according hearing to the Guarantor and further that pending such adjudication, DoT will not take any coercive measures against the Guarantor. The reply to the show cause notice was filed by the Guarantor on 26 November 2012 and a personal hearing was also accorded by DoT on 4 January 2013.

DoT issued an order dated 15 March 2013 deciding the issue against the Guarantor and imposed a penalty of Rs. 3,500 million as well as directing the Guarantor to immediately stop providing intra-circle roaming services in the aforementioned service areas. The Guarantor has challenged the order of DoT dated 15 March 2013 before the Delhi High Court. A single judge bench of the Delhi High Court, after hearing the parties on 18 March 2013 stayed the operation of Dot's order dated 15 March 2013, on certain terms. One of the operators filed an appeal against the single judge's order which was allowed by the division bench and stay was vacated on 4 April 2013.

The Guarantor filed a special leave petition before the Supreme Court, challenging the order of the division bench of the Delhi High Court. The Supreme Court, by its order dated 11 April 2013, has restrained DoT from taking any coercive steps and directed the Guarantor not to extend the facility of 3G services to new customers on the basis of the intra-circle roaming arrangement.

Both the writ petition and the appeal against the interim order have been disposed off without prejudice to the right of the Guarantor to approach TDSAT. The interim order dated 11 April 2013 has been extended till 31 December 2013. The Supreme Court has also called upon TDSAT to dispose off the matter as early as possible, preferably, by the end of this year. The Guarantor, on 3 October 2013, has filed the petition before TDSAT which has been admitted. The matter is currently pending.

5. The DoT had issued guidelines for subscriber verification for acceptance of certain documents such as gram panchayat certificates, caste certificate and allowing of recharge after re-verification in the north east Indian states ("NESA Guidelines"). The DoT has issued various demand notices, aggregating to Rs. 3,960.8 million, on the Guarantor alleging that the Guarantor is in violation of the NESA Guidelines. The Guarantor had challenged all such demand notices before the TDSAT. By orders dated 1 November 2012 and 2 November 2012, TDSAT has allowed the petitions of the Guarantor and Bharti Hexacom in respect of two such matters involving Rs. 2,360 million. DoT filed a review petition against the said order which has been dismissed by TDSAT by its order dated 18 July 2013. The Guarantor and Bharti Hexacom are currently seeking a refund of all the amounts aggregating to Rs. 329.19 million paid under protest in respect of these matters, and a decision relating to Rs. 1,460.8 million is pending with TDSAT.

   Three other matters are pending before the TDSAT.

6. The Guarantor was involved in an arbitration with the DoT with respect to refund of the license fee, interest and penalty of Rs. 4,855.80 million paid by the Guarantor with respect to its telecom license pertaining to the Punjab Circle. The arbitrator decided the matter in favour of DoT. The Guarantor aggrieved by the order of the arbitrator filed an application under section 34 of the Arbitration and Conciliation Act, 1996 before the Delhi High Court. The Delhi Court through its order dated 14 September 2012 (the "Order") set aside the award given by the arbitrator and allowed the Guarantor to take legal recourse to recover the amount. The Guarantor has accordingly sent the DoT a legal notice claiming an amount Rs. 24,958.70 million. The DoT has filed an appeal in the division bench of the Delhi High Court challenging the Order. The appeal is listed for final hearing before the division bench. The Guarantor has also filed a writ petition before the Delhi High Court seeking recovery of the amount. The matter is currently pending.

7. Bharat Sanchar Nigam Limited ("BSNL") has filed an appeal before the Supreme Court challenging the order passed by TDSAT pursuant to which TDSAT had dismissed the demand raised by BSNL in connection with non-calling line identification calls terminated on its network between the period of May 2003 and August 2005 and seeking disconnection against the Guarantor. The amount involved is Rs. 663 million. The Guarantor has paid Rs. 397 million in protest. This matter is pending.

8. BSNL has filed an appeal before the Supreme Court challenging the order passed by TDSAT whereby TDSAT granted a waiver with effect from 3 May 2005 against the demand raised by BSNL in connection with the transit charges in relation to certain operators including the Guarantor. The amount involved is Rs. 1,199 million. The Guarantor has paid Rs. 1,199 million under protest. This matter is pending.

9. The Cellular Operators Association of India has filed an appeal before the Supreme Court challenging the order passed by TDSAT whereby TDSAT had allowed the case filed by BSNL against the regulations issued by TRAI on distance based carriage charges for intra circle calls, thereby only allowing BSNL to levy distance based carriage charges instead of a uniform carriage charge of Rs. 0.20 per minute in the case of intra-circle calls from cellular networks handed over to BSNL. The amount involved is Rs. 3,051 million. This matter is pending.

10. The TRAI notified the Telecommunication Interconnection (Port Charges) Regulations, 2001 (the "Port Charges Regulations") on 28 December 2001. The Port Charges Regulations, inter alia specified that port charges at the rate of Rs. 55,000 per port per annum shall be payable by the interconnection seeker to the interconnection provider. The TRAI subsequently amended the Port Charges Regulations by way of the Telecommunication Interconnection (Port Charges) Amendment Regulations, 2007 (the "First Amendment to the Port Charges Regulations") under which the port charges were revised to Rs. 39,000 per port per annum. BSNL and the Association of Unified Telecom Service Providers of India (AUSPI) had challenged the First Amendment to the Port Charges Regulations. The Supreme Court *by* its order dated 15 December 2010 directed all mobile operators (including the Company) to provide a bank guarantee on the difference of the rates applicable between 2001 and 2007 per Port. Subsequently the TRAI notified the Telecommunication Interconnection (Port Charges) (Second Amendment) Regulations, 2012 (the "Second Amendment to the Port Charges Regulations") on 18 September 2012 wherein it reduced the port charges between Rs. 4,000 and Rs. 10,000 per port per annum. BSNL challenged the Second Amendment to the Port Charges Regulations before the TDSAT. The Guarantor is contesting the challenge on the grounds of unjust enrichment as the cost for providing ports had already been recovered by BSNL. BSNL had asked TDSAT for an interim relief in respect of the matter. The TDSAT however refused to provide interim relief. Aggrieved by the order of the TDSAT, BSNL filed a writ petition before the Delhi High Court. The Delhi High Court by its order dated 29 November 2012 disposed of the writ petition by ordering all mobile operators (including the Guarantor) to provide a bank guarantee on the difference of the rates applicable between 2007 and 2012 per port. While the Guarantor would have complied with the direction of the Delhi High Court, however the Guarantor believes that BSNL is attempting to misinterpret the Delhi High Court order and thereby extract the higher securitisation of the bank guarantees.

BSNL subsequently issued a Circular dated 8 February 2013 followed by invoices of whereby BSNL has sought bank guarantees for renewal of existing ports also. The Guarantor along with the other telecom operators has challenged the circular and subsequent demands before Delhi High Court. The Delhi High Court stayed the circular with observations. The order was challenged before the division bench of the Delhi High Court by COAI and BSNL. The division bench by its order dated 31 May 2013 issued clarification and disposed of the appeals. Subsequently, BSNL issued a circular dated 9 September 2013 to its field units continuing to levy the above charges. COAI again filed a petition in the Delhi High Court challenging BSNL's circular dated 9 September 2013. Delhi High Court by its order dated 30 September 2013 directed that the writ petition be dismissed as withdrawn. The court further directed that since TDSAT was now functioning, the petitioners shall agitate their grievances before TDSAT, within a period of a week. Accordingly, COAI filed a petition in TDSAT challenging BSNL's Circulars dated 8 February 2013 and 9 September 2013. The matter is currently pending before TDSAT. The amount involved in the matter is Rs. 847 million.

11. BSNL has filed an appeal before the Supreme Court challenging the order passed by TDSAT whereby TDSAT allowed the case filed by the Guarantor and AUSPI challenging the demand raised by BSNL in relation to basic operators for a period from May 1999 to May 2003. The amount involved is Rs. 563.0 million. This matter is pending.

12. A special leave petition has been filed by Mr. Yakesh Anand in the Supreme Court against the Union of India ("UoI") on the issue of allocation of spectrum beyond 6.2 MHz to GSM operators i.e. excess spectrum. DoT had allocated the excess spectrum to GSM operators without any additional charge, which has been alleged by the petitioner to be illegal and having caused a loss of Rs. 369.93 billion, calculated on the basis of Comptroller and Auditor General of India report of 2010. The petition has been filed to request quashing of allocation of excess spectrum and order an investigation into the said allocation. The matter is currently pending.

13. A public interest litigation has been filed in the High Court of Delhi by Telecom Watchdog against UoI challenging the allocation of 2G spectrum by UoI to the Guarantor beyond 6.2 MHz. It has been contended in the petition that spectrum is a scarce resource and had been distributed in an arbitrary manner in violation of DoT's and TRAI's stipulations on the same, resulting in loss to the exchequer. The matter is yet to be listed for hearing. Meanwhile Telecom Watchdog has also filed a transfer petition in Supreme Court which has been allowed by its order dated 30 September 2013. The matter is now pending before the Supreme Court.

14. TDSAT had through an order dated 31 March 2009 held that the COAI and its members (which includes the Guarantor), an association of cellular operators in India, did not have any right to receive GSM spectrum beyond 6.2 MHz. A civil appeal has been filed by the COAI in the Supreme Court against the said order. Additionally, on 12 March 2012, an application for directions was filed in the Supreme Court requesting quashing of DoT's decision to allot GSM spectrum to the 'code division multiple access ("CDMA") licensees, cancellation of GSM spectrum allocated to CDMA licensees and a fresh auction for the cancelled spectrum. The application is yet to be heard and decided upon.

15. Association of Unified Telecom Service Providers of India (AUSPI) has also filed a public interest litigation filed before Supreme Court questioning the allocation of additional spectrum

to the telecom operators. AUSPI has prayed to for the Supreme Court to (a) hold and declare that the allocation beyond and in excess of 6.2 Mhz is bad in law; (b) make the aforesaid spectrum available through auction; and (c) TRAI to recommend on appropriate compensation that should be recovered from various telecom operators. The matter is currently pending.

16. An appeal has been filed by the COAI and its members (which includes the Guarantor) challenging the direction dated 27 February 2006 issued by TRAI which provided for levy of differential tariff by private GSM operators in the states of Maharashtra, West Bengal, Tamil Nadu and Uttar Pradesh for calls terminating in the network of BSNL/MTNL, in service areas within the same state. The said direction was contended to be discriminatory in nature, but was dismissed by TDSAT by an order dated 22 December 2006 against which an appeal has been filed in the Supreme Court. On account of the same, TRAI on 22 March 2007 had directed all cellular operators to calculate the excess amount charged to the customers on this account effective 20 May 2005 and the same to be kept in a separate account, to be used only for making refunds to the customers. The Supreme Court has by an order dated 5 April 2007 granted a stay on the said direction of TRAI. The matter is currently pending.

17. The Guarantor had filed a petition before the TDSAT against Tata Tele Services (Maharashtra) Limited and Tata Tele Services Limited (collectively "Tata Teleservices") for recovery of SMS termination charges which was allowed by the TDSAT through an order dated 30 August 2012. Tata Teleservices have challenged the TDSAT judgment before Supreme Court. The Supreme Court have admitted the appeal of Tata Teleservices. The Supreme Court has further ordered that if the appeal is allowed then the Guarantor shall have to refund the amount paid by Tata Teleservices along with interest at the rate of 12 per cent. per annum. Tata Teleservices have made a payment of Rs. 4,012 million post deduction of tax at source to the Guarantor. The matter is currently pending.

18. The Guarantor had sent a demand notice to Aircel Limited demanding a charge of Rs. 0.10 per SMS on account of SMS termination charges. Aircel Limited had filed a petition before the TDSAT against the aforesaid demand notice of the Guarantor. The TDSAT dismissed Aircel Limited's petition by way of an order dated 24 September 2012 with a direction to Aircel Limited to refund the amount to the Guarantor for the restitution period. Aircel Limited challenged the TDSAT judgment before Supreme Court which admitted the appeal. Aircel Limited filed another application before Supreme Court seeking stay of recovery which was rejected by the Supreme Court by way of an order dated 5 December 2012. Aircel Limited has paid the Guarantor approximately Rs. 500 million post deduction of tax as per the demand notice of the Guarantor. Aircel Limited has also stated that it shall continue to pay SMS termination charges at Rs. 0.10 per SMS to the Guarantor. The payments made by Aircel Limited are however subject to final outcome of the proceedings before the Supreme Court. The matter is currently pending.

19. The Guarantor had raised a demand of Rs. 118 million against Reliance Telecom Limited on account of SMS termination charges at the rate of Rs. 0.10 per SMS. The demand was challenged by Reliance Telecom Limited by way of a petition before the TDSAT. The TDSAT by its interim order dated 3 December 2012, has restrained the Guarantor from withdrawing the interconnection services provided to Reliance Telecom Limited and directed Reliance Telecom

Limited to pay 50 per cent. of the amount demanded by the Guarantor from the date of filing of the petition. The interim order of the TDSAT had been challenged by Reliance Telecom Limited before the Delhi High Court. The Delhi High Court by its order dated 21 November 2012 dismissed the writ petition filed by Reliance Telecom Limited. The petition is currently pending before the TDSAT.

20. The Guarantor had raised a demand of Rs. 886 million against Loop Telecom Limited on account of SMS termination charges at the rate of Rs. 0.10 per SMS. The demand was challenged by Loop Telecom Limited by way of a petition before the TDSAT. The TDSAT by its interim order dated 9 November 2012, has restrained the Guarantor from withdrawing the interconnection services provided to Loop Telecom Limited. Subsequently, Loop Telecom Limited and the Guarantor entered into an interconnect agreement wherein Loop Telecom Limited agreed to pay SMS termination charges at the rate of Rs. 0.10 per SMS to the Guarantor (the "InterConnect Agreement"). Loop Telecom Limited has subsequently filed another petition wherein it has alleged that it had been coerced into entering into the InterConnect Agreement. The TDSAT by its interim order dated 18 February 2013 directed Loop Telecom Limited to pay 50 per cent. of the amount demanded by the Guarantor from 9 November 2012. The petition is currently pending before the TDSAT.

21. The Telecom Enforcement Resources and Monitoring Cell of the DoT has issued show cause and demand notices to the Guarantor for violations of EMF norms, delay in submission of EMF self-certification, radiation exceeding emission norms, missing signage for 19 circles, for approximately Rs. 6,346 million as of 30 September 2013 (Rs. 11 million is being claimed towards violation of emission norms and Rs. 6,335 million on account of procedural non compliance of such norms). The DoT in order to recover the amounts claimed in such show cause and demand notices had attempted to invoke the bank guarantees provided by the Guarantor. The Guarantor, through COAI challenged the action of the DoT as well as the validity of the DoT's circular dated 11 October 2012 before the TDSAT. The Guarantor has further claimed that the DoT has prescribed a disproportionate penalty for delayed submission of the self certificates confirming to the limits / levels for base station emissions for general public exposure. The TDSAT by its order dated 26 August 2013 has restrained the DoT from recovering any amount pursuant to the invocation of the bank guarantees provided by the Guarantor. The matter is currently pending before the TDSAT.

    DoT has by way of a letter dated 20 November 2013 amended the penalty structure for EMF non-compliances. For radiation related non-compliances, the DoT increased the penalty from Rs. 0.50 million to Rs. 1 million. For delayed submissions, penalty has been reduced from Rs. 0.50 million to Rs. 5,000 to Rs. 50,000 depending on the period of delay. Further, any deficiency in self certification will invite penalty at the rate of Rs. 2,000 to 50,000 depending on the type of deficiency. Also, a time of 15 days has been given to test and submit self certificate for new sites and relaxing certification procedure for upgrade cases, with prospective effect. The past penalties on account of delayed self certification are currently *sub-judice* and pending before TDSAT with interim orders passed in favour of the Guarantor.

22. The Guarantor has received show cause notices / demand notices from Telecom Enforcement Resource Monitoring Cells amounting to Rs 7,303.5 million out of which Rs 13.0 million is for

emission related non-compliances and the balance pertains to procedural delays for all telecom service areas except Jammu & Kashmir and Uttar Pradesh (East). The issue has been taken up at industry level with the DoT and TDSAT.

23. The Guarantor has received two penalty notices from the DoT dated 9 July 2013 aggregating to Rs 6,500 million. The DoT has alleged that the Guarantor has provided subscribed local dialing services between the years 2002 and 2005 in violation of the terms of the license held by it. The DoT has alleged that the Guarantor has violated the national routing and numbering plan, bypassed the national long distance traffic, not paid the applicable access deficit charges to BSNL and caused a loss to the government exchequer on account of license fee and spectrum usage charges. The DoT has sought to levy a penalty of Rs. 5,500 million for 11 circles at the rate of Rs. 500 million per circle by way of one notice. The DoT, has by way of the second notice sought to levy a penalty of Rs 1,000 million for two circles. The Guarantor has challenged the two penalty notices by way of petitions before the TDSAT. The TDSAT by way of an interim order dated 23 July 2013, has directed the DoT not to take any coercive measure against the Guarantor for the realisation of the penalty imposed in the two penalty notices. The matter is currently pending before the TDSAT.

24. The Telecom Enforcement Resource and Monitoring Cell of the DoT in Karnataka had levied final demand from the Guarantor of Rs. 377.39 million for violating terms and conditions of license agreement pertaining to subscriber verification. The Guarantor had earlier deposited Rs 50 million under protest. The demand has been challenged by the Guarantor before the TDSAT. The TDSAT by its order dated 28 October 2013, stayed the demand and directed the DoT not to take any coercive steps against the Guarantor subject to deposit of 25 per cent. of the demanded amount by the Guarantor. The matter is currently pending before the TDSAT.

25. The license issued to the Guarantor in the year 1994 was valid for a period of 20 years. Accordingly, the license for Delhi and Kolkata circles are due for expiration in the year 2014. The Guarantor made an application to DoT dated 29 January 2013 seeking extension of its licenses along with the bundled spectrum already allocated. The DoT issued guidelines dated 22 January 2013 read with the notice inviting applications dated 30 January 2013 proposing to auction spectrum in the 900 MHz band already held by the Guarantor in Delhi and Kolkata service areas.

The same was challenged by the Guarantor before the Delhi High Court by way of a writ. The writ was disposed of with a direction to the DoT to 'dispose of the pending applications'. Subsequently, DoT met the Guarantor and another telecom operator in a short joint hearing whereby it rejected the applications for extension by its letter dated 22 March 2013. The Guarantor has filed a writ before the Delhi High Court on 14 May 2013 in which regard notice has been issued to DoT. At the current reserve price for 1800 MHz/900 MHz as proposed by the Telecom Commission in November 2013, the cost of acquiring the said spectrum for 20 years by auction shall be Rs. 422,44 million for Delhi and Kolkata service areas. The matter is currently pending.

General show-cause notices

1. The Guarantor has received various show-cause notices from TRAI and DoT as provided herein-below:

    a) Eleven show-cause notices dated 1 November 2010 with respect to non-compliance by the Guarantor of guideline issued by DoT on 27 November 2009 ("DoT Guideline") DoT Guideline, directed all mobile phone companies to bar on their network, all calls made from handsets without a valid 'international mobile equipment identity' number. DoT was of the opinion that the Guarantor by not complying with the DoT Guidelines, had breached its obligations under the 'UAS license agreement ("ULA")'. The Guarantor had been served with these show-cause notices to provide reasons as to why clause 10.2 of the ULA under which a penalty of Rs. 500 million was leviable not be invoked. The aggregate penalty demanded for 11 telecom circles is Rs. 5.5 billion. The Guarantor has replied to all the show-cause notices. The matter is currently pending with the DoT.

    b) Eight show-cause notices dated 25 March 2008 and six show-cause notices dated 4 June 2007 were received by the Guarantor with respect to non-fulfilment of roll out obligations under the ULA. Schedule II, part V of the ULA stipulates that the licensor shall have the right to recover liquidated damages in case of breach of any obligations under the ULA. The Guarantor had been served with the show-cause notices to provide reasons as to why liquidated damages of Rs. 10 million for the Maharashtra service area and Rs. 70 million for each of the remaining 13 service areas not be levied on the Guarantor. The Guarantor has replied to all the show-cause notices. The matter is currently pending with the DoT.

    c) Five show-cause notices dated 12 February 2008, six show-cause notices dated 12 June 2007, one show-cause notice dated 30 August 2007, and one show-cause notice dated 11 September 2007 were received by the Guarantor from the DoT asking for reasons as to why penalty not be levied on the Guarantor and/or why its ULA not be terminated on account of violation of ULA pertaining to spillage of radio transmission in 'no service' areas. The Guarantor has replied to all the show-cause notices. The matter is currently pending with the DoT.

    d) One show-cause notice dated 18 July 2012 with regard to non-compliance of para 9(i) of TRAI direction dated 4 July 2011 on VAS, one show-cause notice dated 18 April 2011 with regard to non-compliance of specified benchmark of three network parameters and one customer service parameter in North-East and Assam of Standard of Quality of Service of Basic Telephone Service (Wireline) and Cellular Mobile Telephone Service Regulations, 2009 ("Service Regulations"), one show-cause notice in May, 2012 with regard to alleged violation of specified benchmark of two network parameters for Gujarat and UP (West) service areas of Service Regulations, one show-cause notice dated 29 October 2012 with regard to alleged violation of specified benchmark of one customer service parameter in ten service areas of Service Regulations and two show-cause notices dated 10 January 2011 and 23 November 2011 with regard to non-compliance of regulation 17 of Telecom Unsolicited Commercial Communication Regulation, 2007 received by the Guarantor. The Guarantor has replied to all the show-cause notices and with regard to the show-cause notice dated 18 July 2011 received by the Guarantor in relation to the direction on VAS, the Guarantor had filed its reply on 6 August 2012, stating that additional solutions and controls have been deployed by the Guarantor to meet the objectives of the afore-mentioned direction. However, TRAI has by the said direction asked all the telecom operators to implement the direction in totality, which has been challenged before the TDSAT in September 2012. TDSAT has dismissed the petition filed by the operators on the grounds of limitation. The Guarantor is yet to receive a penalty demand in respect of the said show-cause notices. Since April 2013, the Guarantor has received six more QoS show cause notices/demand notices for non-compliance with some of the customer service/network service related QoS parameters as specified under Service Regulations for Himachal Pradesh, Punjab, Uttar Pradesh (East), Andhra Pradesh, Kolkata, West Bengal and Delhi service areas for wireline, wireless and broadband services namely, demand notice for Rs 0.15 million dated 22 July 2013 with regard to violation of specified benchmark of customer service parameters for Himachal Pradesh, Punjab and Uttar Pradesh (East) service areas for mobile services, which demand note has been paid; show cause notice of Rs 0.05 million in July 2013 for non-compliance of one customer service parameter for wireline services, for which detailed justification was submitted in response and no further demand note has been received on the same; demand notice of Rs 0.20 million dated 14 October 2013 with regard to alleged violation of specified benchmark of two customer service parameter in 4 service areas, against which payment has been made to TRAI; and SCN of Rs 0.05 million in October 2013 for non-compliance of one network service parameter of broadband services in one service area, for which detailed justification was submitted in response and no further demand note has been received on the same. Further, 11 show cause notices from 3 September 2013 to 11 November 2013 for Rs 51.10 million with regard to non-compliance with 13th Amendment to Telecom Unsolicited Commercial Communication Regulation, 2007 were received by the Guarantor from TRAI, out of which Guarantor has paid Rs. 1.38 million for the defaulted period from 23 August 2013 to 15 September 2013. The Guarantor is yet to receive a penalty demand in respect of balance show-cause notices. Another show cause notice was issued by TRAI to the Guarantor regarding violation of MNP regulations, particularly porting time for deactivation and activation of porting requests. A financial disincentive of Rs 522.50 million has been proposed to be levied against the notice. The Guarantor has sent its response to TRAI giving justifications for reasons causing delay beyond the permissible time. The matter is currently pending.

e) The Guarantor had received various demand notices with respect to monthly Telecom Enforcement Resource Monitoring Cell audits pertaining to non-compliance with the customer verification norms from the period beginning April 2009. Subsequently all matters on the issue, including those of other operators, were disputed before TDSAT by Cellular Operators Association of India. TDSAT had by its order dated 12 April 2012 upheld the industry benchmark of slab wise calculation, pursuant to which a penalty of Rs. 7,805.70 million was levied on the Guarantor, out of which Rs. 1,225 million has already been paid by the Guarantor. Rs. 1,028.7 million has been waived by the TDSAT and Rs. 860.12 million is disputed with DoT but a petition has not been filed in TDSAT as of yet. For the balance amount, see paragraph six above under — "Regulatory Matters".

2. DoT by its letter dated 31 May 2013 has also issued show cause notices for imposition of a penalty of Rs. 3,500 million (at the rate of Rs. 500 million for seven telecom service areas, namely, Assam, Bihar, Karnataka, Mumbai, Rajasthan, Uttar Pradesh (West), West Bengal), where the Guarantor is providing 3G intra circle roaming services to other service providers. The Guarantor has replied back to the show cause notices and is in the process of exploring options for challenging the show cause notices before the TDSAT.

Spectrum Charges Assessment Demand

DoT, by its demand letter dated 19 February 2013, has raised demands for Rs. 7,597.90 million and Rs. 1044.70 million on the Guarantor on account of assessment of spectrum charges for fiscal years ending 2011 and 2012 respectively. The Guarantor has submitted a representation against such demand letter to the DoT on 5 March 2013.

DoT, by its demand letter dated 26 March 2013, has raised another demand of Rs. 97.80 million on account of assessment of spectrum charges up to fiscal year 2008. The Guarantor has submitted a representation against such demand letter to the DoT. The matter is currently pending before the DoT. On 30 September 2013, Comptroller of Communication Accounts, Punjab had raised a provisional demand on account of spectrum charges assessment for the fiscal year ended 2013 amounting to Rs. 5.41 million. The Guarantor has submitted its representation to the Comptroller of Communication Accounts, Punjab protesting the demand. The matter is currently pending.

Taxation matters and show-cause notices

1. The Guarantor has filed a writ petition (writ petition no. 970/2012) dated 14 February 2012 against the Union of India and another before the Delhi High Court challenging the assessment and demand order dated 12 January 2012 issued by the income tax department (the "Department"). The international taxation wing of the income tax department had assessed and raised a demand of Rs. 10,672.40 million (along with an interest of Rs. 2,601 million) on the Guarantor for fiscal years 2007-2008 to 2010-2011 by holding that the interconnection usage charges paid by the Guarantor to international operators would attract liability to deduct tax at the source, for being a 'fee for technical service'. Further the assessing officer in its order as per section 206AA of the Income Tax Act, 1961 applied a flat tax rate of 21.115 per cent. (against the applicable rate of 10.5575 per cent.) in the absence of a permanent account number for the international operators for all the four years.

   The Delhi High Court by an interim order dated 22 February 2012 has stayed the recovery of the aforesaid demand, subject to deposit of Rs. 2,369 million and furnishing of a bank guarantee of Rs. 2,500 million. In accordance with the direction of the High Court, the Guarantor has deposited Rs. 2,369 million and also furnished a bank guarantee of Rs.2,500 million. While keeping this petition pending, the Delhi High Court also directed the Guarantor to pursue a statutory appeal before the Commissioner of Income Tax (Appeals) and also directed the Commissioner of Income Tax (Appeals) to pass an order within three months. The Commissioner of Income Tax (Appeals) by its order dated 21 May 2012 partly allowed the appeal giving the relief for treaty and rate benefits and reducing the total demand to Rs.2,557 million. Aggrieved by this order, the Guarantor preferred an appeal before the Income Tax Appellate Tribunal ("ITAT"). The Department also filed an appeal before the ITAT challenging the order passed by the Commissioner of Income Tax (Appeals). Both the appeals are currently pending for hearing before the ITAT on 23 December 2013. The matter was also heard before the Delhi High Court on 30 November 2012 when the High Court asked the Department to file an affidavit confirming the amount due from the Guarantor and adjourned further proceedings until 15 February 2013. On 15 February 2013, the Delhi High Court modified its order dated 22 February 2013 and directed that the bank guarantee of Rs. 2,500 million be substituted with a bank guarantee of Rs. 200 million within one week. Further, the Guarantor was also issued notices dated 5 March 2012 by the Department seeking information pertaining to the interconnection usage charges paid by the Guarantor to the international operators during the fiscal years 2001-02 to 2006-07, which was challenged by the Guarantor before the Delhi High Court. The Delhi High Court restrained the Department from passing any final order. These matters are currently pending.

2. The assessing officer of the Income Tax Department completed assessment for the assessment year 2008-09 whereby, the assessing officer has, amongst others, purportedly disallowed certain expenses such as license fees, lease charges and interest, and a loss of Rs.57,396 million on the de-merger of the telecom infrastructure to Bharti Infratel Limited, which the Guarantor had not actually claimed in its tax return. The amounts disallowed have been added to the taxable income of the Guarantor which raised a principal tax demand of Rs.28,717.67 million against such disallowance and as the Guarantor believed that such additions were erroneous and not sustainable it preferred an appeal before the Income Tax Appellate Tribunal ("ITAT") challenging the order passed by the assessing officer. The ITAT by an order dated 21 January 2013 granted a stay and further extended the stay on 12 July 2013 on the demand for such disallowance. The matter is currently pending.

3. The Commissioner of Service Tax, Delhi for the period between September 2004 to September 2009 has issued show-cause notice dated 22 April 2010 asking why the central value added tax credit amount availed of by the Guarantor should not be denied on capital goods, input material and input services such as iron and steel used in construction of transmission towers and the input services used in the construction of the same. Further, the show-cause notice also alleged wrongful availment of central value added tax credit with respect to capital goods viz. structure of iron and tower of various sizes external cable trays, dual mounts pole and other accessories, prefabricated building/shelters/PUF, tubular towers fitting accessories, angles and cables. The demand raised in the show-cause notice was for an amount of Rs 5,739.9 million. By way of reply dated 19 December 2012, the Guarantor replied to the show-cause notice stating that the central value added tax credit was allowed on the above items as the same were used for putting in place the telecom network and infrastructure without which the telecommunication service could not be effectively provided.

   The Commissioner of Central Excise by its order dated 16 May 2013, allowed credit on some of the components and dropped the above amount raised in show cause notice from Rs 5,739.90 million to Rs. 1,427 million and directed the company to deposit Rs. 1,427 million along with interest and penalty. The Guarantor has filed an appeal against the order of Commissioner before CESTAT, New Delhi. The matter is currently pending.

4. The Commissioner of Service Tax issued a show-cause notice dated 20 April 2010 amounting to Rs 5,266 million disallowing the central value added tax credit retained by the Guarantor on transfer of Passive Infra Projects (P) Limited to Bharti Infratel Ltd. The department also filed a petition before the Delhi High Court against the scheme of arrangement containing the clause of retention of central value added tax credit by the Guarantor. Thereafter Rule in accordance with Rule 10 of the Cenvat Credit Rules, 2004 the High Court directed that the scheme shall not come in the way of the statutory authority to decide the matter in line with the law and both the parties shall have their rights protected to contest. The department disallowed the central value added tax credit under rule 3(5) as well as 10(2) respectively. Reply to the show-cause notice is yet to be filed and the matter shall be adjudicated post filing of reply.

   The department of service tax, by another show cause notice dated 22 March 2013, had raised a protective demand amounting to Rs. 10,498 million for the same issue. As the said amount of Rs. 10,498 million was not justified by way of an explanation or any other reasoning, the Guarantor has sought clarification for the alleged SCN. The issue is currently pending.

Environmental matters

1. Mrs. Nirmala, Mrs. Kusum and Mr. Mohammad Rais have filed separate writ petitions against the State of Madhya Pradesh, the Guarantor and others before the Madhya Pradesh High Court claiming removal of mobile towers on account of the fact that the mobile towers emit harmful radiations and therefore adversely affect the health and environment. The matters are pending.

2. The 'Society for Voice of Human Rights and Justice' and another group have filed a public interest litigation against the Union of India and the Guarantor before the Allahabad High Court claiming that the mobile towers and brick kiln and chemical factories were causing damage to the environment and surrounding water bodies and was seeking for appropriate actions to be taken against the same. The matter is pending.

3. Mr. K.R. Ramaswamy has filed a public interest litigation against the Guarantor and 13 other parties before the Madras High Court, inter alia seeking issuance of writ of mandamus directing the respondents to formulate appropriate rules, regulations and guidelines for erecting the mobile towers in vacant lands after considering the structural standards, radiation specification prescribed for towers by the World Health Organisation and exposure limit to human beings. The matter is pending.

4. Mr. Baij Nath Mahto has filed a writ petition against the State of Uttar Pradesh and the Guarantor before the Allahabad High Court seeking issuance of writ of certiorari for quashing orders passed by the additional district judge, Lucknow in the proceedings wherein the petitioner had raised grievance against running of a diesel generator set to provide power back-up to the telecommunication tower installed on a piece of land in front of his house on the grounds that it resulted in air and noise pollution. The matter is pending.

5. Mr. Pati Rangamma and others have filed a writ petition against the Guarantor before the Andhra Pradesh High Court and others seeking direction for prohibiting the respondents from

erecting cell towers on the grounds of health hazard and emission of radiation. The matter is pending.

6. Mr. S. Mahender has filed a writ petition against the Guarantor and others before the Andhra Pradesh High Court seeking direction prohibiting the respondents from erecting cell tower on the grounds of health hazards and emission of radiation due to operation of towers. The matter is pending.

7. Justice I.S. Israni and others had filed a public interest litigation against Bharti Hexacom and others before the Rajasthan High Court for removal of mobile towers from residential areas, hospitals and schools on grounds of health hazards caused by radiation from mobile towers. The public interest litigation was decided by Rajasthan High Court by way of judgment dated 27 November 2012 directing the removal of mobile towers from schools, colleges and hospitals within two months. The judgment also directed that towers within vicinity of 500 meters from the jail premises be removed within six months and in case any tower is existing near ancient monuments or old heritage building or on playgrounds, the removal be considered by the state government and local authorities concerned examining on facts on individual basis whether removal is necessary within two months. The judgment has been challenged by the Guarantor and others before the Supreme Court. The Supreme Court has granted time to the state of Rajasthan to file counter affidavit and extended the two months period specified by the Rajasthan High Court. The matter is pending.

8. Mr. Raman Kumar has filed a writ petition before the Himachal Pradesh High Court against the Deputy Commissioner, Kangra, the Guarantor and other telecom service providers, alleging that a mobile tower had been installed by the Guarantor in a residential area without taking the requisite permissions from the concerned authorities and a ‘no objection certificate’ from the surrounding residents. Mr. Raman Kumar has further alleged that despite the resolution of the local panchayat to move the mobile tower from the aforesaid area, the mobile tower was erected by the Guarantor. Mr. Raman Kumar has also alleged that the mobile tower will be a threat to health of residents of surrounding area due to emission of radiation from such mobile tower. The matter is currently pending.

9. Mr Jagbir Singh has filed a writ petition against the Guarantor and others before the Punjab and Haryana High Court praying for removal of mobile towers from residential areas on account of health and safety hazards. The High Court of Punjab and Haryana had clubbed all related matters and later ordered removal of mobile towers. The judgment of the High Court of Punjab and Haryana was challenged by Guarantor and others before the Supreme Court. The Supreme Court has ordered a stay of the said order. The matter is currently pending.

10. Dr. Arvind Gupta has filed an application before the National Green Tribunal (“NGT”) stating that electromagnetic field radiation (“EMFR”) matters should be heard and disposed-off by the NGT and not by any other court or tribunal. Dr. Gupta has also sought directions to regulate the EMFR. The Guarantor has filed a preliminary objection, stating that the NGT does not have jurisdiction to hear the matter, as EMFR is not a ‘pollutant’ and thus this matter cannot be heard by the NGT. This matter is currently pending.

11. Mrs. Jasmine Piety Braganza and 15 others, who are residents of Goa have filed a public interest litigation before the Goa bench of Bombay High Court, alleging that a mobile tower shared by the Guarantor in a residential area is installed without taking the requisite permissions from the concerned authorities and is a threat to health of surrounding residents due to emission of radiations. The matter is currently pending.

12. The Collector of Pondicherry invoked section 133 of Criminal Procedure Code, 1973 and passed a government order asking all telecom operators including the Guarantor to switch off the mobile towers within the vicinity of 500 meters of the Pondicherry Kalapet jail, which was subsequently revised to 1500 meters. The Guarantor has filed a writ petition before the Madras High Court challenging the aforesaid orders. The Madras High Court has directed the telecom operators to conduct a survey inside the jail in presence of the DoT. It has also directed the Collector to de-seal the mobile towers during the testing. The matter is currently pending.

13. Mr. Arun Kumar and another have filed a public interest litigation before the Karnataka High Court against the DoT and telecom operators including the Guarantor alleging that the mobile towers being installed are without any norms and procedure. The matter is currently pending.

14. Mr. Kariyappa and others have filed a writ petition before the Karnataka High Court seeking a writ of mandamus directing the Valur Panchayat to stay the installation of the mobile tower being erected at Valur village, issuance of appropriate directions to the authorities concerned to initiate action against the Guarantor under the various provisions of the Karnataka Panchayat Raj Act, 1993 and a direction to the Panchayat to ensure the safety of the environment prior to granting of permission for the installation of mobile towers. The matter is currently pending.

15. Mr. Nachhatar Singh and others have filed a suit for injunction before the civil court at Bathinda, alleging that the Guarantor is in the process of installing a mobile tower adjacent to their property, and such installation of tower would lead to damage to their property and the related health hazards of such mobile tower would affect lives of residents in the surrounding area. The matter is currently pending.

16. Mr. Partap Singh and others have filed a suit for injunction before the civil court at Ludhiana claiming removal of mobile towers of the Guarantor from residential areas alleging health and safety hazards. The matter is currently pending.

17. Mr. Tejinder Singh has filed an injunction suit before the civil court at Bathinda, claiming removal of a mobile tower of the Guarantor in their adjacent building on grounds of noise and air pollution created by diesel generator sets. The matter is currently pending.

18. Mr. Mohan Singh and others have filed an injunction suit before the civil court at Ludhiana against the Guarantor claiming removal of mobile towers on grounds of health hazards, affecting the health of the residents of the surrounding area. The matter is currently pending.

19. Mr. Prem Singh has filed an injunction suit before the civil court at Nurpur, Himachal Pradesh, for injunction against the Guarantor alleging that mobile tower is being constructed on his land

without his consent and its installation will be a source of health hazards. The matter is currently pending.

Other Matters

1. The Directorate of Enforcement issued a notice dated 19 August 2009 to the Guarantor (successor-in-interest of Comsat Max Limited) stating that the Guarantor had acquired a 100 per cent. equity interest in Bharti Broadband Limited (formerly known as Comsat Max Limited) and Comsat Max Limited had made remittances amounting to U.S.$37,770 to Comtech EF data. However, Comsat Max Limited had not submitted the documentary evidence regarding actual use of such remittance for import transaction as reported by RBI to the bank. The matter is currently pending.

2. CBI issued an enquiry notice in relation to provisioning of international long distance services and end to end data services under one stop shop by the Guarantor to Singtel and has sought documents and information pertaining to period from 2003 onwards such as license agreement and contracts with SingTel, sample copy of invoices raised on Indian customer, details of all international long distance circuits provided by Guarantor, revenue generated thereon and license fee paid. Subsequently, DoT by its letter dated 1 April 2013 invited the Guarantor to present its case before the committee constituted by DoT on 10 April 2013. Upon objection by the Guarantor to the constitution of the said committee, DoT constituted a new committee under chairmanship of an officer of the rank of deputy director general. The Guarantor is awaiting intimation from the DoT asking it to present its case.

3. The Office of the Regional Director, Ministry of Corporate Affairs, Government of India (the "Regional Director"), through its letter dated 15 November 2011, had ordered an inspection of the books of accounts and papers of the Guarantor under section 209A of Companies Act, 1956. The Regional Director and the Registrar of Companies by various letters had sought clarification on compliance of certain provisions of the Companies Act, 1956 by the Guarantor. The Regional Director and the Registrar of Companies has issued similar query letters to two (2) erstwhile companies which were amalgamated with the Guarantor. The Guarantor has filed its reply to all the letters of the Regional Director. The Guarantor has not received any further communication from the Regional Director in this regard.

4. SEBI in its letter dated 26 March 2012 issued to the Guarantor, sought certain information and documents relating to the trading in the scrip of the Guarantor. On 25 May 2009, the Guarantor had by way of a press release, informed NSE regarding its efforts for a significant partnership with MTN Group Limited ("MTN"). On 30 September 2009, the Guarantor had informed NSE that the Guarantor would be disengaging from the discussion with MTN. By way of the aforesaid letter, SEBI required information in relation to significant partnership of the Guarantor with MTN, certain details of trading in scrips of the Guarantor and persons involved in trading. The Guarantor has filed a point-wise reply with SEBI on 10 May 2012 along with the necessary documents. Subsequently, SEBI has continued to make requests for further information in this regard by way of emails and other correspondences. The Guarantor has provided the requisite information and the last response was provided on 16 November 2012. SEBI has not made further requests after the last response provided by the Guarantor.

5. The Consumer Online Foundation ("COF") had filed a complaint before the Competition Commission of India ("CCI") alleging that direct to home ("DTH") operators were limiting competition by not offering interoperability. The director general investigated the complaint and gave its observations to CCI. The CCI issued directions to all DTH operators to submit their objections/replies. The Guarantor filed its response to the director general's observations. The Guarantor received favourable order from the CCI as anti-competitive 'tie-in' arrangements by DTH operators could not be established. The COF had challenged the order passed by CCI before the Delhi High Court in a writ petition. The Delhi High Court by way of its order dated 1 June 2011 dismissed the writ petition on the ground that CCI has passed order under section 27 of the Competition Act, 2002 for which the remedy was an appeal to be filed before the Competition Appellate Tribunal (COMPAT). Accordingly COF filed an appeal before the COMPAT. A review petition was subsequently filed by COMPAT before Delhi High Court praying for review of the orders dismissing the writ on the ground that the order passed by the CCI was not under section 27 of the Competition Act, 2002. The original writ petition has been restored by Delhi High Court and COF has withdrawn the appeal from COMPAT. The writ petition is pending in Delhi High Court.

Criminal Matters

1. The Guarantor has filed a complaint under section 138 of Negotiable Instruments Act, 1881 against Mr. Rakesh Malviya, which was dismissed and later withdrawn and a statement was issued by the then executive of the Guarantor, Mr. Manish Patel stating that all disputes with Mr. Rakesh Malviya, namely relating to payment of mobile phone bills, should be considered settled. However Mr. Rakesh Malviya filed a case of perjury against various senior officials of the Guarantor under section 340 of the Criminal Procedure Code, 1973 before the Metropolitan Magistrate, Saket, New Delhi alleging that false statements had been made by the then executive of Guarantor, Mr. Manish Patel. Mr. Malviya alleged that Mr. Patel never settled the dispute with the Guarantor, as he had neither issued any cheque, nor made any payment towards settlement of the dispute. The Court has assumed jurisdiction over the case against the accused Mr. Manish Patel and dropped charges against the other accused senior officials of the Guarantor. The matter is currently pending.

2. Mr. Deepak Srivastava filed a criminal complaint under Section 420 of the Indian Penal Code, 1860 alleging that free flights tickets were not issued under free flight scheme of the Guarantor. He has alleged that the entire scheme floated by the Guarantor was fraudulent and despite complying with all the formalities of the scheme of the Guarantor, free air tickets were not issued to him. On the basis of the complaint, amongst others, the chairman and managing director of the Guarantor had been summoned by the trial court. The summons were challenged before the Allahabad High Court (Lucknow bench). The Allahabad High Court has stayed the proceedings of the trial Court. The matter is currently pending.

3. A criminal complaint has been filed by the Delhi Development Authority ("DDA") before the trial court against the Guarantor for misuse of property under section 29(2) read with sections 14 and 32 of the Delhi Development Authority Act, 1957 with respect to sites situated at K-6, ground floor, NDSE II and C-657 New Friends Colony, New Delhi. The DDA has alleged that the Guarantor has installed a remote switching unit without advance permission at such sites.

The Guarantor has filed a petition under section 482 of Criminal Procedure Code, 1973 pursuant to which the Delhi High Court stayed the trial court proceedings. The matter is currently pending.

4. A criminal complaint has been filed by New Delhi Municipal Corporation ("NDMC") before the trial court against senior officials of the Guarantor for misuse of property with respect to sites situated at Khan Market, New Delhi. The NDMC has alleged that the Guarantor has installed a remote switching unit without advance permission at such sites. The Guarantor has filed a petition under section 482 of Criminal Procedure Code, 1973 pursuant to which the Delhi High Court has stayed the trial court proceedings. The matter is currently pending.

5. Mr. Lalit Kumar Gupta has filed a criminal complaint before the Court of Chief Judicial Magistrate, Panchkula, Haryana against the Guarantor alleging cheating and forgery of bills by adding nominal amounts under the guise of VAS charges. Accordingly, a summoning order was issued by the Court of Chief Judicial Magistrate, Panchkula, Haryana on 21 September 2007. The summoning order was challenged by the Guarantor before the High Court of Punjab and Haryana which quashed the summoning order. The matter is now remanded back to the Court of Chief Judicial Magistrate, Panchkula, Haryana to carry out an enquiry in accordance with the provisions of Criminal Procedure Code, 1973. The matter is currently pending.

6. Mr. GP Singh has filed a criminal complaint before the Court of Additional Chief Judicial Magistrate, Greater Noida, Uttar Pradesh against the Guarantor alleging that his mobile number was transferred to someone else without his permission, as a result of swapping of his SIM Card. The court took cognizance under section 420 of the Indian Penal Code and section 66 of the Information Technology Act, 2000 and accordingly issued summons to the Guarantor. The Guarantor challenged the summons before the Allahabad High Court which has stayed the summoning orders in a petition. The matter is currently pending.

7. Mr. Prasaddi Kumar has filed a criminal complaint before the judicial magistrate, first class, Gaya against the Guarantor and others alleging that pursuant to a lease agreement, his land was fraudulently and dishonestly acquired by the implicated persons for the installation of a mobile tower and later the payment was not made to him. He has alleged that the mobile tower installation work was never completed and the land was damaged and was rendered unsuitable for any purpose. The judicial magistrate, first class, Gaya issued summoning orders against the chairman and managing director of the Guarantor and others. The criminal proceedings in the trial Court have been challenged by the Guarantor before the Patna High Court. The matter is currently pending.

8. Mr. Birinder Kumar, labour superintendent, Bhagalpur has filed a criminal complaint against the chairman and managing director of the Guarantor and others alleging violation of the provisions of Shop and Establishment Act, 1953 as the Bhagalpur zonal office of the Guarantor had not been registered under the aforesaid act. Mr. Birinder Kumar has also alleged that the Guarantor failed to produce attendance/payment and other registers and records as required under the aforesaid act. The court of judicial magistrate first class, Bhagalpur had accordingly issued summoning orders. The Guarantor has filed a petition before Patna High Court challenging the trial court proceedings. The matter is currently pending.

9. The labour superintendent, Bhagalpur has filed a criminal complaint against the chairman and managing director of the Guarantor alleging, amongst others, violation of the provisions of Minimum Wages Act, 1948, non-maintenance of applicable registers and records in relation to contractual workmen working at the premises of the Guarantor. The court of judicial magistrate first class, Bhagalpur had accordingly issued summoning orders. The Guarantor has filed a petition before Patna High Court challenging the trial court proceedings. The matter is currently pending.

10. Mr. Infant Dinesh has filed a first information report against the Guarantor and others under the provisions of Indian Penal Code, 1860 alleging cheating, breach of trust and criminal conspiracy. Mr. Dinesh has further alleged that the Guarantor is unlawfully charging VAS. The Guarantor has filed a quashing petition before the Madras High Court challenging the complaint. The Madras High Court has granted an interim stay to the trial court proceedings. The matter is currently pending.

Including the above, there are currently 62 criminal cases initiated against Guarantor including cases relating to its employees pending before various forums in relation to *amongst others,* allegations raised for cheating and dishonesty, wrongfully, inducing of and delivery of property, receipt of obscene messages by a customer even after registering for 'do not disturb' services, illegal installation of tower, forged documents and pre-activated SIMs, issuance of multiple connections by the employer, dispute over the property, defacement of official property without any authorisation by putting the Guarantors banner on an electric pole, disputes in relation to the provisions of the lease agreement, criminal breach of trust, non-compliance with the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 including failure to maintain records and issue of employment card, false billing, damage and public inconvenience caused due to digging for laying underground cables, unauthorised laying of optical fibre cable, unauthorised digging for laying of underground cables, violation of the provisions of the Minimum Wages Act, 1948, extortion, criminal trespass, mischief, theft by the employee, failure to meet the fire safety standards, threat, obscene activities and misrepresentation by the employee, harassment by employees while collecting dues, illegal tapping of mobile phone, assault and breach of promise, false information to public servant, violation of certain provisions of the Bombay Shops and Establishments Act, 1948, and Karnataka Shops and Establishments Act, 1961, violation of certain provisions of the Madhya Pradesh Shram Kalyan Act, 1982 for failure to contribute to labour welfare fund, false evidence provided by the authorised representative of the Guarantor, misuse of property, criminal intimidation and false charge of offence made, dishonour of cheque conspiracy, billing dispute, encroachment of property, contempt of court proceedings on the ground that requisite call details were not provided in relation to a particular number, violation of certain provisions of the Standards of Weights and Measures Act, 1976, the Legal Metrology Act, 2009, the Forest Conservation Act, 1980, the Copyright Act, 1957, the Building and other Construction Workers Act, 1996, death of cattle due to vibration of diesel generators and certain cyber crimes and misuse of customer documents. These matters are all currently pending.

Cases against Bharti Infratel Limited

Criminal Matters

There are 70 criminal cases involving Bharti Infratel including cases in relation to its employees before different forums *inter alia* on grounds of nuisance, air and noise pollution and other health hazards caused due to operation of towers, electricity theft through illegal connection, non-payment of dues for filling diesel on Bharti Infratel's sites, dispute over ownership of land where towers have been commissioned, removal of towers and diesel generator sets, objection to installation of towers in residential areas, unauthorised and illegal construction of towers, installation of towers in breach of the notifications issued by the Ministry of Civil Aviation and failure to obtain permission from relevant authorities for installation of towers falling majorly under section 133 and section 144 of Criminal Procedure Code, 1973. The matters are currently pending.

Environmental Matters

1. Arvind Gupta had filed an application against the Union of India, SEBI, Bharti Infratel and six other telecom operators before the National Green Tribunal, New Delhi ("NGT"), in relation to implementation of applicable norms pertaining to electromagnetic radiation emitted by the base transceiver stations and non-compliance with electromagnetic radiation related norms by the telecom operators. The applicant has prayed for an interim relief against any capital raising by Bharti Infratel and six other telecom operators by way of a public issue or a private placement for installation of mobile towers. This application is pending adjudication on the issue of maintainability.

2. Bharti Infratel had challenged the applicability of the provisions relating to consent to establish and operate under the Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008. The petitions are pending disposal before the NGT.

3. Justice I.S. Israni and others had filed a public interest litigation against Bharti Infratel and others before the Rajasthan High Court for removal of mobile towers from residential areas, hospitals and schools on grounds of health hazards caused by radiation from mobile towers. The Rajasthan High Court had by an order dated 10 December 2012 *inter alia* directed that towers from hospitals, colleges and near jail premises be removed and removal of towers near ancient monuments, heritage building and playgrounds be examined for appropriate action. Tower Association ("TAIPA") has filed a special leave petition before the Supreme Court and the order of the Rajasthan High court has been stayed by the Supreme Court. Similar petitions have also been filed by COAI, AUSPI and BSNL. The matter is currently pending.

Other than the above, there are civil cases/writ petitions involving Bharti Infratel before various forums pertaining to certain environment issues including *inter alia* temporary and permanent injunctions against installation of Bharti Infratel's towers on the grounds of noise pollution, air pollution and other health hazards caused due to the rays and radiation of its tower, nuisance caused due to operation of those towers, construction of the towers without permission of competent authority and damage to the adjacent property due to operation of such towers.

Tax Matters

1. The Commissioner of Income Tax, Delhi-I ("CIT") has, on 25 July 2012, filed an appeal against Bharti Infratel Limited and the Bharti Infratel Ventures Limited before the High Court

of Delhi against the order sanctioning the scheme of demerger between the Bharti Infratel Limited and the Bharti Infratel Ventures Limited alleging that the demerger should not be covered under the purview of sections 391 to 394 of the Companies Act, 1956 as passive infrastructure assets were transferred under the scheme without any consideration and hence the transfer was in the nature of a gift. Subsequently, CIT filed an application before the High Court of Delhi for condonation of delay in re-filing the appeal. Bharti Infratel had filed a reply to oppose condonation of delay on various grounds including *inter alia* that the delay of 383 days by the CIT in re-filing of the appeal was without sufficient cause. This matter is currently pending before the High Court of Delhi and listed for hearing on 18 February 2014.

2. The Department of Income Tax ("IT") has, on 28 August 2012, filed an objection petition against the Scheme of Merger ("Indus Scheme") between Bharti Infratel Ventures Limited with Indus Tower Limited before the High Court of Delhi alleging that the notice of the Indus Scheme was not issued to the Central Government, transfer of assets under the scheme was proposed to avoid tax and stamp duty and transfer of assets was proposed without consideration which was *ultra vires* the provisions of the Companies Act, 1956. The petitioners of the Indus Scheme have filed a joint affidavit in response to the objection petition before the High Court of Delhi. The matter was listed for final hearing on 1 April 2013 where the Delhi High Court sanctioned the Indus Scheme by way of an order dated 18 April 2013. The income tax department has filed an appeal against such order before the division bench of the Delhi High Court. The matter has been listed on 18 February 2014.

3. The assessing officer for the assessment year 2010-11, has made additions to amount of net lease equalisation amounting to Rs 2244.88 million alleging that amount should have been considered in tax computation according to accrual concept. The assessing officer has also made an addition on account of short term capital gain arise on transfer of passive infrastructure to Bharti Infratel Ventures Limited at zero value. The assessing officer has determined fair value per tower on the basis of red-herring prospectus and calculated short term capital gain of Rs. 5050.70 million. The amount has also been added for computation of book profit under section 115 JB. Further, the assessing officer has also added, provision for gratuity amounting to Rs 9.93 million, for the purposes of computation of book profit under section 115 JB; alleging that the amount is an unascertained liability and created tax demand of Rs. 1 billion.

Other than the above, there are 62 tax related cases before various forums in relation to imposition of value added tax on revenue sharing, imposition of tax on entry of goods, inaccurate road permit, disallowance of revenue equalisation, incorrect particulars included in the return filed for the tax-deductible at source and improper affixing of signature on non-returnable gate pass and non-submission of authenticated or original copy. These matters are currently pending.

Tax Notices

1. The Commissioner of Service Tax, New Delhi issued a notice in relation to disallowance of CENVAT credit amounting to Rs. 5,504.62 million for excise duty charged by suppliers on equipments including towers, DG sets and shelters, air conditioners and service tax payable on certain operation and maintenance services for the period from August 2007 until September

2009. The notice is pending. Bharti Infratel Limited has received three more notices for the period from October 2009 to September 2011 in relation to disallowance of CENVAT credit amounting to Rs. 1,050.10 million. One more notice in relation to this matter was received on 20 April 2013 for the period between October 2011 and June 2012 amounting to Rs. 321.50 million. These matters are currently pending.

2. The Commissioner of Service Tax, New Delhi issued a notice in relation to disallowance of CENVAT credit amounting to Rs. 1,209.74 million on input services relating to certain operation and maintenance services for the period from August 2007 to March 2010. The notice is pending. Additionally, Bharti Infratel Limited has received two notices from April 2010 to September 2011 in relation to disallowance of CENVAT credit amounting to Rs. 242.38 million. One more notice in relation to this matter has been received for the period between October 2011 and March 2012 amounting to Rs.15.30 million. The matters are currently pending.

Africa Litigation

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

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

Under the transaction to acquire a 65 per cent. controlling stake in Airtel Networks Limited in 2006, the selling shareholders were obliged under the pre-emption right provision contained in the shareholders agreement dated 30 April 2002 (the "Shareholders Agreement") to first offer the shares to each other before offering the shares to a third party. The sellers waived the pre-emption rights amongst themselves and the shares were offered to EWL despite the fact that EWL's status as a shareholder itself was in dispute. However, the offer to EWL lapsed since EWL did not meet its payment obligations to pay for the shares within the 30 days deadline as specified in the shareholders agreement and the shares were acquired by Celtel Nigeria BV (now, Bharti Airtel Nigeria BV) in 2006. EWL has filed a number of suits before Courts in Nigeria and commenced arbitral proceedings in Nigeria contesting the acquisition. The Company's indirect subsidiary, Bharti Airtel Nigeria BV, which currently owns 79.1 per cent. of Airtel Networks Limited, has been defending these cases vigorously since the arbitration commenced.

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

On 3 February 2012, Bharti Airtel Nigeria BV filed an application before the Lagos State High Court to set aside the Partial Final Award. In addition, Bharti Airtel Nigeria BV filed an application for an injunction to restrain the parties to the Arbitration from further convening the arbitration for the purposes of considering the quantum of damages that could be awarded to EWL until the conclusion of the matter to set aside the Partial Final Award. The application to set aside the Partial Final Award was heard by the Lagos State High Court on 4 June 2012 and by a Judgment delivered on 4 October 2012, the Lagos State High Court dismissed Bharti Airtel Nigeria BV's application to set aside the Final Partial Award. Bharti Airtel Nigeria BV lodged an appeal against the Judgment of 4 October 2012 at the Court of Appeal in Lagos, Nigeria. The appeal was heard on 20 November 2013 and the judgment was reserved.

Without prejudice to the application by Bharti Airtel Nigeria BV before the Nigerian courts to set aside the Partial Final Award, preliminary steps are ongoing in relation to the damages hearing in the Arbitration and EWL has filed its damages claim in this regard and Bharti Airtel Nigeria BV filed its Defence on 19 April 2013. The damages hearing was heard by the Tribunal from 14 October 2013 to 26 October 2013. The parties are required to submit their closing arguments no later than 20 December 2013 and the Award is expected soon thereafter.

Given the low probability of any material adverse effect to the Company's consolidated financial position and the indemnities in the share sale agreement concluded with the Zain Group in 2010, the Company determined that it was appropriate not to provide for this matter in the financial statements. Further, the estimate of the realistic financial impact of any damages, if any, cannot be made at this time and not before the conclusion of the legal proceedings.

In addition, Airtel Networks Limited is a defendant in an action where EWL is claiming entitlement to 5 per cent. of the issued share capital of Airtel Networks Limited. This case was commenced by EWL in 2004 (prior to the Vee Networks Limited acquisition in 2006). The Court of first instance on 24 January 2012 held that EWL should be reinstated as a 5 per cent. shareholder in Airtel Networks Limited. Despite the fact that the 5 per cent. shares claimed by EWL had been set aside in escrow since 2006 and therefore will not impact the 65.7 per cent. held by Bharti Airtel on a fully diluted basis in Airtel Networks Limited, the company believes that there are good grounds to appeal the first instance judgment. The company accordingly filed a Notice of Appeal and made two further applications before the Federal High Court for a stay of execution of judgment pending appeal and a motion for injunction, both applications were heard on 13 March 2012. On 7 May 2012, Honourable Justice Shuaibu in delivering the ruling at the Federal High Court stated that having considered the application before the court, the sole issue arising for determination was whether the Applicant had made a case for the grant of the reliefs sought. He stated that while Order 28 Rules 1 and 2 of the Federal High Court (Civil Procedure) Rules allows the Court to make preservative orders, Order 32 Rules 1-3 also gives the Court the power to refuse such applications while exercising these powers judicially and judiciously. In summary, the Judge then held that the company had failed to make out a case for the Court to exercise its discretion in its favour of granting the application and accordingly refused it.

Immediately, a similar application for injunction and stay of execution were filed at the Court of Appeal, Kaduna on 7 May 2012. The matter was fixed for hearing of the applications on 25 September 2012. However, the matter did not proceed as slated due to technical reasons and the Matter was adjourned to 16 January 2013 for hearing of the pending applications. On 16 January 2013, the Court heard the interlocutory application relating to the transmission of records from the High Court to the Court of Appeal. The other interlocutory applications for injunction and stay of execution were not pursued because on 30 April 2013 the Court of Appeal sat to hear the substantive appeal and adjourned the matter to 27 June 2013 and, subsequently, to 3 October 2013.

The hearing of the substantive appeal was heard on 3 October 2013 and on 1 November 2013 the Court of Appeal dismissed the appeal. A similar application for injunction and stay of execution were filed before the highest appellate Court in Nigeria, being the Supreme Court of Nigeria.

Africa Regulatory Matters

Chad

On 19 February 2013, the Chadian telecom regulator, the Office Tchadien de Régulation des Télécommunications (the "OTRT"), issued a letter to Airtel Tchad S.A. ("Airtel Tchad") claiming it violated laws on non-transferability of its telecom licence through an indirect change of control. On 4 February 2013, OTRT notified Airtel Tchad of a penalty of 3.6 billion CFA (approximately U.S.$7.2 million) for alleged false declarations of revenues. The penalty was settled by an MOU signed between the OTRT and Airtel Tchad on 6 August 2013, which provides that the issues relating to violations of laws on non-transferability of the telecom licence through an indirect change of control will be referred to a reputable international law firm and issues relating to alleged false declaration of revenues will be referred to a reputable international audit firm, each to give a binding opinion on the respective matters. Neither international firm has been appointed as of the date of this Offering Memorandum.

Gabon

On 28 December 2012, Airtel Gabon was notified of two penalties by the Gabonese Regulator, ARCEP. A penalty of 2 per cent. of Airtel Gabon's turnover, or 2.7 billion CFA (approximately U.S.$5.4 million), was levied based on a claim that Airtel Gabon had offers on the market which implied on-network call rates below the minimum on-network call rate determined by ARCEP. A penalty of 5 per cent. of Airtel Gabon's turnover, or 6.7 billion CFA (approximately U.S.$13.4 million), was levied based on a claim of false declaration to ARCEP of incoming international traffic in June 2012, which was rectified after an audit by ARCEP in October 2012. After having contested the penalties, Airtel Gabon entered a settlement agreement in September 2013.

In a separate tax matter, Airtel Gabon was notified on 12 February 2013, of a final tax reassessment for the period from 2007 to 2011, of an amount of 16 billion CFA (approximately U.S.$32 million). The company paid CFA 11 billion (approximately U.S.$22 million) to the authorities towards settlement of the tax demand. Final confirmation from authorities to the settlement is awaited. The amounts paid in relation to the pre-acquisition period is covered by the Zain's tax indemnity granted to BAIN as part of the 2010 acquisition.

In July 2013, the Tax Administration notified Airtel Gabon to regularise the tax situation on the capital gains and registration duties payable on the indirect change of control which took place in 2010 as a result of the ZAIN-Bharti transaction. The authorities also initiated search and seizure proceedings against the company to verify records of the company. Currently, the company is contesting the recovery notice issued by authorities in October 2013 for recovery of XAF 85 billion (approximately

U.S.$ 170 million) as partial demand in relation to the matter. The Guarantor believes that this tax reassessment does not have any legal basis and Airtel Gabon is contesting it before the Gabonese courts. Demands raised in relation to change of control is covered by the Zain tax indemnity granted to BAIN as part of the 2010 acquisition.

Regulatory

The telecommunications industry in India, including the Guarantor's business, is subject to a wide range of governmental laws and regulations.

In December 1991, the Government of India initiated the process of liberalising the telecommunications industry by inviting bids from private service providers to provide wireless services in the four metropolitan cities of Chennai, Delhi, Kolkata and Mumbai. In January 1995 the Government invited tenders from private service providers, with no more than 49 per cent. of foreign ownership, to provide wireless services in 18 Telecom Circles, excluding the four metropolitan areas. The Telecom Circles were classified into three categories ('A' to 'C') based principally on their revenue generating potential with the Category 'A' Telecom Circle having the highest revenue potential. In 1994, the Government invited bids from Indian companies for providing basic (fixed-line) services in 21 Telecom Circle.

The Ministry of Communications and Information Technology, Government of India, and its constituent departments and other regulatory authorities are responsible for the regulation of the telecommunications sector. The key regulatory authorities responsible for the regulation of the telecommunication sector in India are the DoT, the Telecom Regulatory Authority of India, the Telecom Disputes Settlement and Appellate Tribunal, the Wireless Planning and Co-ordination Wing of the Ministry of Communications and Information Technology and the Standing Advisory Committee on Radio Frequency Allocation.

The Guarantor has obtained and maintained in full force and effect all licenses, consents and approvals from the central and local governmental regulatory authorities to own its assets and carry on its business. The Guarantor believes that it is in compliance with all regulations that apply to it and its properties. See "Regulation" and "— Licenses and Regulations".

Insurance

The Guarantor has insurance coverage, which it considers adequate to cover all normal risks (including business interruption) associated with the operation of its respective businesses. The insurance is held through insurers.

Taxes and Duties

The Guarantor's operations are subject to a number of taxes and duties. See "Taxation — Indian Taxation".

MANAGEMENT

Board of Directors

The Board is responsible for the management and administration of the Guarantor's affairs, and the Board (and any committee which it appoints) is vested with all of the powers of the Guarantor. Directors are not required to hold any of the Guarantor's equity shares. The Board currently consists of 13 directors out of which six are independent directors.

All the directors except whole-time Directors/Managing Directors are subject to retirement by rotation. Of those directors, one third must retire at each annual general meeting. If eligible, such directors may offer themselves for re-election. Mr. Sunil Bharti Mittal, was appointed as an Executive Chairman, Mr. Manoj Kohli, was appointed as Managing Director and CEO (International) and Mr. Gopal Vittal was also appointed as a Joint Managing Director and CEO (India) of the Guarantor by a resolution passed through postal ballot on 28 March 2013.

The directors and officers of the Guarantor, other than those in the Promoter Group, held approximately 0.01 per cent. of the Guarantor's issued equity shares as at 21 November 2013. See "Share Ownership of the Guarantor".

As of 22 November 2013, the Board consisted of the following members:

Name	Age	Position	Date Appointed
Sunil Bharti Mittal	56	Executive Chairman	7 July 1995
Manoj Kohli	54	Managing Director and CEO (International)	1 August 2008
Gopal Vittal	47	Joint Managing Director and CEO (India)	1 February 2013
Rajan Bharti Mittal	54	Non-executive Director	7 July 1995
Chua Sock Koong	56	Non-executive Director	7 May 2001
Sheikh Faisal Thani Al-Thani	30	Non-executive Director	30 October 2013
Tan Yong Choo	49	Non-executive Director	21 January 2010
Ajay Lal	52	Independent Director	23 January 2006
Craig Edward Ehrlich	58	Independent Director	29 April 2009
Manish Santoshkumar Kejriwal	45	Independent Director	26 September 2012
Nikesh Arora	45	Independent Director	30 October 2008
Obiageli Katryn Ezekwesili	50	Independent Director	26 September 2012
Tsun Yan Hsieh	60	Independent Director	9 November 2010

Sunil Bharti Mittal, *Chairman*

Sunil Bharti Mittal, Founder, Chairman and Group CEO of Bharti Enterprises is the Chairman of the Guarantor. The Guarantor is the flagship company of Bharti Enterprises which has interests in telecom, retail, realty, financial services and agriculture-products. Bharti Enterprises has joint ventures with several global leaders including Singtel, Softbank, AXA and Del Monte.

Sunil is currently the Vice Chairman of the International Chamber of Commerce. He also serves on the Prime Minister of India's Council on Trade & Industry, World Economic Forum's International Business Council, Telecom Board of International Telecommunication Union, Commissioner of the Broadband Commission, and the Singapore Prime Minister's Research, and Innovation and Enterprise Council. He has been appointed by the Prime Minister of India as Co-Chair of the India-Africa Business Council and India-Sri Lanka CEO Forum as well as member of the India-US, India-UK and India-Japan CEO Forums. Earlier, Sunil served as the President of the Confederation of Indian Industry (CII), the premier industry body in India.

Sunil is a recipient of the Padma Bhushan, one of India's highest civilian awards. He has also been awarded the INSEAD Business Leader for the World Award 2011 and the NDTV Profit Business Leadership Award 2011 for "Corporate Conscience". Earlier, he received the Global Economy Prize 2009 by The Kiel Institute, Germany and the US-India Business Council also honored him with the 'Global Vision' Award 2008. Sunil has received the GSM Association Chairman's Award for 2008. He is also a member of the Academy of Distinguished Entrepreneurs, Babson College, Wellesley, Massachusetts.

An alumnus of Harvard Business School, Sunil is on Harvard University's Global Advisory Council, Board of Dean's Advisors of Harvard Business School and the Executive Board of the Indian School of Business. He is also a Trustee of the Carnegie Endowment for International Peace.

Sunil believes that a responsible corporate has a duty to give back to the community in which it operates. This belief has resulted in Bharti Foundation, which is operating 254 schools catering to over 39,000 under-privileged children in rural India. Sunil was ranked among the top 25 Philanthropists in the World in 2009 by the Barron's Magazine. He is also a Member of the Board of Trustees of Qatar's Education Above All Foundation, an initiative of Her Highness Sheikha Moza bint Nasser.

Manoj Kohli, *Managing Director and CEO (International)*

Manoj Kohli is the Managing Director & CEO (International) of the Guarantor.

Manoj leads the international strategy and vision and is also responsible for leading the Africa operations (17 countries), which the Guarantor acquired in June 2010. He is also responsible for leading the Sri Lanka and Bangladesh operations.

Manoj has spearheaded the turnaround and transformation in the African telecoms sector in the 17 Africa operations covering networks, IT, BPO, distribution and brand and led new initiatives of 3G and Airtel Money in all markets.

Prior to becoming Managing Director and CEO (International) and, Manoj held multiple roles as CEO (International) & JMD, CEO & JMD, President & CEO, President of mobile services business of the Guarantor since 2002. Before moving to Africa, Manoj led the Guarantor's India operations for 8 years and grew the customer base from 1 million to 140 million. Prior to joining the Guarantor, Manoj was Executive Director and CEO for Escotel.

Manoj is a member of the Board of GSM Association (GSMA) and is also a member of the Academic Council of the Faculty of Management Studies and has been awarded the "Best Alumni Award" by SRCC, Delhi University.

Manoj holds degrees in Commerce, Law and an MBA from Delhi University.

Gopal Vittal, *Joint Managing Director and CEO (India)*

Gopal Vittal is the Joint Managing Director and Chief Executive Officer (CEO) Bharti Airtel — India.

In his role as the CEO, he is responsible for defining and delivering the business strategy and providing overall leadership for the Guarantor's India operations.

He moved into this role from Bharti Enterprises where he was the Group Director — Special Projects (April 2012-Feb 2013) and worked towards formulating and supporting Airtel's International strategy and data expansion. Prior to this he was at Hindustan Unilever, where he was heading the Home and Personal Care Division. During the various global and national responsibilities he held during his 20 years stint at Unilever, Gopal gathered a wealth of experience in assimilating the consumer mind set, managing operations efficiently, winning with the customer, building brand and innovating to secure market leadership.

As Director — Marketing of the Guarantor between 2006 and 2008, he had made significant contribution towards driving revenue growth, market leadership and building the Guarantor as an iconic brand.

Gopal is an alumnus of Madras Christian College and has completed his MBA from IIM, Kolkata.

Rajan Bharti Mittal, *Non-executive Director*

Rajan Bharti Mittal is the Vice Chairman & Managing Director of Bharti Enterprises — one of India's leading business groups with interests in telecom, financial services, retail, manufacturing, realty and agri-business.

Born in 1960, Rajan joined Bharti Enterprises after graduating from Punjab University. An alumnus of Harvard Business School, he is actively involved in overseeing the activities of the group at the corporate level. With his rich experience in the marketing function, he is also involved in many of the new business ventures of the Group.

Rajan has been honoured with the "Indian Business Leader of the Year Award 2011" by Horasis, the Global Visions Community and has also been awarded the "Leonardo International Prize 2012" by Comitato Leonardo, the Italian Quality Committee.

He is currently serving in a number of leadership roles in different industry bodies. He is on the Board of Trustees of Brookings Institution. He is also the Vice President of ICC (International Chamber of

Commerce) in India. In the past he has been the President of Federation of Indian Chambers of Commerce and Industry (FICCI) for the year 2010-2011 and is currently a member of its Executive & Steering Committees. He is also a member of the Council of Management at All India Management Association. He has held several key positions in various industry associations in the past as well. In FICCI he was Chairman of Retail Committee in 2007, Infrastructure Committee in 2006, Telecom & IT Committee in 2004 & 2005, and Telecom Committee in 2001, 2002 and 2003. He was the President of Association of Basic Telecom Operators (now known as Association of Unified Telecom Service Providers of India — AUSPI) in 1999-2000.

Chua Sock Koong, *Non-executive Director*

Chua Sock Koong is a nominee of SingTel and was appointed as a non-executive director of the Guarantor in May 2001. Sock Koong holds a first class honours degree in Accountancy from the University of Singapore and is a Certified Public Accountant and a Chartered Financial Analyst. Sock Koong joined SingTel in June 1989 as treasurer and was promoted to Chief Financial Officer in April 1999. She held the positions of Group CFO and CEO International from February 2006 until 12 October 2006, when she was appointed Deputy Group CEO of Singtel. She was appointed as SingTel Group CEO in April 2007.

Sheikh Faisal Thani Al-Thani, *Non-executive Director*

Sheikh Faisal Thani Al-Thani is presently the Assistant Director, Investment Department of the Qatar Central Bank that is responsible for managing the Central Bank's reserve fund and setting policies for investing the reserve fund.

Sheikh Faisal had previously occupied diplomatic positions overseas for the State of Qatar and was educated both in Qatar and US.

Tan Yong Choo, *Non-executive Director*

Yong Choo is a nominee of SingTel and was appointed as a non-executive director on the board of the Guarantor in January 2010. She holds a honours degree in Accountancy from the National University of Singapore and is a Fellow member of the Institute of Singapore Chartered Accountants.

She has a wide range of work experience from her stints in international accounting firms as well as in multinational corporations. She began her career with SingTel in November 1994 and was appointed as Group Financial Controller in June 2007. In her current role as vice president (Group Finance) of Singtel, she has responsibilities for the Singtel Group's financial functions including management and financial reporting, business analysis, planning and forecasting. She also provides financial advice that would affect operations and is primarily responsible for financial policies and procedures. Prior to joining SingTel, Yong Choo worked for several years in international accounting firms such as Coopers & Lybrand and Arthur Anderson.

Ajay Lal, *Independent Director*

Ajay Lal is an independent director on the board of the Guarantor. He holds a degree of Bachelors of Technology in chemical engineering from the Indian Institute of Technology, New Delhi and a Post Graduate Diploma in Management from the Indian Institute of Management, Kolkata. He has also completed an advanced management program from Harvard Business School. He is the managing director of AIF Capital India Pvt. Ltd and a senior partner of AIF Capital Group and has been employed with the AIF Capital Group since 1997.

Craig Edward Ehrlich, *Independent Director*

Craig Edward Ehrlich is an independent non-executive director on the board of the Guarantor.

Manish Santoshkumar Kejriwal*, Independent Director*

Manish Santoshkumar Kejriwal is an independent director on the board of the Guarantor. He holds a degree of Bachelors of Arts from Dartmouth College and degree of Masters in Business Administration from the Harvard University. He was also elected a George F. Baker scholar by virtue of extraordinary academic achievement in the masters in business administration program at the Harvard University, Graduate School of Business Administration. He is a managing partner of Kedaara Capital Advisors LLP. He was previous employed by Temasek International Pte. Ltd where he held the position of Head, India, Africa and Middle East.

Nikesh Arora, *Independent Director*

Nikesh Arora is an independent director on the board of the Guarantor. He is senior vice president and chief business officer at Google Inc. In his current position he leads sales, partnerships and marketing for Google Inc. globally. Prior to his current position, he led Google Inc. in the European, Middle Eastern and African markets.

Obiageli Katryn Ezekwesili, *Independent Director*

Obiageli Ezekwesili is an independent non-executive director on the board of the Guarantor. She was presented with "The Dr. Jean Mayer Global Citizenship Award" by the EPIIC (Education for Public Enquiry and International Citizenship) Tufts University.

Tsun Yan Hsieh, *Independent Director*

Tsun-yan Hsieh is an independent director on the board of the Guarantor. He is also an independent director of Sony Corporation, and a director on Manulife Financial Corporation.

Responsibilities of the Board of Directors

The Board's role, functions, responsibility and accountability are defined under the Indian Companies Act and in the Guarantor's Articles of Association. In addition to its primary role of monitoring corporate performance, the functions of the Board include:

a. Setting the organisation's vision and values and setting strategic direction/goals;

b. balancing the interests of the stakeholders and shareholders in an equitable and transparent manner;

c. monitoring the achievement of strategic objectives;

d. appointing key managerial positions such as Chairman, Managing Director, Joint Managing Director;

e. discharging statutory responsibilities and fiduciary duties;

f. approving of financial statements for the Guarantor and its operating divisions or business segments which give a true and fair view of the Guarantor's affairs;

g. approving appropriate accounting policies and ensuring that they are applied consistently, ensuring that judgment and estimates are reasonable and prudent and that full and accurate financial records are kept;

h. reviewing the status of business risk exposures, its management and related action plan;

i. reviewing and approving all related-party transactions;

j. monitoring socio-economic/political/regulatory environment of the Guarantor and the related threats and opportunities;

k. reviewing and approving management's business and financial plans;

l. approving any joint-venture or collaboration agreement;

m. approving transactions involving substantial payment towards goodwill, brand equity or intellectual property;

n. approving any acquisition or sale of material nature, of investments, of subsidiaries and assets, not in the normal course of business;

o. determining that procedures are in place to ensure compliance with laws and regulations and to take note of the following, in particular:

   i. any material default in financial obligations, to and by the Guarantor or substantial non-payment for services availed/sold by the Guarantor;

   ii. any non-compliance of any regulatory, statutory or listing requirement; and

   iii. any material show cause, demand, and prosecution notices and penalty notices, if any.

p. confirming the minutes of meetings of various Board committees; and

q. appointing alternate director, additional director, directors to fill casual vacancies on the recommendation of the Nomination Committee.

Committees of the Board of Directors

The Board has constituted six committees and is authorised to constitute additional committees from time to time, depending on the business needs of the Guarantor.

Audit Committee

The Audit Committee comprises four non-executive Board members, three of whom are independent. The Audit Committee's current chairman is Ajay Lal, an independent director.

The responsibilities of the Audit Committee shall be to:

a. oversee the Guarantor's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

b. recommend to the Board in respect of the appointment, resignation or dismissal of the statutory auditor, internal auditors, cost auditors and determine their fees;

c. approve the payment to statutory auditors for any other services rendered by them;

d. discuss with the statutory auditor, before the audit commences, the nature and scope of the audit to be conducted; also conduct post-audit discussion to ascertain any areas of concern;

e. review, with the management, audited financial statements before submission to the Board for approval, with particular reference to:

   i. matters required to be included in the Directors' responsibility statement, which form part of the Board's report in terms of the Companies Act, 1956 or as amended from time to time;

ii. changes, if any, in accounting policies and practices and reasons for the same;

iii. major accounting entries involving estimates based on the exercise of judgment by management;

iv. significant adjustments made in the financial statements arising out of audit findings;

v. compliance with listing and other legal requirements relating to financial statements;

vi. approval of all related party transactions;

vii. qualifications in the draft audit report;

viii. management discussion and analysis of financial condition and results of operations;

ix. statement of significant related party transactions with specific details of the transactions, which are not in the normal course of business or the transactions which are not at arms' length price;

x. quarterly compliance certificates confirming compliance with laws and regulations, including any exceptions to these compliances;

xi. management letter/letters of internal control weaknesses issued by the statutory auditors;

xii. internal audit reports relating to internal control weaknesses;

xiii. the financial statements, in particular the investments, if any, made by unlisted subsidiary companies; and

xiv. the appointment, removal and terms of remuneration of the chief internal auditor.

f. review, with the management, the quarterly financial statements before submission to the Board for approval;

g. review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

h. review, the adequacy of the internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, availability and deployment of resources to complete their responsibilities and the performance of the out-sourced audit activity;

i. discuss with internal auditors with respect to the coverage and frequency of internal audits as per the annual audit plan, nature of significant findings and follow up thereon;

j. review the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

k. update the risk management framework and the manner in which risks are being addressed;

l. discuss with statutory auditors, before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

m. review the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any;

n. review the functioning of the whistle blower mechanism and the nature of complaints received by the ombudsperson; and

o. consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the listing agreement and the Companies Act, 1956.

HR, ESOP Compensation & Nomination Committee

The HR, ESOP Compensation & Nomination Committee comprises five non-executive directors of whom three are independent. The Committee's current chairman is Tsun-yan Hsieh, an independent director.

The key responsibilities of the Committee shall include the following:

I. HR Related

a. devise attraction and retention strategies for employees;

b. determine the compensation (including salaries and salary adjustments, incentives/ benefits, bonuses) and Performance targets of the Chairman, Managing Director & CEO (International), and Joint Managing Director & CEO (India);

c. review employee development strategies;

d. assess the learning and development needs of the directors and recommend learning opportunities which can be used by directors to meet their needs for development;

e. review its terms of reference on an annual basis and recommend any changes to the Board;

f. review all human resource related issues including succession plan of key personnel; and

g. consider any other key issues/matters as may be referred by the Board or as may be necessary in view of clause 49 of the listing agreement or any other statutory provisions.

II. ESOP Related:

a. formulate of employee stock option (ESOP) plans and decide on future grants;

b. formulate of terms and conditions on following under the present ESOP Schemes of the Guarantor with respect to:

   i. Quantum of options to be granted under ESOP Scheme(s) per employee and in the aggregate under a plan;

   ii. performance conditions attached to any ESOP Plan;

   iii. conditions under which options vested in employees may lapse in case of termination of employment for misconduct;

   iv. exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;

   v. specified time period within which the employee must exercise the vested options in the event of termination or resignation of an employee;

   vi. right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

   vii. procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;

   viii. grant, vest and exercise of option in case of employees who are on long leave; and the procedure for cashless exercise of options;

   ix. any other matter which may be relevant for administration of ESOP schemes from time to time.

c. frame suitable policies and processes to ensure that there is no violation of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and

Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995; and

d. address other key issues as may be referred by the Board.

III. Nomination Related:

a. review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and Board Committees;

b. evaluate the balance of skills, knowledge, experience and diversity on the Board for description of the role and capabilities required for particular appointment;

c. identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;

d. review succession planning for Executive and Non-Executive Directors and other senior executives particularly the Chairman and CEO's;

e. recommend suitable candidate for the role of lead Independent Director;

f. recommend the appointment of any director to executive or other employment/place of profit in the Guarantor; and

g. conduct an annual evaluation of the overall effectiveness of the Board and the committees of the Board.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises four Board members, all of whom are non-executive. The Committee's current chairman is Rajan Bharti Mittal, non-executive director.

The key responsibilities of the Stakeholders' Relationship Committee include the following:

a. formulate procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

b. redress shareholders and investor complaints/grievances e.g. transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend among others;

c. dematerialise or rematerialise the share certificates;

d. approve the transmission of shares or other securities arising as a result of death of the sole/ any one joint shareholder;

e. sub-divide, consolidate and/or replace any share or other securities certificate(s) of the Guarantor;

f. issue duplicate share/other security (ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Guarantor;

g. approve, register, and refuse to register transfer/transmission of shares and other securities; and

h. further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s);

Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee comprises four Board members. The Committee's current chairman is Rajan Bharti Mittal, non-executive director.

The CSR Committee shall:

a. formulate, monitor and recommend to the Board CSR Policy and the activities to be undertaken by the Guarantor;

b. recommend the amount of expenditure to be incurred on the activities undertaken;

c. review the performance of the Guarantor in the area of CSR;

d. evaluate social impact of the Guarantor's CSR Activities.

e. review the Guarantor's disclosure of CSR matters including any annual social responsibility report;

f. review the following, with the management, before submission to the Board for approval:

    i. the business responsibility report;

    ii. CSR Report; and

    iii. annual sustainability report.

g. formulate and implement of the business responsibility policies with the consultation of the respective stakeholders;

h. establish a monitoring mechanism to ensure that the funds contributed by the Guarantor are spent by Bharti Foundation or any other charitable organisation to which the Guarantor makes contribution, for the intended purpose only;

i. approve the appointment or re-appointment of directors responsible for business responsibility; and

j. consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the listing agreement, Corporate Social Responsibility Voluntary Guidelines 2009 and the Companies Act, 1956.

Committee of Directors (COD)

The Committee of Directors is comprised of four directors, two of whom are independent directors. The Committee's current chairman is Rajan Bharti Mittal, non-executive director.

The following are the functions of the COD:

I. Investment Related

a. make loans to any body corporate/entity within the limits approved by the Board;

b. give guarantee(s) in connection with loan made to any body corporate/entity within the overall limits approved by the Board;

c. negotiate, finalise, amend, modify, approve and accept the terms and conditions with respect to aforesaid loans and/or guarantee(s) from time to time; and

d. purchase, sell, acquire, subscribe, transfer, sale or otherwise deal in the shares/securities of any company, body corporate or other entities within the limits approved by the Board.

II. Treasury Related (within the limits approved by the Board)

a. borrow such sum of money as may be required by the Guarantor from time to time provided that the money already borrowed, together with the money to be borrowed by the Guarantor does not exceed the limits provided under Section 293(1)(d) of the Companies Act, 1956 i.e. up to the paid up capital and free reserve of the Guarantor;

b. create security/charge(s) on all or any of the assets of the Guarantor for the purpose of securing credit facility of the Guarantor;

c. deal in government securities, units of mutual funds, fixed income and money market instruments, fixed deposits & certificate of deposit program of banks and other instruments/securities/treasury products of banks and financial institutions as per treasury policy of the Guarantor;

d. deal in foreign exchange and financial derivatives linked to foreign exchange and interest rates including, but not limited to foreign exchange spot, forwards, options, currency swaps and interest rates swaps;

e. open, operate, close, change in authorisation for any bank account, Subsidiary General Ledger (SGL) Account, and dematerialisation/depository account; and

f. approve, finalise and authorise the execution of any deed, document, letter or writing in connection with the aforesaid activities including borrowing/credit facilities and creation of charge.

III. Allotment of Shares (within the limits approved by the Board)

a. issue and allot shares of the Guarantor in one or more tranches as per the terms of the ESOP Schemes for the time being in force or upon conversion of foreign currency convertible bonds issued by the Guarantor;

b. seek listing of shares issued as above on one or more stock exchanges in India and all such shares being pari-passu with the existing equity shares of the Guarantor in all respects;

c. perform all such acts, deeds and things, as may be necessary and incidental to allotment and listing of shares.

IV. General Authorisations

a. open, shift, merge, close any branch office, circle office;

b. approve for participation into any tender, bid, auction by the Guarantor;

c. register the Guarantor with any central/state government authorities, semi-government authorities, local authorities, tax authorities including sales tax, service tax, value added tax authorities, labour law authorities, administrative authorities, business associations and other bodies;

d. purchase, sell, take on lease/license, transfer or otherwise deal with any property;

e. apply for and surrender any electricity, power or water connection;

f. appoint any merchant banker, chartered accountant, advocate, company secretary, engineer, technician, consultants and/or professionals for undertaking any assignment for and on behalf of the Guarantor;

g. constitute, reconstitute, modify, dissolve any trust or association with regard to the administrative matters or employee related matters and to appoint, reappoint, remove, replace the trustees or representatives;

h. authorise one or more employee(ies), officer(s), representative(s), consultant(s), professional(s), or agent(s) jointly or severally to:

   i. represent the Guarantor before central government, state governments, judicial, quasi-judicial and other statutory/ administrative authorities or any other entity;

   ii. negotiate, finalise, execute, modify, sign, accept, and withdraw all deed, agreements, undertakings, certificates, applications, confirmations, affidavits, indemnity bonds, surety bonds, and all other documents and papers;

   iii. affix common seal of the Guarantor;

   iv. enter into, sign, execute and deliver all contracts for and on behalf of the Guarantor.

i. perform all such acts, deeds and things as may be required for the smooth conduct of the operations of the Guarantor and which does not require the specific approval of the Board of the Guarantor or which has specifically been delegated by the Board to any other committee of the Board or any officer, employee or agent of the Guarantor;

j. perform such other functions as may be authorised/delegated by the Board or as might have been authorised/delegated to the erstwhile Borrowing Committee, Investment Committee, Committee of Director or the Allotment Committee; and

k. authorise/delegate any or all of its power to any person, officer, representative to do any act, deed or thing as may be required to be done to give effect to the such functions.

Airtel Corporate Council (ACC)

The ACC shall comprise the following permanent members:

I. Chairman of the Guarantor;

II. Managing Director & CEO (International) of the Guarantor;

III. Joint Managing Director & CEO (India) of the Guarantor;

IV. Group CFO/Chief Financial Officer of the Guarantor;

V. Group Director HR/Director — Human Resource of the Guarantor; and

VI. Group General Counsel & Company Secretary will be the secretary of the ACC.

The Chairperson of the ACC shall be the Chairman or in his/her absence the Managing Director of the Guarantor.

The key responsibilities (within Board approved directions) of the ACC shall be to:

a. strategically manage and supervise of Guarantor's business;

b. formulate the Guarantor's business plan including objectives and strategies, capex, and investments;

c. formulate organisation policies, systems and processes concerning the operations of the Guarantor.

d. review and monitor implementation of plans/strategies;

e. review the business wise performance against approved plans of revenue, costs, profits, balance sheet, borrowings and investments, including strategy implementation;

f. address appointment, remuneration, promotion, termination, career & succession planning and all employment related matters of the Airtel Management Board (AMB) and Airtel International Management Board (AIMB) members (other than Chairman, MD & JMD);

g. approve the variation in the approved annual operating plan up to 5 per cent. negative deviation;

h. approve overall rewards strategy for the Guarantor and its funding cost;

i. approve performance target for the purpose of performance bonus and long term incentive plans in respect of regions, segments and concerned business units;

j. review and approve all strategic consulting assignment;

k. review and recommend for approval all items/proposals relating to restructuring, new line of business, investments, financial restructuring, General Reserved Matters (as referred in Article 125(ii) of Articles of Association of the Guarantor) and other matters which require approval of the Board;

l. acquire, dispose, transfer of any immovable property of value exceeding any amount in excess of the duly approved respective delegation of authority;

m. review with the auditors the internal audit reports and special audit reports;

n. form, modify, withdraw, implement systems policies, control manuals and other policy frameworks for operational efficiency and risk management;

o. approve major legal initiatives including commencement of legal action against government/ quasi government authorities;

p. write off advances, receivables, claims and any other amounts in excess of the duly authorised respective delegation of authority;

q. enter or exit into new sub line of business/product line/major activity in any manner whatsoever;

r. change Guarantor's brand name, logo, and trade mark;

s. approve charitable donations within the overall limit set by the Board;

t. approve contribution to any political party/political trust within the overall limit set by the Board;

u. nominate Director/representative on the subsidiaries and joint ventures; and

v. review all major pending legal cases and related matters.

Powers of ACC in respect of the Subsidiaries and their step down Subsidiaries (Other than listed subsidiaries)

a. formulate business plan, including any strategic initiative, investments, capex, borrowing including refinancing and extension etc.;

b. nominate the respective subsidiaries nominee on Board of other companies; and

c. enter into/exit from business/major business activities, in any manner whatsoever, including purchase, sale, lease, franchise etc.

Executive Officer

In addition to the executive directors whose profiles and appointment details are set forth above, the Guarantor's chief financial officer is Mr. Srikanth Balachandran.

SHARE OWNERSHIP OF THE GUARANTOR

As at 21 November 2013, the Guarantor's promoter (Bharti Telecom Limited) and persons acting in concert (Indian Continent Investment Limited) with them (the "Promoter Group") held approximately 65.23 per cent. of the Guarantor's issued equity shares (65.23 per cent. of the voting rights). A company's "promoters" under the listing agreement includes the person or persons who are in control of the company and the person or persons nominated as promoters in any offer document filed with the Indian stock exchanges.

The directors and officers of the Guarantor, other than those in the Promoter Group, held approximately 0.01 per cent. of the Guarantor's issued equity shares as at 21 November 2013.

SingTel owns directly and indirectly approximately 32.34 per cent. of the Guarantor's issued equity shares.

RELATED PARTY TRANSACTIONS

The Guarantor, in the ordinary course of business, enters into various sales, asset purchases, rent and service transactions with its subsidiaries, joint ventures and associates and others in which the Guarantor has a material interest. These transactions are pursuant to terms that are no less favourable than those arranged with third parties.

See Note 18 to the Guarantor's Interim Financial Statements for the six months ended 30 September 2013 for further information on related party transactions determined in accordance with IFRS.

REGULATION

Regulation of the Guarantor

The following description is a summary of certain laws, regulations and policies in India, which are applicable to the Guarantor. The information provided below has been obtained from sources available in the public domain. The summary of the regulations set out below is not exhaustive, and is only intended to provide general information to potential investors and is neither designed nor intended to be a substitute for professional legal advice.

The telecommunications industry in India is subject to extensive government regulation. A number of governmental authorities have regulatory responsibilities for various aspects of the telecommunications industry. The principal regulatory authorities are:

- DoT;
- TRAI;
- TDSAT;
- WPC; and
- Standing Advisory Committee on Radio Frequency Allocation ("SACFA").

Regulatory Bodies of the Telecommunications Industry

Department of Telecommunication

The DoT is a department of the Ministry of Communications and Information Technology, Government of India, and is responsible for formulating developmental policies for the accelerated growth of the telecommunication services. The DoT is also responsible for coordinating with the TRAI and for grant of licenses for various telecommunication services like unified access service, national long distance service, international long distance service, internet, VSAT service etc. The DoT also enforces wireless regulatory measures by monitoring wireless transmission of all users across India.

The DoT's primary objectives include:

- Policy formulation, licensing and co-ordination on matters relating to telegraphs, telephones, wireless, data, facsimile and telematic services and other like forms of communications;
- International cooperation in matters connected with telecommunications including matters relating to all international bodies dealing with telecommunications such as International Telecommunication Union ("ITU"), its Radio Regulation Board ("RRB"), Radio

Communication Sector ("ITU-R"), Telecommunication Standardisation Sector ("ITU-T"), Development Sector ("ITU-D"), International Telecommunication Satellite Organisation ("INTELSAT"), International Mobile Satellite Organisation ("INMARSAT") and Asia Pacific Telecommunication ("APT");

- Promotion of standardisation, research and development in telecommunications; and

- Promotion of private investment in telecommunications;

The Secretary, DoT, is also the Chairman of the Telecom Commission which is a high powered commission, established in 1989, consisting of four full time members (Production, Services, Technology and Finance) and four part-time members (Secretaries of the Ministries of Finance, Industrial Policy and Promotion, Information Technology and Planning Commission). The major functions of the Telecom Commission include policy formulation, review of performance, licensing, wireless spectrum management, administrative monitoring of PSUs, research and development, standardisation/validation of equipment and international relations.

Telecom Regulatory Authority of India ("TRAI")

The TRAI is an autonomous, statutory body established under the Telecom Regulatory Authority of India Act, 1997 (the "TRAI Act") with extensive powers to regulate the telecommunications services sector in India. One of the primary objectives of TRAI is to create and nurture conditions for growth of telecommunications in the country in a manner and at a pace which will enable India to play a leading role in emerging global information society. The TRAI Act provides for not only the establishment of the TRAI as regulator, but also the TDSAT to adjudicate disputes.

The main functions of TRAI, as mentioned in the TRAI Act, is to make recommendations, either *suo moto* or on request from the licensor, on matters ranging from the introduction of new service providers, terms and conditions of licenses to be awarded to service providers, revocation of license for non-compliance of terms and conditions of license, measures to facilitate competition and promote efficiency in the operation of telecommunication services so as to facilitate growth in such services, measures for the development of telecommunication technology, efficient management of available spectrum and any other matter related to telecommunications industry.

The TRAI has issued from time to time a large number of regulations, orders and directives and provided the required direction to the evolution of Indian telecommunication market from a government owned monopoly to a multi-operator multi-service open competitive market.

The TRAI is responsible for ensuring compliance with the terms and conditions of licenses, fixing the terms and conditions of interconnection arrangements between service providers, ensuring technical compatibility and effective interconnection between different service providers, regulating revenue sharing arrangements among service providers, ensuring effective compliance of universal service obligations, establishing standards of quality of service to be provided by service providers and ensuring the quality of service, periodically surveying such service in order to protect the interest of the consumers and establishing and ensuring the time period for providing local and long distance circuits of telecommunication between different service providers.

The TRAI also has the authority to levy fees and other charges at such rates and in respect of such services as it may determine and to perform such other functions including administrative and financial functions as may be entrusted to it by the central government or as may be necessary to implement the provisions of the TRAI Act.

Telecom Dispute Settlement and Appellate Tribunal ("TDSAT")

The TDSAT was established pursuant to the Telecom Regulatory Authority of India (Amendment) Act, 2000, as an in-built dispute settlement mechanism to adjudicate disputes between the central government and service providers, between two or more service providers, between a service provider and a group of consumers and dispose of appeals with a view to protecting the interests of service providers and consumers of the telecommunications sector and to promote and ensure orderly growth of the telecommunications sector.

The TDSAT also has the jurisdiction to hear and dispose of appeals against any direction, decision or order of the TRAI. An appeal against any order of the TDSAT which is not an interim order, of the TDSAT shall be made before the Supreme Court of India.

Wireless Planning and Coordination Wing ("WPC")

The WPC was created in 1952 and is a wing of the DoT. The WPC is the national radio regulatory authority responsible for frequency spectrum management, including licensing and caters for the needs of all wireless users (for both Government and private) throughout India. The spectrum allocation policy is contained in the National Frequency Allocation Plan ("NFAP") which is based on the International Radio Regulations.

The WPC exercises the statutory functions of the Central Government and issues licenses to establish, maintain and operate wireless stations. The wireless license is an independent license and therefore any UAS license holder intending to offer mobile services has to obtain a separate wireless license from the WPC wing. The WPC is divided into major sections like Licensing and Regulation ("LR"), New Technology Group ("NTG") and SACFA.

The Standing Advisory Committee on Radio Frequency Allocation ("SACFA")

SACFA is a high level committee chaired by secretary (DoT) / chairman, telecom commission. Heads of major wireless users/administrative ministries of the Government of India, member (technology), telecom commission, and wireless adviser to the Government of India, joint secretary, DoT are its members. The WPC provides secretariat help to SACFA. Joint wireless adviser, the WPC is the member-secretary of SACFA.

The main functions of SACFA are to make recommendations on:

- Major frequency allocation issues;

- Formulation of the frequency allocation plan;

- Various issues related to ITU; and

- To sort out problems referred to the committee by various wireless users, sitting clearance of all wireless installations in the country, etc.

Regulations Governing the Telecommunications Sector

The Indian Telegraph Act, 1885

The Indian Telegraph Act, 1885 (the "Telegraph Act") is the one of the principal legislations governing the telecommunication industry in India. A "telegraph" has been defined as any appliance, instrument, material or apparatus used or capable of use for transmission or reception of signs, signals, writings, images and sounds or intelligence of any nature by wire, visual or other electro-magnetic emissions, radio waves or Hertzian waves or galvanic, electric or magnetic means. The Telegraph Act provides that the Central Government may grant a license, on such conditions and in consideration of such payments as it thinks fit, to any person to establish, maintain or work a telegraph within any part of India. The UAS licenses and the Cellular Mobile Telephone Service ("CMTS") licenses are granted by the Central Government under the Telegraph Act.

The Indian Wireless Telegraphy Act, 1933

Under the provisions of Indian Wireless Telegraphy Act, 1933 (the "Telegraphy Act"), no person shall possess wireless telegraphy apparatus except under and in accordance with a license issued under the Telegraphy Act. The Central Government may by rules made under the Telegraphy Act exempt any person or any class of persons from the provisions of the Telegraphy Act either generally or subject to prescribed conditions, or in respect of specified wireless telegraphy apparatus. The competent authority constituted under the Telegraphy Act may issue licenses to possess wireless telegraphy apparatus in such manner, on such conditions and subject to such payments, as may be prescribed. The term 'wireless telegraphy apparatus' has been defined to mean any apparatus, appliance, instrument or material used or capable of use in wireless communication, and includes any article determined by rule made thereunder to be wireless telegraphy apparatus, but does not include any such apparatus, appliance, instrument or material commonly used for other electrical purposes, unless it has been specially designed or adapted for wireless communication or forms part of some apparatus, appliance, instrument or material specially so designed or adapted, nor any article determined by rules made under the provisions of the Telegraphy Act not to be wireless telegraphy apparatus.

The WPC has by certain notifications exempted certain frequency bands from licensing requirements to be obtained by any person to establish, maintain, work, possess or deal in any wireless equipment, on non-interference, non-protection and shared (non-exclusive) basis. Further it also states that the wireless equipment shall be type approved and designed and constructed in such a manner that the bandwidth of emission and other parameters shall conform to the limits as specified in the rules framed by the central government in this regard from to time to time.

The Telecom Regulatory Authority Act, 1997

The TRAI Act was enacted to provide for the establishment of TRAI and TDSAT and to regulate telecommunication services, adjudicate disputes, dispose of appeals and to protect the interest of service providers and consumers of the telecommunications sector and to promote and ensure orderly growth of the telecommunications sector.

As per the TRAI Act, the TRAI is empowered to make recommendations to the Central Government or any entity empowered under the Telegraph Act to issue licenses in connection with matters such as the need and timing for introduction of new service providers, terms and conditions of licenses issued to service providers and the revocation of licenses for non-compliance with terms and conditions. The functions to be discharged by the TRAI include ensuring compliance with the terms and conditions of licenses, regulate revenue sharing arrangements among service providers and specifying the standards of quality of service to be provided by service providers.

For the effective discharge of its functions, the TRAI is empowered to call upon any service provider at any time to furnish in writing such information or explanation as is required or to conduct an investigation into the affairs of any service provider or issue directions in respect thereof.

National Telecom Policy 1994

In 1994, the Central Government announced first the national telecom policy (the "National Telecom Policy 1994") which defined certain important objectives, including availability of telephone on demand, provision of world class services at reasonable prices, improving India's competitiveness in global market and promoting exports, attracting FDI and stimulating domestic investment, ensuring India's emergence as major manufacturing / export base of telecom equipment and universal availability of basic telecom services to all villages. It also announced a series of specific targets to be achieved by 1997. The National Telecom Policy 1994 recognised that the required resources for achieving these objectives could not be made available only out of the sources available to Government and that investment and involvement of the private sector would be necessary to cover the huge resource gap. While the National Telecom Policy 1994 was successful in part, a number of its objectives could not be achieved and therefore, in acknowledging this, Central Government decided to formulate a second National Telecom Policy in 1999.

New Telecom Policy 1999 ("National Telecom Policy 1999")

The National Telecom Policy 1999 was approved on 26 March 1999 and became effective from April 1999. The National Telecom Policy 1999 laid down a clear roadmap for future reforms, contemplating the opening up of all the segments of the telecommunications sector for private sector participation. It clearly recognised the need for strengthening the regulatory regime as well as restructuring the departmental telecommunications services to that of a public sector corporation so as to separate the licensing and policy functions of the Central Government from that of being an operator. It also recognised the need for resolving the prevailing problems faced by the operators so as to restore their confidence and improve the investment climate. The key features of the National Telecom Policy 1999:

- encourage development of telecommunications in rural areas by making it more affordable by suitable tariff structures and making rural connectivity mandatory for all service providers;

- provide Internet access to all district headquarters;
- national long distance services opened to private operators;
- international long distance services opened to private sectors;
- private telecom operators licensed on a revenue sharing basis, plus a one-time entry fee;
- direct interconnectivity and sharing of network with other telecom operators within the service area was permitted; and
- spectrum management made transparent and more efficient.

Licensing of all telecom services thereafter was to be under the policy framework of National Telecom Policy 1999, which sought to significantly redefine the competitive nature of the industry. The new policy removed the restrictions on the number of service providers for the basic service providers ("BSPs"). Subsequently, in November 2003, the restrictions on the number of service providers were also removed for the cellular mobile service providers ("CMTSs") making it open for participation by all bidders who satisfied the conditions of the DoT. The new policy also required all operators who were under the fixed license fee regime to migrate to a revenue sharing regime. In the revenue sharing model, the operators were required to pay a percentage of their adjusted gross revenue ("AGR") as annual license fee and spectrum usage charge to the Government. The percentage of revenue share depended on the service area where they offered their services.

National Telecom Policy 2012

The Government had on 31 May 2012 approved the National Telecom Policy 2012. The National Telecom Policy 2012 envisions providing secure, reliable, affordable and high quality converged telecommunication services for an accelerated inclusive socio-economic development. The focus of National Telecom Policy 2012 is on the multiplier effect, and transformational impact of such services on the economy. The main areas of focus of National Telecom Policy 2012 are as follows:

- increasing rural teledensity from the current level of around 39 to 70 by the year 2017 and 100 by the year 2020;
- repositioning of mobile phone as an instrument of empowerment;
- provide affordable and reliable broadband on demand by the year 2015;
- domestic manufacturing in order to make India a global hub;
- convergence of network, services and devices;
- liberalisation of spectrum to enable use of spectrum in any band to provide any service in any technology;

- simplification of licensing;
- consumer focus — achieving full mobile number portability and working towards one nation — free roaming facility;
- resale of services;
- voice over internet protocol; and
- recognise cloud computing and next generation network including Internet Protocol Version 6.

The National Telecom Policy 2012 seeks to provide a predictable and stable policy regime for a period of approximately ten years. The National Telecom Policy 2012 shall further enable taking suitable measures to encourage existing service providers to rapidly migrate to the new regime in a uniformly liberalised environment with a level playing field.

By formulating a clear policy regime, the National Telecom Policy 2012 endeavour to create an investor friendly environment for attracting additional investments in the sector apart from generating manifold employment opportunities in various segments of the sector.

Regulations Governing the Guarantor's Business

The key regulations governing the Guarantor's business areas, including mobile, broadband, NLD service and ILD service and DTH services are detailed below:

1. Cellular Business

Initial Licensing Phase

In 1992, the DoT invited bids from Indian companies with not more than 49 per cent. foreign ownership for non-exclusive licenses to provide digital cellular mobile services in the four metropolitan areas of Mumbai, Delhi, Kolkata and Chennai. After protracted litigation arising from the selection process, the DoT finally entered into two licenses for each of the four metropolitan areas.

In January 1995, the DoT invited tenders from Indian companies with not more than 49 per cent foreign ownership for non-exclusive licenses to provide digital cellular mobile services in eighteen Telecom Circles, excluding the four metropolitan Telecom Circles. The Telecom Circles were classified into three categories ("A" through "C") based principally on their revenue generating potential with Category A Telecom Circles having the highest revenue potential.

The terms of the licenses provided for two operators per metropolitan area and per Telecom Circle and the requirement for the cellular operators to interconnect through the fixed line networks of BSNL and MTNL. The Government reserved the right to provide cellular services in each metropolitan area and Telecom Circle through MTNL or the DoT (now BSNL).

Consequent to the above two rounds of bidding in 1992 and 1995, cellular services were introduced in India on a commercial basis in the four metropolitan areas during 1995 and in most of the other Telecom Circles between 1996 and 1998.

As the bidding process had resulted in high fixed license fees being payable by the successful bidders in most Telecom Circles, several private operators defaulted on their license fee obligations and were unable to complete the build out of their networks. In certain cases, the DoT revoked or suspended the licenses issued to such operators.

Fourth Operator Guidelines

In January 2001, the Government announced guidelines for the fourth cellular operator to provide cellular services in the country. The guidelines envisaged a non-exclusive license for a period of 20 years (thereafter extendable by 10 years) in the 900/1800MHz frequency range. While issuing the license, the Government stipulated minimum paid-up capital and net worth requirements for the bidder and the promoters in respect of each category of Telecom Circle. The guidelines stipulated that a company is not permitted to have an interest in more than one bidder company for the same service area and the existing licensees are not permitted to bid for the same service area.

The Government prescribed roll-out obligations for the fourth operator, requiring coverage of at least 10 per cent. of the District Headquarters ("DHQ") within the circle, in the first year and 50 per cent. of the DHQs within three years of the effective date of the license. Coverage of a DHQ would require radio coverage of at least 90 per cent. of the area bound by the municipal limits in a DHQ.

Revenue Sharing Percentage

On the basis of the National Telecom Policy 1999, in July 1999, the Government required the existing cellular service providers to migrate from the fixed annual license fee regime to a revenue share regime with a one-time entry fee. Under this migration package, the license fee payable by the existing licensee up to 31 July 1999 was treated as a one-time entry fee. From 1 August 1999, the license fee payable is a percentage of the revenue earned under the license. The provisional license fee was fixed at 15 per cent. of gross revenues (as determined according to the license agreement with the DoT) for all categories of Telecom Circles.

With effect from 1 April 2004, the license fee, excluding spectrum charges for cellular mobile telephone services was 10 per cent. of AGR for metro service areas and category A Telecom Circles, 8 per cent. of AGR for category B Telecom Circles and 6 per cent. of AGR for category C Telecom Circles. However, via an amendment to the UAS / CMTS Licence agreement dated 25 June 2012, the DoT has prescribed a uniform license fee of 8 per cent., in two steps, which began 1 July 2012.

In addition to the license fee, an additional spectrum charge is to be levied on the cellular service providers for use of spectrum, depending upon the spectrum allotted.

Tariffs

TRAI has stipulated a tariff forbearance regime for mobile services. The tariffs are regulated by TRAI through the telecom tariff orders. The telecommunication tariff order, 1999, issued by TRAI, had begun the process of tariff balancing with a view to bring them closer to the costs. This supplemented by 'calling party pay', reduction in ADC and the increased competition, resulted in a sharp decrease in the tariffs. ADC has been abolished for all calls with effect from 1 October 2008. Under the tariff forbearance regime, the service providers have the flexibility to offer all types of tariff schemes within the prescribed guidelines for such telecommunication services. However TRAI has the discretion to regularly notify changes in tariff guidelines which has to be conformed to by all cellular operators.

Network Security Policy relating to Equipment Security

The DoT has amended telecommunication operator licenses to address security concerns in relation to network equipment used by telecom service providers. Under the new amendments, telecom service providers are required to formulate an organisational policy on security and security management of their networks, covering issues such as network forensics, network hardening, network penetration tests, risk assessment and also providing for measures to rectify and prevent related security problems from reoccurring in the future. Telecom service providers are also required to implement other measures, including conducting an annual security audit of their networks, either internally or through a network audit and certification agency.

Unified Access Service

In November 2003, an addendum was added to the existing National Telecom Policy 1999 to include the following categories of licenses for telecommunication services:

- a unified license for telecommunications services, permitting the licensee to provide all telecommunication / telegraph services covering various geographical areas using any technology; and

- a license for unified access (basic and cellular) services, permitting the licensee to provide basic and/or cellular services using any technology in a defined license area.

UAS operators are free to provide, within their area of operation, services, which cover collection, carriage, transmission and delivery of voice and/or non-voice messages over a licensee's network by deploying circuit, and/or packet switched equipment. Further, the licensee can also provide voice mail, audiotex services, video conferencing, videotex, e-mail, closed user group as value added services over its network to the subscribers falling within its service area on non-discriminatory basis.

In connection with UAS, detailed guidelines were issued by the Indian government in November 2003 (the "November 2003 Guidelines"). Under the terms of the November 2003 Guidelines, an option to migrate to the UAS regime was given to all cellular mobile and basic telecom service license operators.

India is divided into 22 service areas consisting of 19 Telecom Circles and 3 metro service areas for providing UAS. The license for UAS is issued on non-exclusive basis, for a period of 20 years, extendable by 10 years at one time within the territorial jurisdiction of a licensed service area. The license fee was 10 per cent, 8 per cent and 6 per cent of AGR for metro and category A, category B and category C service areas, respectively. However, via an amendment to the UAS / CMTS Licence agreement dated 25 June 2012, the DoT has prescribed a uniform license fee of 8 per cent., in two steps, which began 1 July 2012. The fee/royalty for the use of spectrum and possession of wireless telegraphy equipment are payable separately. The frequencies are assigned by the WPC from the frequency bands earmarked in the applicable national frequency allocation plan and in coordination with various users subject to availability of the spectrum.

The UAS license agreements have undergone significant changes over the years. The DoT has consolidated the UAS regime by issuing the guidelines for UAS by notification dated 14 December 2005 (the "December 2005 Guidelines"). One of the major changes brought about in the UAS regime by the December 2005 Guidelines was that both direct and indirect foreign investment in the licensee company shall be counted for the purpose of FDI ceiling.

Furthermore, the December 2005 Guidelines provide that in case the licensee company does not adhere to the license conditions the license(s) granted to the company shall be deemed as cancelled and the licensor would have the right to encash the performance/financial bank guarantee(s) and the licensor will not be liable for loss of any kind.

In April 2007, the DoT sought the opinion of the TRAI on some specific points including that of putting a cap on the number of access service providers in a service area, as radio frequency spectrum required for wireless services was not sufficient to meet the increasing demand from UAS Licensees. TRAI recommended in August 2007, that no cap be placed on the number of access service providers in any service 1 area. The DoT thereafter issued 122 new licenses in 2008 and spectrum was allotted by December 2009 to all operators save four located in the Delhi service area. As on June 2011, there were 240 unified access service ("UAS"), 2 basic service ("BS") and 38 CMTS licenses allocated in total.

In August 2007, the TRAI also recommended dual allocation, where a licensee already using one technology should be permitted to use alternative technology. However, TRAI recommended that the licensee should pay the same amount of fee paid by the existing licensees using the alternative technology or which would be paid by the new licensee going to use that technology. Thereafter, between 2007 and 2008, 37 licenses were allocated and permitted to use dual spectrum.

On 2 February 2012, in The Matter of Writ Petition (Civil) No. 423 of 2010, the Supreme Court of India, amongst other things, declared the following:

- the licenses granted to the private respondents on or after 10 January 2008 pursuant to two press releases issued on 10 January 2008 and subsequent allocation of spectrum to the licensees are declared illegal and are quashed;

- the above direction shall become operative after four months;

- keeping in view the decision taken by the Government in 2011, TRAI shall make fresh recommendations for grant of license and allocation of spectrum in the 2G band in 22 Telecom Circles by auction, as was done for allocation of spectrum in the 3G band; and

- The Government shall consider the recommendations of TRAI and make a decision within next one month and fresh licenses be granted by auction.

As per this judgment, 122 UAS licenses granted by the DoT in 2008 were cancelled.

On 27 August 2012, the DoT issued an Information Memorandum for the 2G spectrum auction in 1800 Mhz and 800 Mhz bands. Under the Information Memorandum, the process for auction of spectrum was scheduled to begin on 12 November 2012 and notices to invite applications for the auction was scheduled to be issued on 28 September 2012. The base price in the 1800 Mhz band for a minimum block of 1.25 Mhz of pan-India spectrum was fixed at approximately Rs. 35,000 million, and in 800 Mhz band for a minimum block of 1.25 Mhz of spectrum the base price was fixed at approximately Rs. 45,500 million.

Due to the limited participation by the bidders in the November 2012 auctions (resulting from high reserve prices of spectrum set by the DoT), on 22 January 2013, the DoT issued guidelines for the auction and allotment of spectrum in the 800 Mhz, 900 Mhz (being the spectrum which shall be reclaimed from the existing operators when their respective license is subject to renewal) and 1800 Mhz. The DoT has set a different base price per circle for auction of a minimum of 1.25 Mhz block of spectrum in the 800 Mhz, 900 Mhz and 1800 Mhz band in 21 circles, 3 circles and 4 circles respectively (collectively, the "Re-auction Spectrum"). The base price per block in the 800 Mhz has been fixed between approximately Rs. 41 million to Rs. 4,505 million, in the 900 Mhz band the base price has been fixed between Rs. 2,274 million to Rs. 9,703 million, and in the 1800 Mhz band the base price has been fixed between approximately Rs. 470 million to Rs. 4,852 million. On 30 January 2013, the DoT issued a 'notice inviting applications' for auction of Re-auction Spectrum. Under the notice inviting applications', the process for auction of spectrum was scheduled to begin on 11 March 2013 which concluded after 3 rounds. The auction has been finally concluded which witnessed a limited participation. Only one telecom service provider has been allotted the 800 MHz band spectrum.

Guidelines for grant of Unified License:

On 19 August 2013, DoT issued guidelines for grant of unified license. Under these guidelines, it is open for existing telecom operators to migrate their telecom licence to unified license. However, those operators who wish to expand the scope of their license/service or whose licenses are due for extension or who are entering into any merger or acquisition would have to mandatorily migrate all their existing licences to the unified licence regime.

Further, the allocation of spectrum has been delinked from the licenses and has to be obtained separately. At present, spectrum in 800/900/1800/2100/2300/2500 MHz band is allocated through bidding process.

Applicants can apply for unified license along with authorisation for any one or more of the services listed below, as provided herein:

- Unified license — all services;
- Access service — service area-wise;
- Internet service — Category A with all India jurisdiction;
- Internet service — Category-B with jurisdiction in a service area;
- Internet service — Category-C with jurisdiction in a secondary switching area;
- NLD service;
- ILD service;
- Global mobile personal communication by satellite service;
- Public mobile radio trunking service;
- Very small aperture terminal closed user group service;
- INSAT MSS-reporting service;
- Resale of international private leased circuit service.

The guidelines further state that a company can have only one unified license. An applicant company can apply for authorisation for more than one service and service area, subject to fulfilment of all the conditions of entry simultaneously or separately at different time. The tenure of such authorisation shall run concurrently with the unified license.

A one-time non-refundable entry fee for authorisation of each service and service area shall be payable before signing of license agreement and thereafter for each additional authorisation. The total amount of entry fee shall be subject to a maximum of Rs. 150 million. DoT has further stipulated that after issue of these guidelines, no other license for any of the services covered under the unified license shall be issued, extended, or renewed.

Mobile Number Portability ("MNP")

MNP allows subscribers to retain their existing telephone number when they switch from one access service provider to another irrespective of mobile technology or from one technology to another of the same or any other access service provider. The central government had announced the guidelines for MNP service license in the country on 1 August 2008 and issued a separate license for the MNP service with effect from 20 March 2009. In furtherance of the Supreme Court order dated 2 February 2012 quashing 2G spectrum licenses, TRAI has passed a direction dated 11 March 2013 directing all mobile number portability service providers not to process and all the unified access service providers and cellular mobile telephone service provider not to entertain any request for porting in respect of mobile telephone numbers.

Value Added Services

The TRAI pursuant to its directions dated 4 July 2012 had ordered all telecom operators including the Guarantor not to (i) activate VAS; and (ii) deduct charges on account of the activation of the VAS on behalf of their subscribers without the explicit consent of such subscribers.

Mobile subscriber verification norms

The DoT pursuant to its instruction dated 9 August 2012, has laid down that all CMTS/UAS licensee(s) must ensure adequate verification of each and every customer before enrolling him as a subscriber by taking certain steps. Such steps *amongst others* include (i) ensuring that a passport size photograph of the subscriber be pasted on the customer acquisition form ("CAF") and the documents as proof of identity be attached with the CAF, and (ii) providing the subscriber a counterfoil/receipt of the details of the proof of identity and proof of address clearly mentioning the name of the subscriber, mobile number applied for, CAF Number, issuing authority. The mobile connections *inter alia* shall be activated only after the requirement of filing up of the CAF and submission of copies of documentary proof.

3G & Broadband Wireless Access

The Government decided over the past several years to auction 3G and BWA spectrum. The broad policy guidelines for 3G and BWA, which is used with 4G platforms, were first issued on 1 August 2008 followed by a 'notice inviting applications' dated 25 February 2010 and allotment of spectrum has been completed through simultaneously ascending e-auction process by a specialised agency. As a result, new telecom players were also able to bid thus leading to technology innovation, more competition, faster roll out and ultimately greater choice for customers at competitive tariffs.

3G may allow telecom companies to offer additional value added services such as high resolution video and multimedia services in addition to voice, fax and conventional data services with high data rate transmission capabilities. BWA may offer a platform for broadband roll out services. It is designed as a tool for undertaking social initiatives of the central government such as e-education, telemedicine, e-health and e-governance. The next focus area of the Government is providing affordable broadband, especially to the suburban and rural communities.

The DoT letter dated 1 September 2010, provides the specific terms and conditions and compliance of which is mandatory for a licensee to use the 3G spectrum for providing telecom access services:

- *Validity period for 3G spectrum:* The licensee is authorised to use this spectrum for a period of 20 years from the date of award of right to commercially use the allocated 3G spectrum block i.e., 1 September 2010, unless the license agreement is cancelled / terminated / revoked / surrendered earlier.

- *Rollout obligations for 3G spectrum:* The licensee shall ensure compliance of the following network rollout obligations for 3G spectrum for respective category of the licensed service area(s):

  (a) *Applicable for metro service area license(s):* The licensee to whom the 3G spectrum is assigned shall be required to provide the required street level coverage using the 3G spectrum in at least 90 per cent of the service area within five years of the effective date i.e., 1 September 2010.

  (b) *Applicable for category A, B and C service area license(s):* The licensee to whom the spectrum is assigned shall ensure that at least 50 per cent of the district headquarters ("DHQ") in the service area will be covered using the 3G spectrum, out of which at least 15 per cent of the DHQs should be rural short distance charging area, ("SDCA"), within five years of the effective date i.e., 1 September 2010.

- *License fee for 3G spectrum:* Over and above the license fee payable under the license agreement, the licensee shall also pay the annual license fee as share of AGR as per the rates mentioned in the license agreement.

- *Breach, revocation and surrender for 3G spectrum:* The 3G spectrum assignment may be revoked, withdrawn, varied or surrendered in accordance with the applicable license conditions or any other applicable laws, rules, regulations or other statutory provisions. The 3G spectrum assignment may also be revoked if the licensor determines the user of the spectrum to be in serious breach of any of the conditions of the award of the spectrum and the consequent obligations. In case of less serious breaches, the licensor may impose penalties at its discretion. The licensee may surrender the 3G spectrum, by giving notice of at least 60 calendar days in advance.

The DoT through a letter dated 1 September 2010, provides the specific terms and conditions compliance of which is mandatory for a licensee to use the BWA spectrum for providing telecom access services:

- *Validity period for BWA spectrum:* The licensee is authorised to use this spectrum for a period of 20 years from the date of award of right to commercially use the allocated BWA spectrum block i.e., 1 September 2010, unless the license agreement is cancelled / terminated / revoked / surrendered earlier.

- *Rollout obligations for BWA spectrum:* The licensee shall ensure compliance of the following network rollout obligations for BWA spectrum for respective category of the licensed service area(s):

  (a) *Applicable for metro service area license(s):* The licensee shall be required to provide the required street level coverage using the BWA spectrum in at least 90 per cent of the service area within five years of the effective date i.e., 1 September 2010.

  (b) *Applicable for category A, B and C service area license(s):* The licensee shall ensure that at least 50 per cent of the rural SDCAs are covered within 5 years from the effective date, i.e.

1 September 2010, using the BWA spectrum. Coverage of a rural SDCA would mean that at least 90 per cent. of the area bound by the municipal/local body limits should get the required street level coverage.

In the event the licensee is unable to achieve its rollout obligations, its BWA spectrum assignment shall be withdrawn.

- *License fee for BWA spectrum:* Over and above the license fee payable by the licensee under the license agreement, the licensee shall also pay the annual license fee as share of AGR as per the rates mentioned in the license agreement.

- *Breach, revocation and surrender for BWA spectrum:* The BWA spectrum assignment may be revoked, withdrawn, varied or surrendered in accordance with the applicable license conditions or any other applicable laws, rules, regulations or other statutory provisions. The BWA spectrum assignment may also be revoked if the licensor determines the user of the spectrum to be in serious breach of any of the conditions of the award of the spectrum and the consequent obligations. In case of less serious breaches, the licensor may impose penalties at its discretion. The licensee may surrender the BWA spectrum, by giving notice of at least 60 calendar days in advance.

The National Frequency Allocation Plan

In pursuance of the National Telecom Policy 1999, the National Frequency Allocation Plan — 2000 ("NFAP — 2000") was evolved and made effective from 1 January 2000, which formed the basis for development, manufacturing and spectrum utilisation activities in the country. While formulating the NFAP, it was understood that there would be a need to review the NFAP every two years to ensure that it remained in line with the Radio Regulations of the International Telecommunication Union (the "ITU"). Such a review was considered essential to cater to newly emerging technologies as well as to ensure equitable and optimum utilisation of the scarce limited natural resource of radio frequency spectrum. Accordingly the NFAP-2000 was revised and a new National Frequency Allocation Plan — 2002 (NFAP-2002) was evolved within the overall framework of the ITU, taking into account spectrum requirements of the government as well as private sector.

The NFAP-2002 was further replaced by the National Frequency Allocation Plan — 2008 (the "NFAP-2008"). The NFAP-2008 was developed within the framework of the ITU taking into account spectrum requirement of the government as well as private sectors with a view to meeting the requirements of the new emerging spectrum efficient technologies. In order to meet spectrum requirements of fast emerging new wireless technology the National Frequency Allocation Plan — 2011 (the "NFAP-2011") was introduced, which replaced the NFAP-2008 with effect from 1 October 2011. The NFAP-2011 has been developed with special emphasis to encourage/ promote indigenous manufacturing/ technologies by provisioning of small chunk of the spectrum in certain frequency band/sub-bands in limited geographical area.

The salient features of the NFAP — 2011 are:

- it is in line with the decision of the WPC 2007 of ITU;

- it is developed to support emerging technologies such as ultra-wide band (UWB), Intermittent Transport Services (ITS), Short Range Services etc;

- makes equitable and optimal use of the radio frequency spectrum;

- provides for indigenous development and manufacturing; and

- protects existing services.

2. Internet Services Provider Guidelines 2007 (the "ISP Guidelines")

The Central Government issued the ISP Guidelines in August 2007 for the purpose of granting licenses to internet service providers ("ISP"). Prior to ISP Guidelines, three categories of ISP licenses without internet telephony, based upon service area of operation as given below were issued in accordance with ISP policy announced in November 1998:

Category A: All India ISP license;

Category B: 20 territorial Telecom Circles, four metro districts- Delhi, Mumbai, Kolkata or Chennai and four major telephone districts- Ahmedabad, Bangalore, Hyderabad or Pune; and

Category C: License in any secondary switching areas of DoT with geographical boundaries as on 1 April 1998.

Subsequent to the ISP Guidelines, all licenses are issued under Category A and Category B and no new license is issued under Category C. Category B service areas are modified as 23 service areas as defined in the ISP Guidelines. No license fee was levied on the ISPs till 31 October 2003. For those licensees who obtained the license prior to 31 October 2003, a token license fee of Re.1/- per annum is payable with effect from 1 November 2003. Under the ISP Guidelines, a license fee of 6 per cent. of AGR, with minimum license fee of Rs. 50,000 and Rs. 10,000 per annum, is applicable for Category A and Category B ISPs respectively. However, via an amendment to the UAS / CMTS Licence agreement dated 25 June 2012, the DoT has prescribed a uniform license fee of 8 per cent., in two steps, which began 1 July 2012.

Existing ISPs, granted license prior to the ISP Guidelines, are permitted to migrate to the license based on the ISP Guidelines. Category C ISPs are encouraged to migrate to either Category A or Category B. Entry fee is not applicable to ISPs granted license prior to the ISP Guidelines, however performance bank guarantee and financial bank guarantee, as per the new ISP Guidelines, are to be deposited.

Initially, under the ISP Guidelines, the validity period of the ISP license was 15 years and entry fee was Rs. 2 million and Rs. 1 million for Category A and Category B respectively, but by an amendment dated 25 January 2010, to the ISP Guidelines, the validity period of new ISP license (granted subsequent to 25 January 2010) has been extended from 15 years to 20 years with revised entry fee of Rs. 3 million and Rs. 1.5 million for Category A and Category B respectively.

Broadband Policy 2004

Recognising the potential of ubiquitous broadband service in growth of GDP and enhancement in quality of life through societal applications including tele-education, tele-medicine, e-governance, entertainment as well as employment generation by way of high-speed access to information and web based communication; the central government announced the broadband policy in October 2004 (the "Broadband Policy"). The main emphasis of the Broadband Policy is on the creation of infrastructure through various technologies that can contribute to the growth of broadband services. These technologies include optical fibre, asymmetric digital subscriber lines, cable TV network, DTH etc.

The prime consideration guiding the Broadband Policy includes affordability and reliability of broadband services, incentives for creation of additional infrastructure, employment opportunities, induction of latest technologies, national security and brings in competitive environment so as to reduce regulatory interventions.

By this new policy, the Central Government intends to make available transponder capacity for VSAT services at competitive rates after taking into consideration the security requirements. The service providers are permitted to enter into franchisee agreement with cable TV network operators. However, the licensee shall be responsible for compliance of the terms and conditions of the license. The role of other facilitators such as electricity authorities, departments of local self governments, panchayats, departments of health and family welfare, departments of education is very important to carry the advantage of broadband services to the users particularly in rural areas.

3. National Long Distance Services ("NLD")

The NLD service refers to the carriage of switched bearer telecommunications service over a long distance network. As per the National Telecom Policy 1999, India had been divided into 21 Telecom Circles that are more or less contiguous with India's existing states; the Telecom Circles have further been divided into 322 long distance charging areas ("LDCAs") and such LDCAs have been divided into short distance charging areas ("SDCAs").

Presently, the provision of NLD services in India is permitted under the national long distance services license (NLD License) granted by DoT as per the guidelines issued by DoT. Under the National Telecom Policy 1999, and the guidelines issued by the DoT, the NLD service has been opened to private operators without any restriction on the number of operators.

Under the guidelines for issue of license for national long distance service, dated 14 December 2005, as amended from time to time (the "NLD Guidelines"), only an Indian company registered under the Companies Act, 1956, can apply for a NLD License. The applicant company can apply for only one NLD License. The applicant company is required to have a net worth as well as paid up capital of Rs. 25 million. The net worth shall mean as the sum total, in Indian rupees, of paid up equity capital and free reserves. The net worth of promoters shall not be counted. The net worth as well as paid up capital is to be maintained during currency of the NLD License.

The license for NLD services shall be issued on non-exclusive basis, for a period of 20 years, extendable by 10 years at one time, for inter-Circle long distance operations within the territorial jurisdiction of India. The annual license fee including USO contribution shall be 6 per cent. of the AGR. However, via an amendment to the licence agreement dated 29 June 2012, the DoT has prescribed a uniform license fee of 8 per cent., in two steps, which began 1 July 2012. Under the NLD Guidelines, the applicant company is required to submit a financial bank guarantee of Rs. 200 million one year after the date of signing the license agreement or before the commencement of service, whichever is earlier.

4. International Long Distance Services ("ILD")

In accordance with the National Telecom Policy 1999, the Government had decided to open the ILD Service from 1 April 2002 to the private operators without any restriction on the number of operators. The applicant must be an Indian company, registered under the Companies Act, 1956. It must have a net worth as well as paid up capital of Rs. 25 million. The net worth shall mean as the sum total, in Indian rupees, of paid up equity capital and free reserves. The net worth of promoters shall not be counted. The net worth as well as paid up capital is to be maintained during currency of the license. The license for ILD services would be issued on non-exclusive basis, initially for a period of 20 years, extendable by a period of 5 years subject to satisfactory performance in accordance with terms & conditions of the license particularly in regard to quality of service ("QoS") parameters.

The applicant company is required to submit, a detailed network rollout plan. The rollout obligations stipulate receipt and delivery of traffic from/to all the exchanges in the country which can be ensured through at least one gateway switch having appropriate interconnection with at least one national long distance operator/access service provider and meeting the QoS regulations and network to network interface requirement within three years from the effective date of license. The applicant company shall make its own arrangements for right of way. However, the Central Government will issue necessary notification on request for enabling the licensee to place telegraph lines in accordance with the provision of the Telegraph Act.

The applicant company is required to pay a one-time non-refundable entry fee of Rs. 25 million before the signing of the license. In addition, an unconditional bank guarantee of Rs. 25 million shall be given which will be released on fulfilment of the rollout obligations. Non-fulfilment of rollout obligations will result in encashment of the bank guarantee by the licensor. This will be without prejudice to any other action, which the licensor may consider appropriate for the failure of the licensee to fulfil the license conditions. However, via an amendment to the ILD Licence agreement dated 28 June 2012, the DoT has prescribed a uniform license fee of 8 per cent., in two steps, which began 1 July 2012. For further details on USO and network security policy relating to equipment security, please refer to the heading below "*Other—National Long Distance Services*".

The applicant company shall submit a financial bank guarantee of Rs. 200 million one year after the date of signing the license agreement or before the commencement of service, whichever is earlier. The financial bank guarantee shall be valid for a period of one year and shall be renewed from time to time for such amount as may be directed by the licensor.

VSAT Services:

The National Telecom Policy 1999 included provisions relating to the issuance of non-exclusive licenses for the provision of VSAT services within the territorial boundaries of India. Two types of VSAT licenses were developed pursuant to the New Telecom Policy 1999, namely a commercial VSAT service provider license and a captive VSAT license. According to the terms of these two types of VSAT licenses, the licensees are authorised to provide data connectivity using VSAT technology between various sites scattered throughout India. These sites are meant to form parts of a closed user group ("CUG"). A commercial VSAT licensee may provide a number of CUGs on a commercial basis to subscribers using a shared hub infrastructure. In the case of a captive VSAT license, only one CUG may be set up for the captive use of the licensee.

The applicant must be an Indian company, registered under the Indian Companies Act 1956. The Licensee shall ensure that the total foreign equity in the Licensee Company does not, at any time during the entire license period, exceed 74 per cent. cap for FDI of the total paid up equity. Investment in the equity of the applicant company by an NRI/OCB/International Funding Agencies is to be counted towards its foreign equity.

The license for VSAT services shall be issued on non-exclusive basis, for a period of 20 years, extendable by 10 years at one time. The licensee shall pay a one-time entry fee of Rs. 3 million which shall be non-refundable and shall be payable before signing of the license. The annual license fee including USO contribution shall be 6 per cent. of the AGR. However, via an amendment to the licence agreement dated 29 June 2012, the DoT has prescribed a uniform license fee of 8 per cent., in two steps, which began 1 July 2012. The VSAT licenses do not authorise the provision of long distance carrier services. Data transmission is only permissible between the sites that form part of the CUG. VSAT licensees are not permitted to link their networks with the public switched telephone network.

5. Direct-to-Home Services

Guidelines for Obtaining DTH License (the "DTH Guidelines")

The Ministry of Information and Broadcasting, Government of India (the "MoIB"), issued the DTH Guidelines for obtaining license for providing direct-to-home broadcasting service in India, which contains the eligibility criteria, basic conditions/obligations and procedure for obtaining the license to set up and operate DTH services. Under the DTH Guidelines, only companies registered in India under the Companies Act, 1956 and having Indian management control can operate DTH services in India. The total foreign equity holding including FDI/NRI/PIO investments and portfolio investments in the applicant company cannot exceed 49 per cent. However the FDI component must not exceed 20 per cent. and government approval must be sought. The companies seeking license to provide DTH services in India cannot have more than 20 per cent. of total equity in any company engaged in the business of cable network services / broadcasting and vice versa. A non-exclusive license is provided to companies providing DTH services, which is valid for 10 years subject to cancellation/suspension in the interest of India. The licensee company is required to adhere to program code and advertising code as and when issued by the MoIB. The licensees have to follow technical standards and other obligations. A company providing DTH services cannot provide any other mode of communication, including voice, fax, data, communication, internet, etc. unless specific license for these value-added services has been obtained from the competent authority.

Broadband Policy, 2004

The Broadband Policy issued by the DoT, visualises creation of infrastructure through various access technologies which can contribute to growth and can mutually coexist. Under the Broadband Policy, DTH service providers shall be permitted to provide "*Receive-Only-Internet Service*" after obtaining internet service provider ("ISP") license from the DoT. Such ISP licensees get the right to permit its customers for downloading data through DTH. DTH service is also permitted to provide bi-directional internet services after obtaining VSAT and ISP license from the DoT. The quality of service parameters for such services using various access technologies is determined by TRAI. For DTH services with receive only internet, no SACFA / WPC clearance is required wherever the total height of such installation is less than 5 meters above the rooftop of an authorised building.

6. Tower Infrastructure Regulations

- *Registration as Infrastructure Provider:* Telecommunications infrastructure providers are required to obtain requisite permission from the DoT to set up and operate telecommunication infrastructure services. Based on the nature of telecommunication infrastructure provided, such telecommunication infrastructure providers have been categorised into infrastructure provider category I (the "IP-I Provider") and infrastructure provider category II (the "IP-II Provider"). However, the issuance of IP-II category licenses has been discontinued from 14 December 2005.

  In relation to an IP-I Provider, no license is required, and the applicant company is required to be registered as an infrastructure provider under this category. The infrastructure that a registered company can provide is — dark fibres, right of way, duct space and towers on lease/rent out/sale bases to licensees of telecommunication services on mutually agreed terms. The DoT has issued a set of guidelines for a company to be registered as an IP-I Provider which the applicant company undertakes to comply with while submitting the IP-I Provider application to the DoT.

  On 9 March 2009, DoT issued an order regarding scope of IP-I Providers. Under this order, DoT clarified that the scope of IP-I Providers has been enhanced to cover the active infrastructure if this active infrastructure is provided on behalf of the licensees, i.e. they can create active infrastructure limited to antenna, feeder cable, Node B, Radio Access Network (RAN) and transmission system only for/on behalf of UAS/CMTS licensees.

  According to the guidelines, the applicant company should be an Indian company registered under the Indian Companies Act, 1956. There is no restriction upon the level of foreign shareholding. The applicant company has to make its own arrangement for right of way. Change in the name of the applicant company, or the registered IP-I Provider, shall be permitted according to the provisions of the Companies Act. Once registered as an IP-I Provider, the company can provide infrastructure to licensees of telecommunication services in a non-discriminatory manner, by way of lease or rent out or sale, on mutually agreed terms and conditions. The registration for IP-I is on a non-exclusive basis and without any restriction on the number of entrants. The IP-I Provider is further required to submit copies of agreements entered into with telecommunication services providers or pre-existing IP-II Providers to the DoT within 15 days of signing such agreements. Such telecommunication service providers must be licensed under Section 4 of the Telegraph Act, as licensees of telegraph services.

- *SACFA Clearance:* SACFA is a high level committee whose function is to carry out detailed technical evaluation in respect of aviation hazards, obstruction to line of sight of existing or planned networks and interference to existing and proposed networks. For setting up any wireless installations in India, clearance from the SACFA is required in respect of a fixed station and its antenna mast (cell sites). The SACFA has a detailed "sitting procedure", which has categorised sites for wireless stations into three categories — 'mast height category', 'category exempted from mast height clearance', and 'full sitting category'. Depending on the antenna size, height, power output and frequency, application for SACFA clearance has to be made in different forms pertaining to each category. As per office memorandum No. K 19013/13/2005/CFA of WPC Wing issued by the DoT dated 28 June 2006, all antenna towers located beyond seven kilometres from the nearest airport and having a total height of not more than 40 meters above ground level need not undergo the detailed SACFA clearance procedure. They must, however, be registered online on the WPC/SACFA website, where the necessary clearance shall be given.

- *Permission from municipal authorities/zilla parishad/gram panchayat/any other local authority:* The local laws of many states in India require that in order to set up towers and other infrastructure, 'no objection certificates' from local authorities like municipal authorities, zilla parishad or gram panchayat in whose jurisdiction the towers are being constructed are required to be obtained. For instance, in the state of Maharashtra, Section 44 of the Maharashtra Regional and Town Planning Act, 1966 states that any person intending to carry on any development on any land has to obtain prior permission of the state government.

  Beginning 1 September 2012, the DoT has implemented new standards in relation to electromagnetic radiation emitted by towers as well as mobile handsets. The DoT has also issued new guidelines to all states in India with regard to clearance for installation of mobile towers.

  Permission to install and operate DG Set: No separate permission is required for the installation and operation of Diesel Generator ("DG") sets, but the DG sets should comply with certain environmental norms for continuance of their operation. The central pollution control board (the "CPCB") has prescribed that the users of DG sets have to abide by the standards/guidelines for control of noise pollution from statutory diesel generator (DG) sets (the "Standards") given in paragraph 83 of the national standards for effluents and emission (the "Emission Regulations"). As per the Standards, the user should make efforts to bring down the noise levels due to the DG set, outside his premises, within the ambient noise requirements by proper control measures. The CPCB has published a system and procedure for compliance with noise limits for DG sets (up to 1,000 KVA) (the "System and Procedure Notification"), under which the maximum permissible sound pressure level for new DG sets with capacity up to 1,000 KVA manufactured on or after 1 January 2005 is 75 dB at one meter from the enclosure surface. The System and Procedure Notification states that no person shall sell, import or use a DG set, which does not have a valid type approval certificate and conformity of production certificate.

7. Other

Other key regulations relevant to the Guarantor's business include the Batteries (Management and Handling) Rules, 2001 (the "Battery Management Rules") rules are applicable to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in the manufacturing, processing, sale, purchase and use of batteries or their components. Any company to which the Battery Management Rules are applicable would qualify as importer of batteries and need to seek registration with the ministry of environment and forest. The importers of these batteries are required to ensure safe handling of used batteries to prevent any damage to the environment and are required to dispatch the used batteries only to registered recyclers, ensure safe transportation from collection centre to the premises of registered recyclers.

Universal Service Obligation ("USO")

Out of the total revenue share license fees paid by the operators to the government, at present, 5 per cent. of the AGR is allocated by the government to the USO fund for development of telecom services in rural and remote areas. The USO fund is to be utilised exclusively for meeting the USO by providing access to telegraph services to people in the rural and remote areas at affordable and reasonable prices.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of certain provisions of the Guarantor's credit arrangements, bonds and other indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying credit agreements, bonds and other documentation. The Guarantor utilises a variety of short-term and long-term debt instruments.

The Guarantor's principal sources of external financing include both secured and unsecured short-term as well as long-term facilities (in both rupees and other currencies). As at 30 September 2013, the Guarantor had total borrowings of U.S.$11,858 million, or Rs. 744,437 million, compared to U.S.$12,270 or Rs. 667,363 million as at 31 March 2013 (restated after giving effect to IFRS 11). As at 30 September 2013, 91.7 per cent. of the Guarantor's total borrowings were denominated in foreign currency, principally in U.S. dollars, with the remainder denominated in rupees.

The Guarantor's long-term funding strategy is to continue to pay down debt from operating free cash flows, further lengthen the average maturity of residual debt and diversify sources of financing.

As at 30 September 2013, the Guarantor had long term debt, net of current portion, of U.S.$8,967 million, or Rs. 562,929 million, including debt to finance the acquisition of Zain and pay auction fees for 3G and BWA spectrum.

Acquisition Facility Agreement

On 31 March 2010, the Guarantor and its subsidiaries, Bharti International (Singapore) Pte Limited and the Issuer, entered into a U.S.$7.5 billion credit facility agreement with a syndicate of international banks for the purpose of acquiring Zain's mobile services operations in 15 African countries. The total amount outstanding under the U.S.$7.5 billion acquisition financing agreement as at 30 September 2013 was approximately U.S.$4.6 billion.

Borrowings under this U.S.$7.5 billion facility agreement bear interest at a rate equal to the aggregate of applicable LIBOR plus the applicable margin (which is between 0.9 per cent. and 1.95 per cent. per annum). The U.S.$7.5 billion facility agreement was drawn from a syndicate of banks on 7 June 2010. Portions of this amount mature within one year, while other portions mature in more than one year. Borrowings under the facility agreement may be voluntarily prepaid by giving no less than ten business days' notice. Any amount prepaid may not be re-borrowed.

This U.S.$7.5 billion facility agreement contains customary negative covenants, including restrictions, subject to certain exceptions, on the Guarantor's ability to sell or otherwise dispose of assets beyond a certain limit, create liens on assets or effect a consolidation or merger.

In addition, this facility agreement require the Guarantor and certain subsidiaries to maintain certain financial covenants. The Guarantor must ensure that consolidated total net borrowings ending on or after 31 March 2011 do not exceed 3.25 times adjusted consolidated EBITDA for that same period, that the ratio of adjusted consolidated EBITDA to consolidated net finance costs is not less than 4 to 1, and that the ratio of cash flow to debt service is not less than 1.25 to 1 for that period. The Guarantor is also required to ensure that its aggregate gross assets and aggregate earnings before interest, tax, depreciation and amortisation contribute at any time 90 per cent. or more of its gross assets and earnings before interest, tax, depreciation and amortisation at that time.

Indian Facility Agreements

The Guarantor had Rs. 62,061 million or U.S.$989 million of Rupee facilities outstanding as of 30 September 2013. Some of these facilities were entered into in June 2010 for the purpose of financing the Guarantor's 3G and BWA spectrum auction fees.

Debt and Debt Funding

The Guarantor runs a centralised treasury function. The Guarantor has stable relationships with a large variety of debt providers, principally commercial banks. As at 30 September 2013, after taking into account the effect of interest rate swaps, 9.5 per cent. of the Guarantor's total debt carried a fixed interest rate. As at 30 September 2013, the proportion of the Guarantor's short-term debt to total debt was 24.4 per cent. (as at 31 March 2013 (restated after giving effect to IFRS 11): 14.7 per cent.), and its proportion of secured to unsecured debt as at 30 September 2013 was 18.2 per cent. (as at 31 March 2013 (restated after giving effect to IFRS 11): 17.2 per cent.).

In 2013, the Issuer issued U.S. dollar senior notes, guaranteed by the Guarantor, in the aggregate amount of U.S.$1,500,000,000, due 11 March 2023, including U.S.$1,000,000,000 5.125 per cent. notes issued on 11 March 2013 and a follow-on issue of U.S.$500,000,000 5.125 per cent. notes issued on 3 April 2013. The Issuer may at its option redeem the notes in whole at a redemption price equal to 100 per cent. of the principal amount of the Notes plus an applicable premium. The Issuer has used the proceeds from the sale of these notes to repay and refinance existing foreign currency indebtedness. Under the notes, the Issuer and the Guarantor agreed to observe certain covenants, including limitations on the incurrence of indebtedness, on consolidations and mergers, and on sales of substantially all of their assets. Currently, the covenant limiting incurrence of indebtedness is suspended because the Guarantor has maintained two investment grade ratings. At the date of this Offering Memorandum, the Guarantor is rated as Baa3 and BBB- with stable outlook from Moody's and Fitch, respectively.

Maturity of Borrowings

The table below summarises the maturity profile of the Guarantor's borrowings based on contractual undiscounted payments. The details given below are gross of debt origination cost.

	Expected Maturity as at 30 September 2013
	(Rs. in millions) **(Unaudited)**
Within one year	181,946
Between one and two years	190,446
Between two and five years	273,469
Over five years	106,087
Total	751,948

Existing Indebtedness

The following table sets forth information with regard to the Guarantor's total debt by currency (gross of debt obligation costs), in terms of fixed or floating rate as at 30 September 2013:

	Currency of borrowings as at 30 September 2013		
	Total Borrowings	Floating rate borrowings	Fixed rate borrowings
		(Rs. in millions) (Unaudited)	
Rupee	62,061	62,050	11
U.S. Dollar	565,515	465,826	99,689
BDT	9,728	448	9,280
Nigerian Naira	77,539	71,159	6,380
Central African CFA Franc	12,944	—	12,944
West African CFA Franc	9,008	—	9,008
Others	15,153	11,762	3,391
Total	751,948	611,245	140,703

DESCRIPTION OF THE ISSUER

Bharti Airtel International (Netherlands) B.V., the Issuer, is an indirect wholly owned finance subsidiary of the Guarantor and was incorporated in Amsterdam, Netherlands, on 19 March 2010.

Business

The Issuer holds all of the Group's African assets and approximately U.S.$6.8 billion of its debt, including debt associated with the purchase of these African assets on a non-consolidated basis as of 30 September 2013. Apart from holding the Guarantor's operating companies in Africa, the Issuer also provides management services to these African operating companies and receives management fees for its services.

The issuance of the Notes was approved by Board of Directors on behalf of the Issuer on 2 December 2013.

The directors of the Issuer at the date of this Offering Memorandum are Jantina Catharina Uneken-van Vreede, who was appointed on 19 March 2010, Manoj Kumar Kohli, who was appointed on 19 March 2010, D.J. de Haan, who was appointed on 1 August 2011, and Christian Manuel de Faria, who was appointed on 1 November 2013.

The registered office of the Issuer is at Keizersgracht 62-64, 1015 CS Amsterdam, Netherlands.

Capitalisation

The following table sets forth the capitalisation of the Issuer on a non-consolidated basis as of 30 September 2013 and as adjusted to give effect to the issuance of the Notes offered hereby but not the use of proceeds thereof as described in "Use of Proceeds".

	At 30 September 2013	
	Actual	**As Adjusted**
	(U.S.$ in millions) (Unaudited)	
Indebtedness		
Current borrowings	1,680	1,680
Non-current borrowings	5,111	5,111
The Notes	—	1,013(1)
Total indebtedness	6,791	7,804
Shareholders' Equity		
Equity Shares(2)	2,359	2,359
Reserves and surplus	1,446	1,446
Total shareholders' equity	3,805	3,805
Total indebtedness and shareholders' equity	10,596	11,609

(1) For the reader's convenience, U.S. dollar translations of Euro amounts have been provided at a rate of €1.00 = U.S.$1.35, as reported by the Federal Reserve Bank of New York as of 30 September 2013.

(2) The Guarantor makes equity contributions to the Issuer from time to time in connection with the Issuer meeting its capital expenditure and other obligations and, accordingly, Equity Shares may increase as a result of such equity contributions.

INDIAN GOVERNMENT FILINGS/APPROVALS

Under the FEMA Guarantees Regulations, an Indian company can provide a guarantee on behalf of its non-Indian wholly owned subsidiaries or joint ventures if it is in connection with its business and provided that it is in compliance with the FEMA ODI Regulations.

The primary exchange control legislation in India is the Foreign Exchange Management Act, 1999 ("FEMA"). Pursuant to FEMA, the central government and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of foreign exchange control. The Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 (as amended, the "FEMA ODI Regulations"), the Foreign Exchange Management (Guarantees) Regulations, 2000 (as amended, the "FEMA Guarantees Regulations") as well as the provisions of the RBI's Master Circulars on Direct Investment by Residents in Joint Venture ("JV") / Wholly Owned Subsidiary Abroad ("WOS") that are periodically updated by the RBI, with the latest master circular dated 1 July 2013 and updated as on 22 October 2013 ("Master Circular") are the primary regulations governing overseas direct investments outside India by Indian residents as well as issuances of guarantees by Indian companies in favour of their overseas subsidiaries.

Under the FEMA Guarantees Regulations, an Indian company can provide a guarantee on behalf of its non-Indian wholly owned subsidiaries or joint ventures if it is in connection with its business and provided that it is in compliance with the FEMA ODI Regulations. Pursuant to the FEMA ODI Regulations and the Master Circular, an Indian company is permitted to provide a guarantee on behalf of its non-Indian wholly owned subsidiaries or joint ventures without the prior approval of the RBI (under the "Automatic Route"), subject to certain conditions including, without limitation: such Indian company's total financial commitment does not exceed 100 per cent. of its net worth (being the aggregate of the paid-up capital and free reserves) set forth in its last audited balance sheet at the time of issuance of any such guarantee.

For purposes of the FEMA ODI Regulations, "total financial commitment" includes the aggregate of *"(a) 100 per cent. of the amount of equity shares, (b) 100 per cent. of the amount of compulsorily and mandatorily convertible preference shares, (c) 100 per cent. of the amount of other preference shares, (d) 100 per cent. of the amount of loan, (e) 100 per cent. of the amount of guarantee (other than performance guarantee) issued by the Indian party, (f) 100 per cent. of the amount of bank guarantees issued by a resident bank on behalf of JV or WOS of the Indian party provided the bank guarantee is backed by a counter guarantee / collateral by the Indian company, and (g) 50 per cent. of the amount of performance guarantee issued by the Indian party provided that the outflow on account of invocation of performance guarantee results in the breach of the limit of the financial commitment in force, prior permission of the Reserve Bank is to be obtained before executing remittance beyond the limit prescribed for the financial commitment."*

In addition to the above, the Indian company (which is providing the guarantee outside India) should not be on the RBI's exporters' caution list or list of defaulters to the system circulated by specified entities or is under investigation by any investigative or enforcement agency or regulatory body. In order to meet the requirement of the Automatic Route, the guarantees must specify a maximum amount and duration of the guarantee upfront i.e. no guarantee can be open-ended or unlimited. The Indian company may extend the guarantee only to a joint venture or non-Indian wholly-owned subsidiaries in which it has equity participation.

Indian companies are permitted to issue corporate guarantees on behalf of their first level step down operating joint venture or wholly owned subsidiary set up by their joint venture or wholly owned subsidiary operating as a Special Purpose Vehicle ("SPV") under the Automatic Route, subject to the condition that the financial commitment of the Indian company is within the existing limit for overseas direct investment. Irrespective of whether the direct subsidiary is an operating company or a SPV, the Indian promoter entity may extend corporate guarantees on behalf of the first generation step down operating company under the Automatic Route. Further, the issuance of corporate guarantees on behalf of second generation or subsequent level step down operating subsidiaries will be considered under the Approval Route, provided the Indian company directly or indirectly holds a 51 per cent. or greater stake in the overseas subsidiary for which such guarantee is intended to be issued.*

A prior approval for granting the Guarantee has been obtained by the Guarantor from the RBI, which is subject to the terms of the FEMA ODI Regulations. The Guarantor has complied with all such requirements as prescribed under FEMA ODI Regulations and the Master Circular with respect to the issuance of the Guarantee and therefore, the Guarantor is authorised to issue the Guarantee as set out in the Trust Deed.

Following the issue of the Guarantee, the Guarantor will be required to disclose certain terms of the Guarantee to the RBI, in Form ODI, through an authorised dealer (bank) in India within a period of 30 days from the date of the issue of the Guarantee.

Generally, under Section 372A** of the Companies Act, 1956*** (as amended) of India (the "Indian Companies Act"), an Indian company is required to obtain by special resolution the approval of 75 per cent. of its shareholders entitled and voting on the matter of issuing a guarantee which, together with existing loans, investments and guarantees, exceeds the greater of (i) 60 per cent. of the aggregate paid up share capital and free reserves or (ii) all of its free reserves, whichever is greater. Section 372A does not apply, namely, to any guarantee given by a company established with the object of providing infrastructural facilities. The Guarantor, being such company established with the object of providing infrastructural facilities, falls within such exception and does not require such approval prior to giving the proposed Guarantee.

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* Please note that the terms "first level step down", "first generation step down" and "second generation or subsequent level step down" remain undefined under FEMA, the FEMA Guarantees Regulations, the FEMA ODI Regulations and the Master Circular. However, generally a "first-level step down" or "first generation step down" subsidiary may be the subsidiary of a direct joint venture or wholly owned subsidiary of the Indian company. This would imply that the direct joint venture or wholly owned subsidiary is at level "zero" and the "step-down" subsidiary or "step down" operating company of the joint venture or wholly owned subsidiary may be treated as a "first-level step down" or "first generation step down" subsidiary. Hence the entity below the "first-level step down" or "first generation step down" subsidiary would be considered a "second generation or subsequent level step down" subsidiary.

** Save as provided for in the Companies Act, 2013, section 185 of the Companies Act, 2013 restricts a company from giving any guarantee in connection with any loan granted to any of its directors or to any other person in whom such director is interested (as described in the Companies Act, 2013). Section 185 of Companies Act, 2013 is in force as it has been notified by the Government of India. However section 186 of the Companies Act, 2013 (which deals with inter corporate loans and guarantees) is currently not in force as it has not been notified by the Government of India. However, the Government of India vide its circular dated 19 November 2013 has clarified that section 372A of the Companies Act, 1956 shall continue to remain in force till section 186 of the Companies Act, 2013 is notified.

*** The Companies Act, 1956 shall be replaced by the Companies Act, 2013 upon notification of section 465 of the Companies Act, 2013 by the Government of India.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations that may be relevant to a decision to purchase Notes. In particular, the information does not consider any specific facts or circumstances that may apply to a particular purchaser. Neither these statements nor any other statements in this Offering Memorandum are to be regarded as advice on the tax position of any holder of Notes or of any person acquiring, selling or otherwise dealing in securities or on any tax implications arising from the acquisition, sale of or other dealings in Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in Notes) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any applicable tax laws of India or any political sub division thereof. Additionally, in view of the number of different jurisdictions where local laws may apply, this Offering Memorandum does not discuss the local tax consequences to a potential holder arising from the acquisition, holding or disposition of the Notes. Prospective investors must, therefore, inform themselves as to any tax laws and regulations in force relating to the purchase, holding or disposition of the Notes in their country of residence and in the countries of which they are citizens or in which they purchase, hold or dispose of Notes.

Indian Taxation

The following summary describes certain Indian tax consequences applicable to the ownership and disposal of Notes by persons who are not resident for tax purposes in India and who do not hold Notes in connection with an Indian trade, business or permanent establishment.

It is not intended to constitute a complete analysis of all the Indian tax consequences that may be relevant to a holder of the Notes. It does not cover all tax matters that may be of importance to a particular purchaser. Prospective investors should consult their own tax advisors about the tax consequences of purchasing, holding and disposing of an investment in the Notes. This summary is based on Indian tax law and practice as at the date of this Offering Memorandum.

Income and withholding taxes

Holders of the Notes should not be subject to income or withholding taxes in India in connection with payments of interest made by the Issuer on the Notes in the manner set out in *"Terms and Conditions of the Notes"*, provided, as the Issuer intends, all the proceeds of issue of the Notes are used by the Issuer for the purposes of its business carried on outside India. Payments of principal made by the Issuer on the Notes should also not be subject to Indian income or withholding taxes.

Although the position is not free from doubt because the Guarantor is an Indian company, payments by the Guarantor in respect of interest and principal on the Notes should also not be subject to withholding tax in India. If investors are held to be liable to tax on interest in India, then payments in respect of interest will be subject to withholding tax at the maximum rate of 20 per cent. (plus applicable surcharge and education cess and secondary and higher education cess). The rate of tax will be reduced if the beneficial recipient is a resident of a country with which the Indian Government has entered into a Double Taxation Avoidance Agreement ("DTAA") and the provisions of such DTAA provide for taxation of such income at a reduced rate.

Taxation of gains arising on disposal of the Notes (including redemption)

Subject to any relief available *under a DTAA, gains arising on disposals of capital assets situated in India are subject to income tax in India***.** Since the Notes would be issued by the Issuer and the Issuer is an overseas entity, the capital assets would be regarded as situated outside of India and consequently, the capital gains should not be taxable in India provided the Notes continue to be maintained at all times in registered form on a register outside India. As a result, any gains arising on a disposal (including redemption) of a Note should not be subject to taxation in India.

Netherlands Taxation

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For purposes of Netherlands tax law, a holder of Notes may include an individual or entity who does not have the legal title of these Notes, but to whom nevertheless the Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Notes or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Offering Memorandum and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

(i) investment institutions (*fiscale beleggingsinstellingen*);

(ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are not subject to or exempt from Netherlands corporate income tax;

(iii) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;

(iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*); and

(v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Notes are attributable to such permanent establishment or permanent representative.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Withholding Tax

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Corporate and Individual Income Tax

(a) Residents of the Netherlands

If a holder of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes or has opted to be treated as a resident of the Netherlands for individual income tax purposes income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52 per cent.) under the Netherlands Income Tax Act 2001, if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Notes, must determine taxable income with regard to the Notes on the basis of a deemed return on income from savings and investments (sparen en beleggen), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments is fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments is taxed at a rate of 30 per cent.

(b) Non-residents of the Netherlands

If a person is not a resident of the Netherlands nor is deemed to be a resident of the Netherlands for Netherlands corporate or individual income tax purposes, nor has opted to be treated as a resident of the Netherlands for individual income tax purposes, such person is not liable to Netherlands income tax in respect of income derived from the Notes and gains realised upon the settlement, redemption or disposal of the Notes, unless:

(i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25 per cent.

(ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Notes are attributable, or (2) realises income or gains with respect to the Notes that qualify as income from miscellaneous activities in the Netherlands which includes activities with respect to the Notes that exceed regular, active portfolio management (normaal, actief vermogensbeheer), or (3) is other than by way of securities entitled to a share in the profits of an enterprise which is effectively managed in the Netherlands and to which enterprise the Notes are attributable.

Income derived from the Notes as specified under (1) and (2) is subject to individual income tax at progressive rates up to a maximum rate of 52 per cent. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Notes) will be part of the individual's Netherlands yield basis.

Gift and Inheritance Tax

(a) Residents of the Netherlands

Generally, gift tax (*schenkbelasting*) or inheritance tax (*erfbelasting*) will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on behalf of, or on the death of, a holder of Notes that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands Gift and Inheritance Tax Act 1956 at the time of the gift or his or her death. A gift made under a condition precedent is for purposes of the Netherlands Gift and Inheritance Tax Act 1956 deemed to be a made at the time the condition precedent is fulfilled and is subject to gift tax if the donor is, or is deemed to be a resident of the Netherlands at that time.

A holder of Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956 if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Gift and Inheritance Tax Act 1956 if he or she has been resident in the Netherlands and makes a gift within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

(b) Non-residents of the Netherlands

No gift or inheritance tax will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or as a result of the death of a holder that is neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956. However, inheritance tax will be due in the case of a gift of the Notes by, or on behalf of, a holder who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956, but such holder dies within 180 days after the date of the gift and at the time of his or her death is a resident or deemed to be a resident of the Netherlands for the purposes of the Netherlands Gift and Inheritance Tax Act 1956. A gift made under a condition precedent is deemed to be made at the time the condition precedent is fulfilled.

Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

CLEARING AND SETTLEMENT ARRANGEMENTS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Guarantor or the Joint Lead Managers takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

CLEARING SYSTEMS

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

REGISTRATION AND FORM

Book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be represented by the Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream, Luxembourg. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of Euroclear or Clearstream, Luxembourg to reflect the amounts of Notes held through Euroclear and Clearstream, Luxembourg, respectively. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear, and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear or Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg and/or if individual Certificates are issued in the limited circumstances described under "*The Global Certificate — Registration of Title*", holders of Notes represented by those individual Certificates. The Principal Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of book-entry interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream, Luxembourg.

CLEARING AND SETTLEMENT PROCEDURES

Initial Settlement

Upon their original issue, the Notes will be in global form represented by a Global Certificate. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Closing Date against payment (value the Closing Date).

Secondary Market Trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg. Transfer of book-entry interests in the Notes between Euroclear or Clearstream, Luxembourg may be effected in accordance with procedures established for this purpose by Euroclear and Clearstream, Luxembourg.

GENERAL

None of Euroclear or Clearstream, Luxembourg is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of the Issuer, the Guarantor, the Trustee or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

SUBSCRIPTION AND SALE

Each of Barclays Bank PLC, BNP Paribas, Deutsche Bank AG, Singapore Branch, J.P. Morgan Securities plc, Standard Chartered Bank and UBS Limited. (together the "Joint Lead Managers") has, pursuant to a Subscription Agreement (the "Subscription Agreement") dated 3 December 2013, severally agreed to subscribe or procure subscribers for the respective principal amount of Notes set out opposite its name below, subject to the provisions of the Subscription Agreement:

Name of Joint Lead Managers	Amount €
Barclays Bank PLC	125,000,000
BNP Paribas	125,000,000
Deutsche Bank AG, London Branch	125,000,000
J.P. Morgan Securities plc	125,000,000
Standard Chartered Bank	125,000,000
UBS Limited.	125,000,000
Total	750,000,000

Notes will be so subscribed at the issue price of 99.756 per cent. of the principal amount of Notes. The Issuer will be paying a combined management and underwriting commission to the Joint Lead Managers and will reimburse the Joint Lead Managers in respect of certain of their expenses. The Issuer has also agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Each Joint Lead Manager has represented and agreed that it has offered and sold, and will offer and sell, the Notes only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, none of the Joint Lead Managers nor their respective affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S).

Terms used in the above paragraphs have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Joint Lead Manager has represented and agreed that the Notes will only be offered in the Netherlands to qualified investors (as defined in the Prospectus Directive).

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), it has not made and will not make an offer of Notes which are subject of the offering contemplated by the Offering Memorandum to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Lead Managers; or

(iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

India

Each of the Joint Lead Managers has represented and agreed that (a) this Offering Memorandum has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Companies Act, 1956 or Companies Act, 2013 or any other applicable Indian laws), with the Registrar of Companies, the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India and (b) the Notes have not been and will not be offered or sold in India by means of any document and this Offering Memorandum or any other offering document or material relating to the Notes have not been and will not be circulated or distributed, directly or indirectly, to any person or to the public in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of Indian laws.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than to (i) "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the "Financial Instruments and Exchange Act") and, accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws, ministerial guidelines and regulations of Japan.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each of the following persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased the Notes, namely a person who is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the SFA.

General

No action has been taken by the Issuer, the Guarantor or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required.

Other relationships

Certain of the Joint Lead Managers or their respective affiliates have provided from time to time, and expect to provide in the future, commercial lending, investment banking and other services to the Issuer, the Guarantor and their affiliates, for which such Joint Lead Managers or their affiliates have received and will receive customary fees and commissions. The Issuer and the Guarantor may enter into hedging or other derivative transactions as part of their risk management strategy with the Joint Lead Managers, which may include transactions relating to the Issuer's obligations under the Notes. The obligations of the Issuer and the Guarantor under these transactions may be secured by cash or other collateral.

Certain of the Joint Lead Managers or their respective affiliates may own securities issued by the Guarantor. Such Joint Lead Managers or their respective affiliates may purchase the Notes in this offering for their own accounts, subject to terms described in this Offering Memorandum.

The Issuer may use some or all of the net proceeds from the sale of the Notes pursuant to this Offering Memorandum for the full or partial repayment of the Group's foreign currency loans to its lenders, such as Standard Chartered Bank, who are also Joint Lead Managers, or their affiliates.

INDEPENDENT AUDITORS

The Annual Financial Statements of the Guarantor as of and for the fiscal year ended 31 March 2012 have been audited by S.R. Batliboi & Associates, Chartered Accountants, as stated in their reports, and the Annual Financial Statements of the Guarantor as of and for the fiscal year ended 31 March 2013 and the Interim Financial Statements of the Guarantor as at and for each of the three and six months ended 30 September 2013 included in the F-pages of this Offering Memorandum have been audited by S.R. Batliboi & Associates LLP, Chartered Accountants, as stated in their reports.

GENERAL INFORMATION

1. The creation and issue of the Notes has been authorised by resolutions of the Issuer's board of directors dated 2 December 2013.

2. The issue of the Guarantee has been authorised by the resolutions of the Guarantor's board of directors dated 1 May 2013 and 3 December 2013 and the Guarantor's committee of directors dated 29 October 2013.

3. Save as disclosed in this Offering Memorandum, there are no, nor have there been any, litigation or arbitration proceedings, including those which are pending or threatened, of which the Guarantor is aware, which may have, or have had during the 12 months prior to the date of this Offering Memorandum, a material adverse effect on the Guarantor's financial or trading position.

4. Save as disclosed in this Offering Memorandum, there has been no material change in the Guarantor's financial or trading position or prospects since 30 September 2013.

5. Copies of the following documents, all of which are published in English, may be inspected during normal business hours at the offices of the Trustee and Principal Paying Agent after the date of this Offering Memorandum for so long as any of the Notes remains outstanding:

   (a) The Guarantor's Memorandum and Articles of Association;

   (b) the Issuer's Memorandum and Articles of Association;

   (c) the Trust Deed and Agency Agreement; and

   (d) The Guarantor's audited consolidated financial statements for the fiscal years ended 31 March 2012 and 2013 and its audited consolidated financial statements for the three and six months ended 30 September 2013.

6. The Notes are expected to be accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN and Common Code for the Notes are as follows:

	Regulation S Notes
ISIN	XS0997979249
Common Code	099797924

7. Application will be made for an inclusion of the Notes to the trading in the *Freiverkehr* (Open Market) of the *Frankfurter Wertpapierbörse* (Frankfurt Stock Exchange). The Open Market is not a regulated market for purposes of EU Directive 2004/39/EC (MiFID).

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Important Information

In the Financial Statements included herein, Bharti Airtel Limited is referred to as "the Company" while in the remainder of this Offering Memorandum, it is referred to as "the Guarantor".

Capitalized terms used in the Financial Statements included herein may be defined differently than in the remainder of this Offering Memorandum.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Bharti Airtel Limited

We have audited the accompanying interim condensed consolidated financial statements ('financial statements') of Bharti Airtel Limited ('the Company') and its subsidiaries (together referred to as 'the Group') as at September 30, 2013, comprising of the consolidated statement of financial position as at September 30, 2013 and the related consolidated income statement and consolidated statement of comprehensive income for the three month and six month period then ended, consolidated statement of changes in equity and consolidated statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the requirements of International Financial Reporting Standards and IAS 34 Interim Financial Reporting ('IAS 34'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the financial statements of the joint venture as noted below, these financial statements are prepared, in all material respects, in accordance with the requirements of IAS 34.

Emphasis of Matter

We draw attention to Note 19(ii)(f)(vii) to the financial statements which describe the uncertainties related to the legal outcome of Department of Telecommunications' demand with respect to One Time Spectrum Charge. Our opinion is not qualified in respect of this matter.

Other Matters

We did not audit the share of gain in a joint venture of Rs 1,322 million for the three month period ended September 30, 2013 and Rs 2,244 million for the six month period then ended, included in the accompanying financial statements in respect of the joint venture, whose financial statements and other financial information have been audited by other auditors and whose report has been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such joint venture is based solely on the report of other auditors.

For S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm's Registration Number: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: New Delhi
Date: October 30, 2013

BHARTI AIRTEL LIMITED AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements — IFRS

For the three and six months period ended September 30, 2013

(Rupees Millions, except per share data)

	Notes	Three months period ended September 30, 2013	Three months period ended September 30, 2012 Restated*	Six months period ended September 30, 2013	Six months period ended September 30, 2012 Restated*
Revenue	6	213,244	193,999	415,883	379,600
Other operating income		184	86	540	190
Operating expenses	8	(145,107)	(134,716)	(282,653)	(265,563)
		68,321	**59,369**	**133,770**	**114,227**
Depreciation and amortisation		(39,394)	(36,891)	(77,864)	(72,793)
Profit from operating activities before exceptional items		**28,927**	**22,478**	**55,906**	**41,434**
Share of results of joint ventures and associates		1,652	982	2,474	1,688
Profit before finance income, finance costs, exceptional items and tax		**30,579**	**23,460**	**58,380**	**43,122**
Finance income		846	3,431	2,525	5,093
Finance costs		(16,957)	(12,681)	(30,312)	(21,710)
Exceptional income / (expenses), net	9	(819)	-	1,433	-
Profit before tax		**13,649**	**14,210**	**32,026**	**26,505**
Income tax expense	10	(8,634)	(7,195)	(18,318)	(11,739)
Net profit for the period		**5,015**	**7,015**	**13,708**	**14,766**
attributable to :					
Equity holders of the Parent		5,120	7,212	12,009	14,834
Non-controlling interests		(105)	(197)	1,699	(68)
Net profit		**5,015**	**7,015**	**13,708**	**14,766**
Earnings per share (In Rupees)					
Basic, profit attributable to equity holders of the Parent		1.28	1.90	3.07	3.91
Diluted, profit attributable to equity holders of the Parent		1.28	1.90	3.07	3.91

*Refer note 3(a)

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

For S. R. Batliboi & Associates LLP
ICAI Firm Registration No: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel Limited

Manoj Kohli
Managing Director & CEO (International)

Gopal Vittal
Joint Managing Director & CEO (India)

per Nilangshu Katriar
Partner
Membership No: 58814

Place: New Delhi
Date: October 30, 2013

Mukesh Bhavnani
Group General Counsel & Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

(Rupees Millions)

	Three months period ended September 30, 2013	Three months period ended September 30, 2012 Restated*	Six months period ended September 30, 2013	Six months period ended September 30, 2012 Restated*
Net profit for the period	**5,015**	**7,015**	**13,708**	**14,766**
Other comprehensive income :				
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translation of foreign operations	9,895	(3,996)	21,309	(22,706)
Income tax effect	-	-	(150)	-
	9,895	**(3,996)**	**21,159**	**(22,706)**
Items that will not be reclassified to profit or loss :				
Actuarial gains/(losses) on defined benefit plans	(20)	-	(170)	-
Income tax effect	7	-	32	-
	(13)	-	**(138)**	-
Other comprehensive income / (loss) for the period, net of tax	**9,882**	**(3,996)**	**21,021**	**(22,706)**
Total comprehensive income / (loss) for the period, net of tax	**14,897**	**3,019**	**34,729**	**(7,940)**
attributable to :				
Equity holders of the Parent	15,244	3,041	33,659	(8,019)
Non-controlling interests	(347)	(22)	1,070	79
Total comprehensive income	**14,897**	**3,019**	**34,729**	**(7,940)**

*Refer note 3(a)

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

For S. R. Batliboi & Associates LLP

ICAI Firm Registration No: 101049W

Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel Limited

Manoj Kohli
Managing Director &
CEO (International)

Gopal Vittal
Joint Managing Director
& CEO (India)

per Nilangshu Katriar
Partner
Membership No: 58814

Place: New Delhi
Date: October 30, 2013

Mukesh Bhavnani
Group General Counsel &
Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

	Notes	As of September 30, 2013	(Rupees Millions) As of March 31, 2013 Restated*
Assets			
Non-current assets			
Property, plant and equipment	11	615,313	638,277
Intangible assets	12	786,013	648,386
Investment in joint ventures and associates		56,224	11,552
Investment (non-current)		35,647	-
Derivative financial assets		4,140	3,566
Other financial assets		14,926	16,326
Other non - financial assets		23,267	18,749
Deferred tax asset		66,039	58,491
		1,601,569	1,395,347
Current assets			
Inventories		1,662	1,109
Trade and other receivables		52,474	67,824
Derivative financial assets		1,768	1,097
Prepayments and other assets		33,599	30,860
Income tax recoverable		6,404	10,093
Short term investments		58,229	65,546
Other financial assets		6,723	4,299
Cash and cash equivalents	13	30,819	16,078
		191,678	196,906
Total assets		**1,793,247**	**1,592,253**
Equity and liabilities			
Equity			
Issued capital	15	19,987	18,988
Treasury shares	15	(478)	(674)
Share premium		123,456	56,499
Retained earnings		421,459	414,027
Foreign currency translation reserve		(10,783)	(32,571)
Other components of equity	15	34,115	46,948
Equity attributable to equity holders of the Parent		**587,756**	**503,217**
Non-controlling interests		41,265	40,886
Total equity		**629,021**	**544,103**
Non-current liabilities			
Borrowings	14	562,929	569,137
Deferred revenue		12,508	9,685
Provisions		9,234	9,744
Derivative financial liabilities		5,308	893
Deferred tax liability		14,572	12,556
Other financial liabilities		21,718	23,204
Other non - financial liabilities		2,441	2,384
		628,710	627,603
Current liabilities			
Borrowings	14	181,508	98,226
Deferred revenue		44,584	39,560
Provisions		1,895	1,768
Other non - financial liabilities		20,095	13,245
Derivative financial liabilities		1,381	219
Income tax liabilities		7,960	7,627
Trade & other payables		278,093	259,902
		535,516	420,547
Total liabilities		**1,164,226**	**1,048,150**
Total equity and liabilities		**1,793,247**	**1,592,253**

*Refer note 3(a)

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

For S. R. Batliboi & Associates LLP
ICAI Firm Registration No: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel Limited

Manoj Kohli
Managing Director &
CEO (International)

Gopal Vittal
Joint Managing Director
& CEO (India)

per Nilangshu Katriar
Partner
Membership No: 58814

Mukesh Bhavnani
Group General Counsel &
Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

Place: New Delhi
Date: October 30, 2013

(Rupees Millions, except as stated otherwise)

	Attributable to equity holders of the Parent									
	No of shares (in '000) (Note 15)	Share capital (Note 15)	Treasury shares (Note 15)	Share premium	Retained earnings	Foreign currency translation reserve (Note 13)	Other components of equity (Note 15)	Total	Non-controlling interests	Total equity
As of April 1, 2012	**3,797,531**	**18,988**	**(282)**	**56,499**	**395,682**	**(6,026)**	**41,252**	**506,113**	**27,695**	**533,808**
Net income / (loss) for the period	-	-	-	-	14,834	-	-	14,834	(68)	14,766
Other comprehensive income / (loss)	-	-	-	-	-	(22,853)	-	(22,853)	147	(22,706)
Total comprehensive income / (loss)	-	-	-	-	**14,834**	**(22,853)**	-	**(8,019)**	**79**	**(7,940)**
Share based compensation	-	-	-	-	-	-	107	107	7	114
Reclassification to provision for payment of stock option	-	-	-	-	-	-	(1)	(1)	-	(1)
Purchase of treasury shares from market	-	-	(762)	-	-	-	-	(762)	-	(762)
Receipt on exercise of share options	-	-	265	-	-	-	(221)	44	-	44
Dividend paid to Company's shareholders	-	-	-	-	(4,412)	-	-	(4,412)	-	(4,412)
Dividend paid to Non-Controlling Interest	-	-	-	-	-	-	-	-	(1,029)	(1,029)
As of September 30, 2012	**3,797,531**	**18,988**	**(779)**	**56,499**	**406,104**	**(28,879)**	**41,137**	**493,070**	**26,752**	**519,822**
Net income / (loss) for the period	-	-	-	-	7,923	-	-	7,923	(20)	7,903
Other comprehensive income / (loss)	-	-	-	-	-	(3,692)	-	(3,692)	728	(2,964)
Total comprehensive income / (loss)	-	-	-	-	**7,923**	**(3,692)**	-	**4,231**	**708**	**4,939**
Share based compensation	-	-	-	-	-	-	282	282	7	289
Reclassification to provision for payment of share options	-	-	-	-	-	-	(2)	(2)	-	(2)
Receipt on exercise of share options	-	-	105	-	-	-	(81)	24	-	24
Transaction with non-controlling interests	-	-	-	-	-	-	5,612	5,612	(18,394)	(12,782)
Proceeds from issuance of equity shares to non - controlling interests	-	-	-	-	-	-	-	-	32,303	32,303
Share issue expenses (net of tax)	-	-	-	-	-	-	-	-	(394)	(394)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(96)	(96)
As of March 31, 2013	**3,797,531**	**18,988**	**(674)**	**56,499**	**414,027**	**(32,571)**	**46,948**	**503,217**	**40,886**	**544,103**
Net income / (loss) for the period	-	-	-	-	12,009	-	-	12,009	1,699	13,708
Other comprehensive income / (loss)	-	-	-	-	(138)	21,788	-	21,650	(629)	21,021
Total comprehensive income / (loss)	-	-	-	-	**11,871**	**21,788**	-	**33,659**	**1,070**	**34,729**
Share based compensation	-	-	-	-	-	-	(120)	(120)	4	(116)
Issue of share capital	199,870	999	-	66,957	-	-	-	67,956	-	67,956
Non-controlling interest arising on a business combination / liability for purchase of non-controlling interests (refer note 7)	-	-	-	-	-	-	(7,534)	(7,534)	895	(6,639)
Receipt on exercise of share options	-	-	196	-	-	-	(170)	26	-	26
Transaction with non-controlling interests (refer note 7)	-	-	-	-	-	-	(5,009)	(5,009)	314	(4,695)
Dividend paid to Company's shareholders (refer note 15)	-	-	-	-	(4,439)	-	-	(4,439)	-	(4,439)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,904)	(1,904)
As of September 30, 2013	**3,997,401**	**19,987**	**(478)**	**123,456**	**421,459**	**(10,783)**	**34,115**	**587,756**	**41,265**	**629,021**

The accompanying notes form an integral part of these interim condensed consolidated financial statements

For S. R. Batliboi & Associates LLP

ICAI Firm Registration No: 101049W

Chartered Accountants

per Nilangshu Katriar
Partner
Membership No: 58814

Place: New Delhi
Date: October 30, 2013

For and on behalf of the Board of Directors of Bharti Airtel Limited

Manoj Kohli
Managing Director &
CEO (International)

Gopal Vittal
Joint Managing Director
& CEO (India)

Mukesh Bhavnani
Group General Counsel &
Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

(Rupees Millions)

	Six months period ended September 30, 2013	Six months period ended September 30, 2012 Restated*
Cash flows from operating activities		
Profit before tax	**32,026**	**26,505**
Adjustments for -		
Depreciation and amortisation	77,864	72,793
Finance income	(2,525)	(5,093)
Finance costs	30,312	21,710
Share of results of joint ventures and associates	(2,474)	(1,688)
Exceptional items	(2,252)	-
Amortisation of share based compensation	(116)	114
Other non-cash items	(324)	301
Operating cash flow before changes in assets and liabilities	**132,511**	**114,642**
Trade & other receivables and prepayments	11,442	(21,842)
Inventories	(332)	(19)
Trade and other payables	29,240	32,197
Provisions	2,757	890
Other financial and non financial liabilities	2,141	253
Other financial and non financial assets	(2,403)	3,314
Cash generated from operations	**175,356**	**129,435**
Interest received	1,838	633
Dividend received	2,200	4,050
Income tax paid	(14,642)	(15,666)
Net cash inflow from operating activities	**164,752**	**118,452**
Cash flows from investing activities		
Purchase of property, plant and equipment	(73,633)	(60,173)
Proceeds from sale of property, plant and equipment	3,772	589
Purchase of intangible assets	(6,469)	(2,125)
Short term investments (net)	(27,381)	187
Purchase of non-current investments	(2,500)	-
Investment in subsidiary, net of cash acquired (refer note 7)	(3,675)	-
Demerger of subsidiary (Refer Note 7)	(8,009)	-
Investment in joint venture / associate (refer note 7)	-	(9,281)
Loan to joint venture / associate	(30,219)	(100)
Net cash outflow from investing activities	**(148,114)**	**(70,903)**
Cash flows from financing activities		
Proceeds from borrowings	100,446	118,093
Repayment of borrowings	(149,926)	(146,628)
Short term borrowings (net)	4,843	(2,640)
Purchase of treasury shares	-	(762)
Interest paid	(20,149)	(17,157)
Proceeds from exercise of share options	26	44
Dividend paid (including tax) to Company's shareholders	(4,439)	(4,412)
Dividend paid (including tax) to non - controlling interests	(1,904)	(1,029)
Proceeds from issuance of equity shares to institutional investor	67,956	-
Acquisition of non-controlling interest (refer note 7)	(3,828)	-
Net cash inflow/ (outflow) from financing activities	**(6,975)**	**(54,491)**
Net increase/ (decrease) in cash and cash equivalents during the year	**9,663**	**(6,942)**
Effect of exchange rate changes on cash and cash equivalents	(910)	(762)
Add : Balance as at the beginning of the period	1,312	7,652
Balance as at the end of the period (refer note 13)	**10,065**	**(52)**

*Refer note 3(a)

The accompanying notes form an integral part of these interim condensed consolidated financial statements

For S. R. Batliboi & Associates LLP
ICAI Firm Registration No: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel Limited

Manoj Kohli
Managing Director &
CEO (International)

Gopal Vittal
Joint Managing Director
& CEO (India)

per Nilangshu Katriar
Partner
Membership No: 58814

Place: New Delhi
Date: October 30, 2013

Mukesh Bhavnani
Group General Counsel &
Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

1 Corporate information

Bharti Airtel Limited ("Bharti Airtel" or "the Company" or "the Parent") is domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE'), India. The Registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

Bharti Airtel together with its subsidiaries is hereinafter referred to as 'the Group'. The Group is a leading telecommunication service provider in India and also has strong presence in Africa and South Asia.

The principal activities of the Group, its joint ventures and associates consist of provision of telecommunication systems and services, tower infrastructure services and direct to home services. The principal activities of the subsidiaries, joint ventures and associates are disclosed in Note 21.

The services provided by the Group are disclosed in Note 6 under segment reporting.

The Group's principal shareholders as of September 30, 2013 are Bharti Telecom Limited and Singapore Telecommunication International Pte. Limited.

2 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "*Interim Financial Reporting"*.

The interim condensed consolidated financial statements ("the consolidated financial statements") do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended March 31, 2013.

The consolidated financial statements were authorized for issue by the Board of Directors on October 30, 2013.

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

3 New standards, interpretation and amendments thereof, adopted by the Group

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

S. No.	Standards/ Interpretation/ Amendments	Month of Issue	Effective date - annual periods beginning on or after
1	IFRS 10, "*Consolidated Financial Statements*"	May, 2011	January 1, 2013
2	IFRS 11, "*Joint Arrangements*"	May, 2011	January 1, 2013
3	IFRS 12, "*Disclosure of Interests in other entities*"	May, 2011	January 1, 2013
4	IAS 27 (Revised), "*Separate Financial Statements*"	May, 2011	January 1, 2013
5	IAS 28 (Revised), "*Investments in Associates and joint ventures*"	May, 2011	January 1, 2013
6	IFRS 13, "*Fair Value Measurement*"	May, 2011	January 1, 2013
7	Amendment to IAS 1, "*Presentation of Financial Statements*"	June, 2011	July 1, 2012
8	IAS 19 (Revised), "*Employee Benefits*"	June, 2011	January 1, 2013
9	IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine"	October, 2011	January 1, 2013
10	Amendment to IFRS 7, "*Financial Instruments: Disclosures*"	December, 2011	January 1, 2013
11	Amendment to IFRS 1, "*First time adoption of International Financial Reporting Standards*"	March, 2012	January 1, 2013
12	"Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" (Amendments to IFRS 10, IFRS 11 and IFRS 12)	June, 2012	January 1, 2013
13	Annual Improvements	May, 2012	January 1, 2013

The adoption of the new Standards / Interpretation / amendments to the Standards mentioned above does not have any impact on the financial position or performance of the Group except for IFRS 11 and IAS 19 discussed below.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) IFRS 11 Joint Arrangements

In May 2011, International Accounting Standards Board issued IFRS 11, "*Joint arrangements*".

IFRS 11 replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "*Jointly-controlled Entities-Non-monetary Contributions by Venturers*". IFRS 11 defines joint control as the contractually agreed sharing of control of an arrangement; which exists only when the decisions about the relative activities require the unanimous consent of the parties sharing control. The reference to 'control' in 'joint control' refers to the definition of 'control' under IFRS 10. IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 (jointly controlled operations, jointly controlled assets and jointly controlled entities) to two categories: joint operations and joint ventures. IFRS 11 removes the option to account for jointly controlled entities using the proportionate consolidation method. Jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. IFRS 11 requires that the nature and the substance of the contractual rights and obligations arising from arrangement are considered when classifying it as either a joint operation or a joint venture; the legal form or structure of the arrangement is not the most significant factor in classifying the arrangement.

IFRS 11 was further amended in June, 2012 and provides relief similar to IFRS 10 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period and also provides relief from disclosing the impact on each financial statement line item affected and earnings per share for the current period.

Jointly controlled entities of the Group (refer note 21 for list of joint ventures) qualify as joint ventures under the Standard and have been accounted for using the equity method as compared to proportionate consolidation method earlier followed by the Company. This has resulted in recognizing a single line item for investment in a joint venture in the statement of financial position, and a single line item for the proportionate share of net income and changes in other comprehensive income in the income statement and in the statement of comprehensive income, respectively.

The change in accounting of the Group's investments in joint ventures has been applied in accordance with the relevant transitional provisions set out in IFRS 11. Comparative amounts for the three and six months period ended September 30, 2012 and as of March 31, 2013 have been restated to reflect the change in accounting for the Group's investment in joint ventures.

The line item wise impact on the comparative consolidated income statement and consolidated statement of financial position is given below. There is no impact on the other comprehensive income, net profit, earnings per share and total equity of the Group for the comparative period.

Impact on Consolidated Income Statement

(Rupees Millions)

	Previously reported		Impact of IFRS -11		As restated	
	Six months period ended September 30, 2012	Three months period ended September 30, 2012	Six months period ended September 30, 2012	Three months period ended September 30, 2012	Six months period ended September 30, 2012	Three months period ended September 30, 2012
Revenue	396,233	202,732	(16,633)	(8,733)	379,600	193,999
Other operating income	216	98	(26)	(12)	190	86
Operating expenses	(274,454)	(139,322)	8,891	4,606	(265,563)	(134,716)
	121,995	**63,508**	(7,768)	(4,139)	**114,227**	**59,369**
Depreciation and amortisation	(76,131)	(38,560)	3,338	1,669	(72,793)	(36,891)
Profit from operating activities before exceptional items	**45,864**	**24,948**	**(4,430)**	**(2,470)**	**41,434**	**22,478**
Share of results of joint ventures and associates	(76)	-	1,764	982	1,688	982
Profit before finance income, finance costs, exceptional items and tax	**45,788**	**24,948**	**(2,666)**	**(1,488)**	**43,122**	**23,460**
Finance income	5,318	3,600	(225)	(169)	5,093	3,431
Finance costs	(23,748)	(13,819)	2,038	1,138	(21,710)	(12,681)
Exceptional income / (expenses), net	-	-	-	-	-	-
Profit before tax	**27,358**	**14,729**	**(853)**	**(519)**	**26,505**	**14,210**
Income tax expense	(12,592)	(7,714)	853	519	(11,739)	(7,195)
Net profit for the period	**14,766**	**7,015**	-	-	**14,766**	**7,015**

Impact on Consolidated Statement of Financial Position

(Rupees Millions)

	As of March 31, 2013 (Previously reported)	Impact of IFRS -11	As of March 31, 2013 (As restated)
Assets			
Non-current assets			
Property, plant and equipment	688,430	(50,153)	638,277
Intangible assets	680,808	(32,422)	648,386
Investment in joint ventures and associates	242	11,310	11,552
Derivative financial assets	3,566	-	3,566
Other financial assets	16,999	(673)	16,326
Other non - financial assets	21,038	(2,289)	18,749
Deferred tax asset	59,245	(754)	58,491
	1,470,328	**(74,981)**	**1,395,347**
Current assets			
Inventories	1,109	-	1,109
Trade and other receivables	66,430	1,394	67,824
Derivative financial assets	1,097	-	1,097
Prepayments and other assets	33,134	(2,274)	30,860
Income tax recoverable	12,040	(1,947)	10,093
Short term investments	67,451	(1,905)	65,546
Other financial assets	4,348	(49)	4,299
Cash and cash equivalents	17,295	(1,217)	16,078
	202,904	**(5,998)**	**196,906**
Total assets	**1,673,232**	**(80,979)**	**1,592,253**
Equity and liabilities			
Equity			
Issued capital	18,988	-	18,988
Treasury shares	(674)	-	(674)
Share premium	56,499	-	56,499
Retained earnings	414,027	-	414,027
Foreign currency translation reserve	(32,571)	-	(32,571)
Other components of equity	46,948	-	46,948
Equity attributable to equity holders of the Parent	**503,217**	-	**503,217**
Non-controlling interests	40,886	-	40,886
Total equity	**544,103**	-	**544,103**
Non-current liabilities			
Borrowings	615,485	(46,348)	569,137
Deferred revenue	9,696	(11)	9,685
Provisions	10,548	(804)	9,744
Derivative financial liabilities	893	-	893
Deferred tax liability	15,873	(3,317)	12,556
Other financial liabilities	22,748	456	23,204
Other non - financial liabilities	3,465	(1,081)	2,384
	678,708	**(51,105)**	**627,603**
Current liabilities			
Borrowings	114,123	(15,897)	98,226
Deferred revenue	39,560	-	39,560
Provisions	1,835	(67)	1,768
Other non - financial liabilities	13,922	(677)	13,245
Derivative financial liabilities	219	-	219
Income tax liabilities	7,628	(1)	7,627
Trade & other payables	273,134	(13,232)	259,902
	450,421	**(29,874)**	**420,547**
Total liabilities	**1,129,129**	**(80,979)**	**1,048,150**
Total equity and liabilities	**1,673,232**	**(80,979)**	**1,592,253**

b) IAS 19 Employee Benefits

In June 2011, International Accounting Standards Board issued amendments to IAS 19. The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The most significant changes relate to the accounting for actuarial gains and losses and current, non-current classification of employee benefits liability.

(a) Actuarial gains and losses are to be recognized in OCI when they occur. Amounts recognized in profit or loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other changes in the net defined benefit asset / liability are recognized in other comprehensive income with no subsequent recycling to profit and loss.

(b) The distinction between short-term and long-term employee benefits will be based on expected timing of settlement rather than the employee's entitlement benefits.

The change in accounting for actuarial gains and losses and current, non-current classification is required to be applied with retrospective effect as per the transitional provisions of IAS 19. The Group has assessed the impact of the restatement as immaterial and has, accordingly, not restated the comparative information.

The change does not have any impact on the provision for defined benefit obligation as of September 30, 2013. Actuarial Loss of Rs 13 Mn and Rs 138 Mn (Net of Rs 7 Mn and Rs 32 Mn income tax effect) for the three and six months period ended September 30, 2013 has been recognized in other comprehensive income. There was no material impact on the Group's basic and diluted EPS and on the consolidated statement of cash flows.

4 Significant accounting judgments, estimates and assumptions

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

In preparing the consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies, key assumptions concerning the future and other key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended March 31, 2013, except for the following change in estimate made during the period:

a) Property, plant and equipment

During the six months period ended September 30, 2013, the Group has reassessed useful life of certain categories of network assets due to technological developments and has revised the remaining useful life in respect of those assets. Out of these assets, additional depreciation charge of Rs 6,698 Mn on assets for which the revised useful life has expired on April 1, 2013 has been recognized and disclosed as 'exceptional income / (expenses), net' and lower depreciation charge of Rs 121 Mn and additional depreciation charge of Rs 1,191 Mn for the three and six months period ended September 30, 2013, respectively for balance assets has been recognized and reflected as 'Depreciation and amortization'. The impact of above change on the depreciation charge for the future period / years is as follows:

(Rupees Millions)

	6 months ending March 31, 2014	Year ending March 31, 2015	Year ending March 31, 2016	Year ending March 31, 2017	After March 31, 2017
Increase/(decrease) in depreciation	335	(279)	(1,022)	(1,020)	(5,902)

5 Standards issued but not yet effective up to the date of issuance of the Group's financial statements

The following new standards and amendments to IFRS have been issued up to the date of issuance of the Group's financial statements but not yet effective and have not been adopted by the Group. The Group is currently evaluating the requirements of these standards/amendments, and has not yet determined the impact on the consolidated financial statements.

S. No.	Standards/ Amendments	Month of Issue	Effective date - annual periods beginning on or after
1	Amendment to IAS 32, "Financial Instruments : Presentation"	December, 2011	January 1, 2014
2	Amendment to IFRS 10, IFRS 12 and IAS 27, "Investment Entities"	October, 2012	January 1, 2014
3	Amendment to IAS 36, "Impairment of Assets"	May, 2013	January 1, 2014
4	IFRIC Interpretation 21, "Levies"	May, 2013	January 1, 2014
5	Amendment to IAS 39, "Amendment for novations of derivatives"	June, 2013	January 1, 2014
6	IFRS 9, "Financial Instruments"	November, 2009	January 1, 2015
7	Amendment to IFRS 7 and IFRS 9, "Mandatory Effective Date and Transition Disclosures"	December, 2011	January 1, 2015

6 Segment Reporting

The Group's operating segments are organized and managed separately through the respective business managers, according to the nature of products and services provided, with each segment representing a strategic business unit. These business units are reviewed by the Chairman of the Group (Chief operating decision maker). Effective April 1, 2013, to reflect the growing importance of South Asia mobile operations, the Group's mobile services in Bangladesh and Sri Lanka are now being reported under a separate segment 'Mobile Services-South Asia', earlier included in 'Mobile Services — India and South Asia'. Accordingly, 'Mobile Services — India' is being reported as a separate segment. In addition, to better reflect business synergies, intra city fiber networks earlier included in 'Telemedia Services', and Mobile Commerce Services in India earlier included in 'Others', have now been included in 'Mobile Services — India'. Further, in order to improve the comparability of results with the single segment telecom players, the Company has also allocated certain central common expenses, earlier included in 'Unallocated' to 'Mobile Services — India', 'Telemedia Services' and 'Airtel Business'. Accordingly, previous year's/period's segment figures have been restated.

The revised reporting segments of the Group are as below:

Mobile Services India: These services cover voice and data telecom services provided through wireless technology (2G/3G/4G) in India. This includes the captive national long distance networks which primarily provide connectivity to the mobile services business in India. This also includes intra city fibre networks and Mobile commerce services.

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

Mobile Services Africa: These services cover provision of voice and data telecom services offered to customers in Africa continent. This also includes corporate headquarter costs of the Group's Africa operations.

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

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

Airtel Business: These services cover end-to-end telecom solutions being provided to large Indian and global corporations by serving as a single point of contact for all telecommunication needs across data and voice (domestic as well as international long distance), network integration and managed services.

Tower Infrastructure Services (formerly known as 'Passive Infrastructure Services'): These services include setting up, operating and maintaining wireless communication towers in India.

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

The measurement principles for segment reporting are based on IFRSs adopted in the consolidated financial statements. Segment's performance is evaluated based on segment revenue and profit or loss from operating activities i.e. segment results.

Operating revenues and expenses related to both third party and inter-segment transactions are included in determining the segment results of each respective segment. Finance income earned and finance expense incurred is not allocated to individual segment and the same has been reflected at the Group level for segment reporting. Inter-segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period the change occurs. Segment information prior to the change in terms is not restated. These transactions have been eliminated on consolidation. The total assets disclosed for each segment represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment, intangibles, inventories, operating cash and bank balances, inter-segment assets and exclude derivative financial instruments, deferred tax assets and income tax recoverable.

Segment liabilities comprise operating liabilities and exclude external borrowings, provision for taxes, deferred tax liabilities and derivative financial instruments. Segment capital expenditure comprises additions to property, plant and equipment and intangible assets (net of rebates, where applicable).

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

Summary of the segmental information as of and for the three months period ended September 30, 2013 is as follows:

(Rupees Millions)

Description	Mobile Services India	Mobile Services South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	107,900	4,409	69,255	8,984	12,971	5,056	4,669	-	-	-	213,244
Inter segment revenue	5,641	128	1,003	773	3,854	16	7,933	836	-	(20,184)	-
Total revenues	**113,541**	**4,537**	**70,258**	**9,757**	**16,825**	**5,072**	**12,602**	**836**	-	**(20,184)**	**213,244**
Share of profits / (loss) in joint ventures and associates	356	-	(24)	-	-	-	1,322	(2)	-	-	1,652
Segment result	21,773	(1,051)	4,769	1,404	1,844	(1,473)	4,045	10	(707)	(35)	30,579
Finance income											846
Finance costs											(16,957)
Exceptional income / (expenses), net *											(819)
Earnings before taxation											13,649
Other segment items											
Period capital expenditure	(8,767)	(8,392)	(9,824)	(3,417)	(2,758)	(1,051)	(1,214)	0	(93)	4,670	(30,846)
Depreciation and amortisation	(16,618)	(1,315)	(14,211)	(2,213)	(1,398)	(2,118)	(2,698)	-	3	1,174	(39,394)
As of Sep 30,2013											
Segment assets	872,027	49,413	807,164	63,225	123,560	22,222	203,223	738	178,360	(526,685)	1,793,247
Segment liabilities	201,250	34,326	162,751	19,004	53,115	53,258	29,421	1,187	1,135,709	(525,795)	1,164,226

* 'Exceptional income / (expenses), net' shown separately relates to new regulatory levy in one of the Group's international operations (Refer note 9 for details).

Summary of the restated segmental information as of March 31, 2013 and for the three months period ended September 30, 2012 is as follows:

(Rupees Millions)

Description	Mobile Services India	Mobile Services South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	102,937	2,853	59,746	8,562	10,682	3,924	5,295	-	-	-	193,999
Inter segment revenue	5,968	85	766	378	3,252	13	6,878	958	-	(18,298)	-
Total revenues	**108,905**	**2,938**	**60,512**	**8,940**	**13,934**	**3,937**	**12,173**	**958**	**-**	**(18,298)**	**193,999**
Share of profits / (loss) in joint ventures and associates	(77)	-	-	-	-	-	1,059	-	-	-	982
Segment result	17,936	(1,407)	4,397	1,793	670	(2,228)	2,669	46	(426)	10	23,460
Finance income											3,431
Finance costs											(12,681)
Exceptional income / (expenses), net											-
Earnings before taxation											14,210
Other segment items											
Period capital expenditure	(17,309)	(1,268)	(12,341)	(1,065)	(1,083)	(1,638)	(2,919)	-	(2,354)	778	(39,199)
Depreciation and amortisation	(15,384)	(1,040)	(12,016)	(1,905)	(1,385)	(2,260)	(3,818)	-	(3)	920	(36,891)
As of Mar 31, 2013											
Segment assets	769,097	39,218	687,652	56,549	111,307	22,113	194,969	722	162,932	(452,306)	1,592,253
Segment liabilities	191,315	30,525	138,521	14,599	48,911	50,251	28,870	1,198	995,460	(451,500)	1,048,150

Summary of the segmental information as of and for the six months period ended September 30, 2013 is as follows:

(Rupees Millions)

Description	Mobile Services India	Mobile Services South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	219,064	8,231	127,773	17,819	23,446	9,941	9,609	-	-	-	415,883
Inter segment revenue	10,490	219	1,794	1,422	7,415	31	15,825	1,696	-	(38,892)	-
Total revenues	**229,554**	**8,450**	**129,567**	**19,241**	**30,861**	**9,972**	**25,434**	**1,696**	**-**	**(38,892)**	**415,883**
Share of profits / (loss) in joint ventures and associates	318	-	(86)	-	-	-	2,244	(2)	-	-	2,474
Segment result	42,714	(2,059)	8,371	2,843	3,266	(2,629)	6,883	30	(1,059)	20	58,380
Finance income											2,525
Finance costs											(30,312)
Exceptional income / (expenses), net *											1,433
Earnings before taxation											**32,026**
Other segment items											
Period capital expenditure	(17,378)	(9,314)	(21,816)	(4,693)	(3,646)	(3,304)	(2,927)	0	(93)	8,197	(54,974)
Depreciation and amortisation	(33,272)	(2,487)	(26,446)	(4,538)	(2,741)	(4,034)	(6,527)	-	(8)	2,189	(77,864)
As of Sep 30,2013											
Segment assets	872,027	49,413	807,164	63,225	123,560	22,222	203,223	738	178,360	(526,685)	1,793,247
Segment liabilities	201,250	34,326	162,751	19,004	53,115	53,258	29,421	1,187	1,135,709	(525,795)	1,164,226

* 'Exceptional income / (expenses), net' shown separately relates to gain on account of demerger of a subsidiary, reassessment of residual useful lives of certain assets and new regulatory levy in one of the Group's international operations (Refer note 9 for details).

Summary of the restated segmental information as of March 31, 2013 and for the six months period ended September 30, 2012 is as follows:

(Rupees Millions)

Description	Mobile Services India	Mobile Services South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	202,548	5,649	116,935	17,062	19,527	7,569	10,310	-	-	-	379,600
Inter segment revenue	10,992	143	1,163	767	6,313	26	13,650	1,785	-	(34,839)	-
Total revenues	**213,540**	**5,792**	**118,098**	**17,829**	**25,840**	**7,595**	**23,960**	**1,785**	**-**	**(34,839)**	**379,600**
Share of profits / (loss) in joint ventures and associates	(146)	-	-	-	-	-	1,834	-	-	-	1,688
Segment result	34,112	(2,811)	7,802	3,365	1,101	(4,493)	4,995	84	(1,007)	(26)	43,122
Finance income											5,093
Finance costs											(21,710)
Exceptional income / (expenses), net											-
Earnings before taxation											26,505
Other segment items											
Period capital expenditure	(36,416)	(3,243)	(18,925)	(2,759)	(1,827)	(4,896)	(5,134)	-	(2,479)	1,637	(74,042)
Depreciation and amortisation	(30,405)	(2,015)	(23,535)	(3,863)	(2,769)	(4,502)	(7,517)	-	(6)	1,819	(72,793)
As of Mar 31, 2013											
Segment assets	769,097	39,218	687,652	56,549	111,307	22,113	194,969	722	162,932	(452,306)	1,592,253
Segment liabilities	191,315	30,525	138,521	14,599	48,911	50,251	28,870	1,198	995,460	(451,500)	1,048,150

(Rupees Millions)

	As of September 30, 2013	As of March 31, 2013
Unallocated Assets comprise of :		
Derivative financial assets	5,908	4,663
Deferred tax asset	66,039	58,491
Income tax recoverable	6,404	10,093
Inter-segment loans/ receivables	68,840	53,174
Short term investments	10,180	11,221
Others	20,989	25,290
Total	**178,360**	**162,932**

(Rupees Millions)

	As of September 30, 2013	As of March 31, 2013
Unallocated Liabilities comprise of :		
Borrowings	744,437	667,363
Derivative financial liabilities	6,689	1,112
Deferred tax liability	14,572	12,556
Income tax liabilities	7,960	7,627
Inter-segment loans/ payables	353,317	299,332
Others	8,734	7,470
Total	**1,135,709**	**995,460**

Borrowings include amount borrowed for the acquisition of 3G and BWA Licenses Rs. 67,950 Mn and Rs. 52,225 Mn and for funding the acquisition of Africa operations and other borrowings of Africa operations Rs. 633,707 Mn and Rs. 537,760 Mn as of September 30, 2013 and March 31, 2013, respectively.

7 Business Combination/ Disposal of subsidiary/ Other acquisitions/ Transaction with non- controlling interests

a) Acquisition of interest in Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited), erstwhile Wireless Broadband Business Services (Delhi) Pvt. Ltd., erstwhile Wireless Broadband Business Services (Kerala) Pvt. Ltd. and erstwhile Wireless Broadband Business Services (Haryana) Pvt. Ltd. ("BWA entities")

Pursuant to a definitive agreement dated May 24, 2012, the Company acquired 49 per cent. stake for a consideration of Rs. 9,281 Mn (USD 165 Mn) in Qualcomm Asia Pacific's (Qualcomm AP) above mentioned Indian subsidiaries partly by way of acquisition of 26 per cent. equity interest from its existing shareholders and balance 23 per cent. by way of subscription of fresh equity in the referred entities.

During the three months period ended June 30, 2012, the Group had accounted for the BWA entities as associates. Considering the non-existence of market for the License (including spectrum), the same was provisionally accounted for at the book value. The Group's share of the provisional fair values of net assets amounted to Rs. 3,268 Mn (including proportionate share of capital subscribed of Rs. 2,380 Mn) on the date of acquisition. The goodwill arising on the acquisition of Rs. 6,013 Mn was recorded as part of the investment in associates.

Effective July 1, 2012, the Group started exercising its right of joint control over the activities of the joint venture and has accordingly accounted for the BWA entities as Joint Ventures. The difference of Rs. 1,175 Mn between the purchase consideration of Rs. 7,645 Mn (net of Rs. 812 Mn to be adjusted against the amount to be paid for the purchase of balance shares and Rs. 823 Mn of the consideration identified towards fair value of the contract for the purchase of balance shares) and its share of the fair value of net assets of Rs. 6,470 Mn has been recognized as goodwill, recorded as part of the investment in joint ventures.

Further, on June 25, 2013, the Company has acquired additional equity stake of 2 per cent. by way of subscription to fresh equity of Rs. 638 Mn, thereby acquiring control over the BWA entities. The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their fair values as on the acquisition date and the purchase consideration has been allocated to the net assets. The Company has fair valued its existing 49 per cent. equity interest at Rs. 8,773 Mn and recognized a net gain of Rs. 101 Mn (net of loss on fair valuation of contract for the purchase of balance shares).

The difference of Rs. 8,371 Mn between the purchase consideration of Rs. 9,215 Mn (including fair valuation of existing equity interest and fair value of contract for the purchase of balance shares Rs. 196 Mn (liability)) and fair value of net assets of Rs. 844 Mn (including cash acquired of Rs. 2,413 Mn and net of non-controlling interest of Rs. 895 Mn) has been recognized as goodwill. None of the goodwill recognized is deductible for income tax purpose. The goodwill recognized in the transaction consists largely of the synergies and economies of scale expected from the combined operation of the Group and BWA entities.

The present value of the liability of Rs. 6,722 Mn to be paid for the purchase of balance shares and the advance of Rs 812 Mn has been recognized against the 'Other components of equity'.

From the date of acquisition, BWA entities has contributed revenue of Rs. Nil and Rs. Nil to the consolidated revenue and loss before tax of Rs. 61 Mn and Rs. 65 Mn to the consolidated net profit before tax of the Group, for the three and six months period ended September 30, respectively.

The fair value and the carrying amount of the acquired receivables as of the date of acquisition is Nil.

The Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956 for amalgamation of Wireless Broadband Business Services (Delhi) Private Limited, Wireless Broadband Business Services (Kerala) Private Limited and Wireless Broadband Business Services (Haryana) Private Limited with Airtel Broadband Services Private Limited ('ABSPL') (formerly known as Wireless Business Services Private Limited) was approved by the Hon'ble High Court of Delhi and Bombay vide order dated May 24, 2013 and June 28, 2013 respectively, with appointed date July 6, 2010, and filed with the Registrar of Companies on August 5, 2013, effective date of the Scheme. Accordingly, the transferor companies have ceased to exist and have merged into ABSPL The Scheme has, accordingly, been given effect to in the consolidated financial statements of the Company.

During the six months period ended September 30, 2013, the Group has increased its equity investment in ABSPL by way of conversion of loan of Rs 49,094 Mn, thereby increasing its shareholding from 51 per cent. to 93.45 per cent. Further considering other terms of the definitive agreement, as the non-controlling interest is no longer bearing the risks and rewards of ownership, the entire carrying amount of non-controlling interest of Rs 840 Mn has been derecognized and has been recognized in 'Other components of equity'.

Subsequent to the balance sheet date, the Company has further acquired 371,273,844 equity shares of ABSPL for a total consideration of Rs. 6,903 Mn from Qualcomm Asia Pacific Pte. Ltd., the only other shareholder of WBSPL, thereby increasing it's shareholding to 100 per cent. Further, subsequent to the balance sheet date, the Board has approved the amalgamation of ABSPL with the Company under sections 391 to 394 and other applicable provisions, if any, of the Companies Act, 1956 and related applicable rules & regulations. The scheme has been submitted to the National Stock Exchange Limited and BSE Limited, for seeking the approval under clause 24(f) of the Listing Agreement.

b) Acquisition of 100 per cent. interest in Warid Telecom Uganda Limited

The Group entered into a share purchase agreement with Warid Telecom Uganda LLC and Warid Uganda Holding Inc to acquire 100 per cent. equity interest in Warid Telecom Uganda Limited for USD 106.3 Mn (Rs. 5,839 Mn) (including deferred consideration of USD 11.6 Mn (Rs. 638 Mn)). The transaction was closed on May 13, 2013. With this acquisition, the Group will further consolidate its position as the second largest mobile operator in Uganda. The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their preliminary fair values as on the acquisition date and the purchase consideration has been allocated to the net assets. The difference of Rs. 2,394 Mn between the purchase consideration and preliminary fair value of net assets of Rs. 3,445 Mn (including cash acquired of Rs. 454 Mn) has been recognized as goodwill. None of the goodwill recognized is deductible for income tax purpose. The goodwill recognized in the transaction consists largely of synergies and economies of scale expected from the combined operation of the Group and Warid Telecom Uganda Limited. Deferred consideration of USD 11.6 Mn (Rs. 703 Mn at exchange rate on the date of payment) was paid during the three months period ended September 30, 2013.

c) Acquisition of additional interest in Airtel Bangladesh Limited

On June 12, 2013, the Group acquired 30 per cent. equity stake in Airtel Bangladesh Limited, thereby, increasing its shareholding to 100 per cent. The excess of consideration over the carrying value of the interest acquired, Rs. 5,849 Mn (including transaction cost), has been recognized in 'Other components of equity'.

d) Demerger of Bharti Infratel Ventures Limited

The Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities as defined in the Scheme from Bharti Infratel Ventures Limited (BIVL) (subsidiary of the Group), Vodafone Infrastructure Limited (VIL) (formerly known as Vodafone Essar Infrastructure Limited), and Idea Cellular Tower

Infrastructure Limited (ICTIL) (collectively referred to as 'the transferor companies') to Indus Towers Limited (Indus), a joint venture of the Group, was approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 and filed with the Registrar of Companies on June 11, 2013, effective date of the Scheme. Accordingly, effective this date, the transferor companies have ceased to exist and have merged into Indus. The Scheme has, accordingly, been given effect to in the consolidated financial statements of the Company.

As a result of the transaction, the Group has lost control of BIVL and gained an additional interest in Indus and accordingly the Group has:

(i) derecognized the assets and liabilities of BIVL from its consolidated statement of financial position (net Rs. 43,631 Mn) (including cash & cash equivalents of Rs. 8,009 Mn);

(ii) recognized additional investment in Indus at Rs. 52,581 Mn i.e the Group's share of the aggregate of (a) fair value of the net assets contributed by the other joint venturers and (b) book value of net assets of BIVL contributed by the Group; and

(iii) recognized resultant gain of Rs 8,950 Mn as an exceptional income (refer note 9(a)).

e) Dilution of shareholding in Bharti Infratel Limited

During the year ended March 31, 2013, Bharti Infratel Limited (BIL), a subsidiary of the Company, made an Initial Public Offering (IPO) through book building process of 188,900,000 equity shares of Rs. 10 each. The IPO comprised of fresh issue of 146,234,112 equity shares of Rs. 10 each by BIL and an offer for sale of 42,665,888 equity shares of Rs. 10 each by the existing shareholders. BIL has raised Rs. 32,303 Mn from fresh issue of shares and incurred related share issue expenses of Rs. 579 Mn (deferred tax of Rs. 185 Mn has been recognized on the same). BIL's equity shares got listed on December 28, 2012 on both the Stock Exchanges (BSE & NSE).

Post the issue, the holding of the Company in BIL has reduced from 86.09 per cent. to 79.42 per cent. The equity shares were allotted on December 22, 2012. On the date of allotment, the carrying amounts of the controlling and non-controlling interests have been adjusted to reflect the changes in their relative interests in BIL. Consequently, the dilution gain of Rs. 16,649 Mn has been recognized directly in equity as attributable to the equity shareholders of the Parent.

f) Acquisition of additional interest in Airtel Networks Limited

On March 11, 2013, the Group acquired 13.357 per cent. equity stake in Airtel Networks Limited, thereby, increasing its shareholding to 79.059 per cent. The excess of consideration over the carrying value of the interest acquired, Rs. 11,037 Mn (including transaction cost), has been recognized in 'Other components of equity'.

8 Operating expenses

(Rupees Millions)

	Three months period ended September 30, 2013	Three months period ended September 30, 2012	Six months period ended September 30, 2013	Six months period ended September 30, 2012
Access charges	27,475	29,524	54,436	56,570
Licence fees, revenue share and spectrum charges	19,565	16,469	37,784	32,769
Network operations cost	49,143	42,132	95,843	83,677
Employee costs	12,206	9,580	23,132	18,497
Selling, general and administrative expenses	36,598	36,984	71,185	73,820
Charity & donations	120	27	273	230
	145,107	**134,716**	**282,653**	**265,563**

Selling, general and administrative expenses include followings:

(Rupees Millions)

	Three months period ended September 30, 2013	Three months period ended September 30, 2012	Six months period ended September 30, 2013	Six months period ended September 30, 2012
Trading inventory consumption	1,938	2,871	4,562	5,413
Dimunition in value of inventory	207	(106)	132	19
Provision for doubtful debts	1,339	1,628	3,549	2,990

9 Exceptional income / (expenses)

Exceptional income / (expenses) comprises of the followings:-

a) Gain of Rs Nil and Rs. 8,950 Mn during the three and six months period ended September 30, 2013, respectively, on account of demerger of Bharti Infratel Ventures Limited, a subsidiary of the Group (refer note 7(d)).

b) Net charge of Rs Nil and Rs. 6,698 Mn during the three and six months period ended September 30, 2013, respectively, resulting from reassessment of the residual useful lives of certain categories of network assets of the Group due to technological developments (refer note 4 (a)).

c) Charge of Rs 819 Mn during the three months period ended September 30, 2013, arising from a new regulatory levy in one of the Group's international operations which is being contested by the Industry and customers.

Tax expense for the three and six months period ended September 30, 2013 includes benefit of Rs. 246 Mn and expense of Rs. 864 Mn, respectively and profit/loss attributable to non-controlling interests includes impact of Rs. (229) Mn and Rs. 1,113 Mn for the three and six months period ended September 30, 2013, respectively, relating to the above exceptional items.

10 Income taxes

The components of the income tax expense are:

(Rupees Millions)

	Three months period ended September 30, 2013	Three months period ended September 30, 2012	Six months period ended September 30, 2013	Six months period ended September 30, 2012
Current tax expense	7,925	7,275	16,317	14,940
Deferred tax expense / (income)	709	(80)	2,001	(3,201)
	8,634	**7,195**	**18,318**	**11,739**

Refer note 9 for income tax recognized on exceptional income / (expenses).

11 Property, plant and equipment

(Rupees Millions)

Particulars	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total
Cost					
As of April 1, 2012	**17,543**	**877,686**	**49,606**	**42,923**	**987,758**
Additions	1,450	-	5,349	64,503	71,302
Disposals	(42)	(2,368)	(438)	-	(2,848)
Currency translation	(438)	(48)	(807)	(453)	(1,746)
Reclassification / adjustment	413	62,470	1,009	(64,342)	(450)
As of September 30, 2012	**18,926**	**937,740**	**54,719**	**42,631**	**1,054,016**
Additions	2,460	-	5,786	47,713	55,959
Acquisition through Business Combinations	-	47	15	11	73
Adjustments relating to Fair value remeasurement	-	-	-	1,576	1,576
Disposals	(9)	(3,190)	(1,492)	-	(4,691)
Currency translation	(347)	4,157	491	1,247	5,548
Reclassification / adjustment	(442)	53,649	11,727	(64,813)	121
As of March 31, 2013	**20,588**	**992,403**	**71,246**	**28,365**	**1,112,602**
Additions	1,747	-	4,940	37,863	44,550
Acquisition through Business Combinations^	442	2,470	197	827	3,936
Disposals	(590)	(6,152)	(581)	-	(7,323)
Effect of Demerger of BIVL^	-	(63,660)	-	-	(63,660)
Currency translation	1,651	42,919	6,617	2,225	53,412
Reclassification / adjustment	72	39,415	47	(39,816)	(282)
As of September 30, 2013	**23,910**	**1,007,395**	**82,466**	**29,464**	**1,143,235**
Accumulated Depreciation					
As of April 1, 2012	**7,689**	**319,270**	**33,968**	-	**360,927**
Charge	672	54,064	4,838	-	59,574
Disposals	(19)	(1,557)	(129)	-	(1,705)
Currency translation	309	(2,155)	(568)	-	(2,414)
Reclassification / adjustment	(4,482)	3,504	678	-	(300)
As of September 30, 2012	**4,169**	**373,126**	**38,787**	-	**416,082**
Charge	793	54,571	6,944	-	62,308
Disposals	(18)	(2,805)	(1,482)	-	(4,305)
Currency translation	319	(286)	317	-	350
Reclassification / adjustment	(478)	(8,377)	8,745	-	(110)
As of March 31, 2013	**4,785**	**416,229**	**53,311**	-	**474,325**
Charge #	753	65,587	5,960	-	72,300
Disposals	(168)	(2,827)	(528)	-	(3,523)
Effect of Demerger of BIVL^	-	(32,025)	-	-	(32,025)
Currency translation	155	12,384	4,393	-	16,932
Reclassification / adjustment	80	155	(322)	-	(87)
As of September 30, 2013	**5,605**	**459,503**	**62,814**	-	**527,922**
Net Carrying Amount					
As of April 1, 2012	9,854	558,416	15,638	42,923	626,831
As of September 30, 2012	14,757	564,614	15,932	42,631	637,934
As of March 31, 2013	15,803	576,174	17,935	28,365	638,277
As of September 30, 2013	18,305	547,892	19,652	29,464	615,313

^ Refer Note 7

Includes exceptional items of Rs. 6,573 Mn w.r.t technical equipment and machinery (Refer Note 9 (b))

12 Intangible assets

(Rupees Millions)

Particulars	Goodwill	Software	Bandwidth	licence	Other acquired intangibles	Total
Cost						
As of April 1, 2012	**410,197**	**8,992**	**9,440**	**274,584**	**19,785**	**722,998**
Additions	-	1,336	202	1,202	-	2,740
Currency translation	(2,801)	20	168	1,052	(714)	(2,275)
Reclassification / adjustment	-	53	(1,410)	(34)	(216)	(1,607)
As of September 30, 2012	**407,396**	**10,401**	**8,400**	**276,804**	**18,855**	**721,856**
Additions	-	1,809	1,594	1,186	107	4,696
Acquisition through Business Combinations	344	25	-	-	-	369
Adjustments relating to Fair value remeasurement	308	-	-	-	-	308
Currency translation	7,012	82	70	2,392	(148)	9,408
Reclassification / adjustment	-	54	-	(73)	8	(11)
As of March 31, 2013	**415,060**	**12,371**	**10,064**	**280,309**	**18,822**	**736,626**
Additions	-	1,462	648	8,285	29	10,424
Acquisition through Business Combinations^	10,765	-	-	49,251	165	60,181
Currency translation	67,368	262	745	16,191	2,714	87,280
Reclassification / adjustment	-	542	142	(233)	(169)	282
As of September 30, 2013	**493,193**	**14,637**	**11,599**	**353,803**	**21,561**	**894,793**
Accumulated amortisation						
As of April 1, 2012	-	**4,920**	**1,375**	**36,710**	**16,671**	**59,676**
Charge	-	1,332	300	10,002	1,585	13,219
Currency translation	-	29	7	(298)	(625)	(887)
Reclassification / adjustment	-	5	(1)	(155)	(196)	(347)
As of September 30, 2012	-	**6,286**	**1,681**	**46,259**	**17,435**	**71,661**
Charge	-	1,507	312	10,210	1,066	13,095
Currency translation	-	100	15	657	(145)	627
Reclassification / adjustment	-	(29)	1	179	69	220
As of March 31, 2013	-	**7,864**	**2,009**	**57,305**	**18,425**	**85,603**
Charge #	-	1,582	372	9,995	313	12,262
Currency translation	-	155	112	5,401	2,523	8,191
Reclassification / adjustment	-	735	3	(648)	(3)	87
As of September 30, 2013	-	**10,336**	**2,496**	**72,053**	**21,258**	**106,143**
Accumulated impairment						
As of April 1, 2012	**2,637**	-	-	-	-	**2,637**
As of September 30, 2012	**2,637**	-	-	-	-	**2,637**
As of March 31, 2013	**2,637**	-	-	-	-	**2,637**
As of September 30, 2013	**2,637**	-	-	-	-	**2,637**
Net Carrying Amount						
As of April 1, 2012	407,560	4,072	8,065	237,874	3,114	660,685
As of September 30, 2012	404,759	4,115	6,719	230,545	1,420	647,558
As of March 31, 2013	412,423	4,507	8,055	223,004	397	648,386
As of September 30, 2013	490,556	4,301	9,103	281,750	303	786,013

^ Refer Note 7

Includes exceptional items of Rs. 125 Mn (Refer Note 9 (b))

13 Cash and cash equivalents

(Rupees Millions)

	As of September 30, 2013	As of March 31, 2013
Cash and bank balances	23,847	14,285
Fixed deposits with banks	6,972	1,793
	30,819	**16,078**

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

(Rupees Millions)

	As of September 30, 2013	As of March 31, 2013
Cash and bank balances	23,847	14,285
Fixed deposits with banks	6,972	1,793
Less :- Bank overdraft (refer note 14.2)	(20,754)	(14,766)
	10,065	**1,312**

14 Borrowings

14.1 Long term debts

(Rupees Millions)

	As of September 30, 2013	As of March 31, 2013
Secured		
Term loans	97,166	86,332
Others	11	19
Total	**97,177**	**86,351**
Less: Current portion	(16,996)	(11,625)
Total secured loans, net of current portion	**80,181**	**74,726**
Unsecured		
Term loans	446,046	461,054
Non-convertible bonds	90,218	54,057
Total	**536,264**	**515,111**
Less: Current portion	(53,516)	(20,700)
Total unsecured loans, net of current portion	**482,748**	**494,411**
Total	**562,929**	**569,137**

14.2 Short term debts and current portion of long term debts

(Rupees Millions)

	As of September 30, 2013	As of March 31, 2013
Secured		
Term loans	11,253	5,919
Bank overdraft	6,090	5,438
Total	**17,343**	**11,357**
Add: Current portion of long term debts	16,996	11,625
Total secured loans, including current portion	**34,339**	**22,982**
Unsecured		
Term Loans	78,989	45,216
Bank overdraft	14,664	9,328
Total	**93,653**	**54,544**
Add: Current portion of long term debts	53,516	20,700
Total unsecured loans, including current portion	**147,169**	**75,244**
Total	**181,508**	**98,226**

14.3 The group borrowed Rs. 100,446 Mn and Rs 118,093 Mn during the six months period ended September 30, 2013 and September 30, 2012, respectively. The Group repaid borrowings of Rs. 149,926 Mn and Rs. 146,628 Mn during the six months period ended September 30, 2013 and September 30, 2012, respectively. Other short term borrowings (maturity upto three months) amounted to net receipt of Rs. 4,843 Mn and net repayment of Rs. 2,640 Mn during the six months period ended September 30, 2013 and September 30, 2012, respectively.

14.4 The Group has fallen short of meeting certain subsidiary level financial covenants with respect to Pre Acquisition loan agreements in two of its African subsidiaries during the year ended March 31, 2013. An irrevocable prepayment notice has been issued by the Subsidiaries and has been duly acknowledged by the lenders. Accordingly, it has reclassified the non-current portion of the outstanding amount of Rs. 1,696 Mn and Rs. 1,088 Mn as of September 30, 2013 and March 31, 2013, respectively, from non-current borrowings to current borrowings. The total outstanding balance of the loan is Rs. 1,963 Mn and Rs. 1,913 Mn as of September 30, 2013 and March 31, 2013, respectively.

15 Equity

(i) Shares

(Rupees Millions)

	As of September 30, 2013	As of March 31, 2013
Authorised shares		
5,000,000,000 (March 31, 2013 - 5,000,000,000) equity shares of Rs 5 each	25,000	25,000
Issued, Subscribed and fully paid-up shares		
3,997,400,102 (March 31, 2013- 3,797,530,096) equity shares of Rs 5 each	19,987	18,988
Treasury shares		
2,980,128 (March 31, 2013- 3,937,055) equity shares of Rs 5 each	(478)	(674)

Preferential Allotment

During the six months period ended September 30, 2013, the Company has issued 199,870,006 equity shares to M/s. Three Pillars Pte. Ltd (belonging to non-promoter category), an affiliate of Qatar Foundation Endowment, constituting 5 per cent. of the post issue share capital of the Company, through preferential allotment at a price of Rs. 340 per share aggregating to Rs. 67,956 Mn. The proceeds of the preferential allotment were utilized towards the repayment of equivalent debt in accordance with the objective of the preferential allotment.

(ii) Other components of equity

a) Share-based payment transactions

The share-based payment transactions reserve comprise the value of equity-settled share-based payment transactions provided to employees including key management personnel, as part of their remuneration. The carrying value of the reserve as of September 30, 2013 and March 31, 2013 is Rs. 4,990 Mn and Rs. 5,280 Mn respectively.

b) Reserves arising on transactions with equity owners of the Group or Reserve arising on dilution and liability for purchase of non-controlling interests.

The transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. Gains or losses on transactions with holders of non-controlling interests which does not result in the change of control are recorded in equity. Further liability for purchase of non-controlling interests is recognized against equity. The carrying value of the reserve as of September 30, 2013 and March 31, 2013 is Rs. 29,125 Mn and Rs. 41,668 Mn respectively (refer note 7).

(iii) Dividends paid and proposed

(Rupees Millions)

		Six months period ended September 30, 2013	Year ended March 31, 2013	Six months period ended September 30, 2012
A	**Declared and paid during the year:**			
	Final dividend for 2012-13 : Re 1 per share of Rs 5 each	4,439	-	-
	Dividend on treasury shares	4	-	-
	(including dividend distribution tax of Rs. 645 Mn)			
	Final dividend for 2011-12 : Re 1 per share of Rs 5 each	-	4,412	4,412
	Dividend on treasury shares	-	2	2
	(including dividend distribution tax of Rs. 616 Mn)			
B	**Proposed for approval at the annual general meeting (not recognised as a liability):**			
	Final dividend for 2012-13 : Re 1 per share of Rs 5 each	-	3,798	-
	Dividend distribution tax	-	645	-
		-	**4,443**	-

(iv) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries.

16 Beginning April 1, 2013, the Group has designated interest rate swaps (exchanging fixed rate of interest for floating rate of interest) as a hedging instrument for hedging the risk of change in fair value of the bond with respect to changes in the USD LIBOR zero coupon curve and has applied fair value hedge accounting thereon, during the six months period ended September 30, 2013.

The fair value of the interest rate swaps liability as of September 30, 2013 is Rs 4,317 Mn. The loss of Rs. 94 Mn and Rs. 3,554 Mn has been recognized on the interest rate swaps and gain of Rs. 108 Mn and Rs 3,751 Mn has been recognized on the bond on account of changes in fair value with respect to the hedged risk, during the three and six months period ended September 30, 2013.

17 Fair Value of financial assets and liabilities

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

(Rupees Millions)

	Carrying Amount September 30, 2013	Fair Value September 30, 2013
Finacial Assets		
Assets carried at fair value through profit or loss		
Currency swaps, forward and option contracts	360	360
Interest rate swaps	98	98
Embedded derivatives	5,450	5,450
Held for trading securities - quoted - mutual funds	93,625	93,625
Assets carried at amortised cost		
Fixed deposits with banks	7,223	7,223
Cash and bank balances	23,847	23,847
Trade and other receivables	52,474	52,474
Other financial assets	21,649	21,263
	204,726	**204,340**
Financial Liabilities		
Liabilities carried at fair value through profit or loss		
Currency swaps, forward and option contracts	462	462
Interest rate swaps designated as hedging instruments	4,317	4,317
Other Interest rate swaps	80	80
Embedded derivatives	1,830	1,830
Liabilities carried at amortised cost		
Borrowings- Floating rate	607,879	607,879
Borrowings- Fixed rate	136,558	129,827
Trade & other payables	278,093	278,093
Other financial liabilities	21,718	21,650
	1,050,937	**1,044,138**

Fair Values

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

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

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

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

ii. Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of September 30, 2013, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

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

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

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

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 as described below:

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

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

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

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

			(Rupees Millions)
	Level 1	**Level 2**	**Level 3**
September 30, 2013			
Financial assets			
Derivative financial assets	-	5,908	-
Held for trading securities - quoted	93,625	-	-
Financial liabilities			
Derivative financial Liabilities	-	6,689	-

During the six months period ended September 30, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

18 Related party transactions

Related party transactions represent transactions entered into by the Group with entities having significant influence over the Group ('significant influence entities'), associates, joint ventures and other related parties. The transactions with the related parties for the three and six months period ended September 30, 2013 and September 30, 2012, respectively, and balances as of September 30, 2013 and March 31, 2013 are described below:

18.1 Summary of transactions with Related Parties

(Rupees Millions)

Relationship	Three months period ended September 30, 2013				Three months period ended September 30, 2012			
	Significant influence entities	Associates	Joint Ventures	Other related parties	Significant influence entities	Associates	Joint Ventures	Other related parties
a) Transactions for the period								
Purchase of assets	-	-	-	(841)	-	(473)	-	(594)
Sale / transfer of assets	4	-	-	73	1	-	84	-
Sale / Rendering of Services	429	75	-	41	336	3	1,354	83
Purchase / Receiving of Services	(150)	(43)	(8,614)	(634)	(70)	(687)	(6,870)	(892)
Reimbursement of energy expenses	-	-	(5,759)	-	-	-	(4,283)	-
Loans to related party	-	50	-	-	-	40	-	-
Expenses incurred by the Group on behalf of Related Party	-	10	-	4	-	9	-	6
Expenses incurred by Related Party for the Group	-	-	(10)	(180)	-	(1)	(79)	(218)
Security deposit paid #	-	-	14	(0)	-	-	(2,235)	
Interest Income on Loan	-	9	-	-	-	12	-	-
Dividend Paid	(2,329)	-	-	(266)	(2,327)	-	-	(266)
Dividend Received	-	-	-	-	-	-	4,050	-

(Rupees Millions)

Relationship	Six months period ended September 30, 2013				Six months period ended September 30, 2012			
	Significant influence entities	Associates	Joint Ventures *	Other related parties	Significant influence entities	Associates	Joint Ventures	Other related parties
a) Transactions for the period								
Purchase of assets	-	(2)	-	(2,062)	-	(1,092)	-	(1,304)
Sale / transfer of assets	6	-	34	74	1	-	130	-
Sale / Rendering of Services	791	75	903	69	677	58	2,708	109
Purchase / Receiving of Services	(267)	(65)	(17,229)	(1,180)	(148)	(1,292)	(13,842)	(1,772)
Reimbursement of energy expenses	-	-	(11,662)	-	-	100	(8,187)	-
Loans to related party	-	50	30,169 **	-	-	-	-	-
Loan repayment	-	-	(1,577)	-	-	-	-	-
Expenses incurred by the Group on behalf of Related Party	-	17	-	8	-	20	-	10
Expenses incurred by Related Party for the Group	-	-	(19)	(399)	-	(3)	(186)	(377)
Security deposit paid #	-	-	45	0	-	-	(2,100)	23
Security deposit / Advance received	-	-	-	-	-	(4,847) **	-	-
Interest Income on Loan	-	17	-	-	-	22	-	-
Dividend Paid	(2,329)	-	-	(266)	(2,327)	-	-	(266)
Dividend Received	-	-	2,200	-	-	-	4,050	-

Security deposit/Advances paid for three months and six months period ended September 30, 2012 is net of refund of security deposit of Rs. 2,235 mn
* Also refer note 7(d)
** Relates to 'BWA entities', which became subsidiaries w.e.f June 25, 2013

b) Closing Balances

(Rupees Millions)

	Closing balance as of September 30,2013			
	Significant influence entities	Associates	Joint Ventures	Other related parties
Due From	446	380	4,211	1,037
Due To	-	(270)	(17,602)	(1)
	446	**110**	**(13,391)**	**1,036**

	Closing balance as of March 31,2013			
	Significant influence entities	Associates	Joint Ventures	Other related parties
Due From	331	314	12,446	983
Due To	-	(33)	(13,027)	(122)
	331	**281**	**(581)**	**861**

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

(2) In addition to the above, Rs. 41 Mn and Rs. 81 Mn donation has been given to Bharti Foundation during the three and six months period ended September 30, 2013, respectively and Rs. 3 Mn and Rs. 103 Mn during the three and six months period ended September 30, 2012, respectively.

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

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

Sale of services — represents billing for broadband, international long distance services, mobile, access and roaming services.

Purchase of services — includes primarily billing for broadband, international long distance services, management service charges, billing for tower infrastructure services and maintenance charges towards network equipments.

Remuneration to key management personnel were as follows:

(Rupees Millions)

	Three months period ended September 30, 2013	Three months period ended September 30, 2012	Six months period ended September 30, 2013	Six months period ended September 30, 2012
Short-Term employee benefits	80	67	173	163
Post-Employment benefits				
Defined contribution plan	3	3	6	6
Defined benefit plan*	-	-	-	-
Other long-term benefits*	-	-	-	-
Share-based payment**	49	-	49	-
	132	**70**	**228**	**169**

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

** It represents fair value of options granted during the period which has been considered for amortization over the vesting periods.

19 Commitments and contingencies

(i) Commitments

a. Capital commitments

	(Rupees Millions)	
	As of September 30, 2013	**As of March 31, 2013**
Contracts placed for future capital expenditure not provided for in the financial statements	137,333	118,886

The above includes Rs. 58,293 Mn as of September 30, 2013 (Rs. 61,607 Mn as of March 31, 2013), pertaining to certain outsourcing agreements, under which the vendor supplies assets as well as services to the Group. The amount represents total minimum commitment over the unexpired period of the contracts (upto 8 years from the reporting date), since it is not possible for the Group to determine the extent of assets and services to be provided over the unexpired period of the contract. However, the actual charges/ payments may exceed the above mentioned minimum commitment based on the terms of the agreements.

In addition to above, the Group's share of joint ventures capital commitments is Rs. 773 Mn and Rs. 491 Mn as of September 30, 2013 and March 31, 2013, respectively.

b. Guarantees

	(Rupees Millions)	
	As of September 30, 2013	**As of March 31, 2013**
Financial bank guarantees* #	39,069	35,053
Guarantees to third parties	3,139	2,719

** The Company has issued corporate guarantees of Rs. 2,688 Mn and Rs. 2,756 Mn as of September 30, 2013 and March 31, 2013 respectively, to banks and financial institutions for issuing bank guarantees on behalf of the Group companies at no cost to the latter.*

 # Include certain financial bank guarantees which have been given for subjudice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under contingencies and financial liabilities, as applicable, in compliance with the applicable accounting standards.

(ii) Contingencies

		(Rupees Millions)
	As of September 30, 2013	**As of March 31, 2013**
Taxes, Duties and Other demands (under adjudication / appeal / dispute)		
-Sales Tax and Service Tax	21,127	15,632
-Income Tax	18,791	18,751
-Access Charges / Port Charges	5,614	4,918
-Customs Duty	5,629	5,509
-Entry Tax	5,644	5,499
-Stamp Duty	617	618
-Municipal Taxes	1,421	1,301
-DoT demands *	3,841	2,468
-Other miscellaneous demands	2,192	1,991
-Claims under legal cases including arbitration matters	4,589	3,648
Total	**69,465**	**60,335**

***in addition, refer note f(vi), f(vii), f(viii) and f(ix) below for other DOT matters not included above.**

In addition to above, the Group's share of joint ventures contingent liabilities is Rs. 1,945 Mn and Rs. 1,836 Mn as of September 30, 2013 and March 31, 2013, respectively.

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

a) Sales and Service Tax

The claims for sales tax as of September 30, 2013 and as of March 31, 2013 comprised of cases relating to the appropriateness of declarations made by the Company under relevant sales tax legislation which was primarily procedural in nature and the applicable sales tax on disposals of certain property and equipment items. Pending final decisions, the Company has deposited amounts with statutory authorities for certain cases. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

Further, in the State of J&K, the Company has disputed the levy of General Sales Tax on its telecom services and towards which the Company has received a stay from the Hon'ble J&K High Court. The demands received to date have been disclosed under contingent liabilities. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

The service tax demands as of September 30, 2013 and March 31, 2013 relate to cenvat claimed on tower and related material, levy of service tax on SIM cards, cenvat credit disallowed for procedural lapses and inadmissibility of credit, disallowance of cenvat credit used in excess of 20 per cent. limit and service tax demand on employee talk time.

b) Income Tax demand

Income tax demands under appeal mainly included the appeals filed by the Group before various appellate authorities against the disallowance of certain expenses being claimed under tax by income tax authorities, non-deduction of tax at source with respect to dealers/distributor's margin and non-deduction of tax on payments to international operators for access charges, etc. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

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

Interconnect charges are based on the Interconnect Usage Charges (IUC) agreements between the operators although the IUC rates are governed by the IUC guidelines issued by TRAI. BSNL has raised a demand requiring the Company to pay the interconnect charges at the rates contrary to the regulations issued by TRAI. The Company filed a petition against that demand with the Telecom Disputes Settlement and Appellate Tribunal (TDSAT) which passed a status quo order, stating that only the admitted amounts based on the regulations would need to be paid by the Company. The final order was also passed in our favor. BSNL has challenged the same in Supreme Court. However, no stay has been granted.

Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized. Accordingly, no amounts have been accrued although some have been paid under protest.

In another proceeding with respect to Distance Based Carriage Charges, the Hon'ble TDSAT in its order dated May 21, 2010, allowed BSNL appeal praying to recover distance based carriage charges. On filing of appeal by the Telecom Operators, Hon'ble Supreme Court asked the Telecom Operators to furnish details of distance-based carriage charges owed by them to BSNL. Further, in a subsequent hearing held on Aug 30, 2010, Hon'ble Supreme Court sought the quantum of amount in dispute from all the operators as well as BSNL and directed both BSNL and Private telecom operators to furnish Call Data Records (CDRs) to TRAI. The CDRs have been furnished to TRAI. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

In another issue with respect to Port Charges, in 2001, TRAI had prescribed slab based rate of port charges payable by private operators which were subsequently reduced in the year 2007 by TRAI. On BSNL's appeal, TDSAT passed its judgment in favor of BSNL, and held that the pre-2007 rates shall be applicable prospectively from 29th May 2010. The rates were further revised downwards by TRAI in 2012. On BSNL's appeal, TDSAT declined to stay the revised Regulation. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

d) Customs Duty

The custom authorities, in some states, demanded Rs. 5,629 Mn as of September 30, 2013 (Rs. 5,509 Mn as of March 31, 2013) for the imports of special software on the ground that this would form part of the hardware along with which the same has been imported. The view of the Company is that such imports should not be subject to any custom duty as it would be operating software exempt from any custom duty. In response to the application filed by the Company, the Hon'ble CESTAT has passed an order in favor of the custom authorities. The Company has filed an appeal with Hon'ble Supreme Court against the CESTAT order. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

e) Entry Tax

In certain states, an entry tax is levied on receipt of material from outside the state. This position has been challenged by the Company in the respective states, on the grounds that the specific entry tax is ultra vires the Constitution. Classification issues have been raised, whereby, in view of the Company, the material proposed to be taxed is not covered under the specific category. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized. The amount under dispute as of September 30, 2013 is Rs. 5,644 Mn (Rs. 5,499 Mn as of March 31, 2013).

f) DoT Demands

i. The Company has not been able to meet its roll out obligations fully due to certain non-controllable factors like Telecommunication Engineering Center testing, Standing Advisory Committee of Radio Frequency Allocations clearance, non availability of spectrum, etc. The Company has received show cause notices from DoT for 14 of its circles for non-fulfillment of its roll out obligations and these have been replied to. DoT has reviewed and revised the criteria and there has been no further development on this matter since then.

ii. DoT demands include demands raised for contentious matters relating to computation of license fees and spectrum charges.

iii. DoT demands include alleged short payment of license fee for FY06-07 and FY07-08 due to difference of interpretation of Adjusted Gross Revenue (AGR) between Group and DoT and interest thereon, against which the Group has obtained stay from appropriate Hon'ble High Courts and TDSAT.

iv. DoT demands also include the contentious matters in respect of subscriber verification norms and regulations including validity of certain documents allowed as Proof of Address / Identity in mobility circles.

v. DOT demands also include penalty for alleged failure to meet the EMF radiation norms.

The above stated matters are being contested by the Company and the Company, based on legal advice, believes that it has complied with all license related regulations as and when prescribed and does not expect any loss relating to these matters.

In addition to the amounts disclosed in the table above, the contingent liability on DOT matters includes the following:

vi. Post the Hon'ble Supreme Court Judgment on October 11, 2011 on components of Adjusted Gross Revenue for computation of license fee, based on the legal advice, the Company believes that the realized and unrealized foreign exchange gain should not be included in Adjusted Gross Revenue (AGR) for computation of license fee thereon. Accordingly, the license fee on such foreign exchange gain has not been provided in these financial statements. Also, due to ambiguity of interpretation of 'foreign exchange differences', the license fee impact on such exchange differences is not quantifiable and has not been included in the table above. Further, as per the Order dated June 18, 2012 of the Kerala High Court, stay has been obtained, wherein the licensee can continue making the payment as was being done throughout the period of license on telecom activities.

vii. On January 8, 2013, DoT issued a demand on the Company and one of its subsidiaries for Rs. 52,013 Mn towards levy of one time spectrum charge. The demand includes a retrospective charge of Rs. 9,090 Mn for holding GSM Spectrum beyond 6.2 Mhz for the period from July 1, 2008 to December 31, 2012 and also a prospective charge of Rs. 42,923 Mn for GSM spectrum held beyond 4.4 Mhz for the period from January 1, 2013, till the expiry of the initial terms of the respective licenses. In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. Based on a petition filed by the Company, the Hon'ble High Court of Bombay, vide its order dated January 28, 2013, has directed the DoT to respond and not to take any coercive action until the next date of hearing. The DoT has filed its reply and the next date of hearing has not yet been fixed. The Company believes, based on independent legal opinions and its evaluation, that it is not probable that the claim will materialize and therefore, pending outcome of this matter, no provision has been recognized.

viii. Based upon the scope of Service under UAS License and the NIA for 3G/BWA with its clarifications, in 7 such circles where the Company has not been allocated 3G spectrum, the Company has been providing 3G service under a commercial arrangement i.e. " 3G Intra Circle Roaming Agreements with other operators".

The Department of Telecommunications issued notice to the Company dated December 23, 2011 along with other Telecom Operators to stop provision of services under 3G Intra Circle Roaming Agreements where it has not won 3G Spectrum which was challenged by the Company in TDSAT wherein stay was granted against the said order by TDSAT. TDSAT on July 3, 2012 gave a split verdict on the legality of telecom operators providing 3G services to its customers in circles, where they have not been allotted the 3G spectrum.

The Department of Telecommunications (DoT) vide its letter dated March 15, 2013 has directed the Company to stop providing 3G services in these 7 circles (under Intra Circle Roaming arrangements) and has also levied a financial penalty of Rs. 3,500 Mn. The same has been challenged by the Company before Hon'ble Delhi High Court which had granted a stay vide its order dated March 18, 2013. Subsequently, one of the operators (not being a party to the litigation) approached the Division Bench of Delhi High Court and, allowing its appeal, the Division Bench vacated the stay. The Company filed a Special Leave Petition before the Supreme Court, challenging the order of the Division Bench. The Supreme Court, vide its interim order dated April 11, 2013, restrained DoT from taking any coercive action and also directed the Company not to extend the facilities to any new customer on the basis of the Intra Circle Roaming Arrangements in the meantime. Pending further orders from the Court, the Company continues to provide such services to existing customers under the said commercial arrangement.

ix. The Company and one of its subsidiaries has received show cause notice for Rs 4,986 Mn on account of procedural delay in filing of Electro Magnetic Field (EMF) self-certification for the period from May 2010 to September 2013. The Company believes that procedural lapses cannot be subjected to the same extent of penalty as applicable for failure to meet the EMF radiation norms itself. Accordingly, based on independent legal opinion and its evaluation, it is not probable that the claim will materialize and therefore, no provision has been recognized.

g) Airtel Networks Limited — Ownership

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

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

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

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

On February 3, 2012, Bharti Airtel Nigeria BV filed an application before the Lagos State High Court to set aside the Partial Final Award. In addition, Bharti Airtel Nigeria BV filed an application for an injunction to restrain the parties to the

Arbitration from further convening the arbitration for the purposes of considering the quantum of damages that could be awarded to EWL until the conclusion of the matter to set aside the Partial Final Award. The application to set aside the Partial Final Award was heard by the Lagos State High Court on June 4, 2012 and by a Judgment delivered on October 4, 2012, the Lagos State High Court dismissed Bharti Airtel Nigeria BV's application to set aside the Partial Final Award. Bharti Airtel Nigeria BV has lodged an appeal against the Judgment of October 4, 2012 at the Court of Appeal in Lagos, Nigeria. A Hearing Date for the appeal has been set for November 20, 2013, after several adjournments by the Courts.

Without prejudice to the application by Bharti Airtel Nigeria BV before the Nigerian courts to set aside the Partial Final Award, preliminary steps are ongoing in relation to the damages hearing in the Arbitration and EWL has filed its damages claim in this regard and Bharti Airtel Nigeria BV filed its Defense on April 19, 2013. The damages hearing was heard by the Tribunal during October 2013 and the parties to the case are now required to submit their closing arguments by December 20, 2013. The final award is expected soon thereafter.

Given the low probability of any material adverse effect to the Company's consolidated financial position and the indemnities in the share sale agreement concluded with the Zain Group in 2010, the Company determined that it was appropriate not to provide for this matter in the financial statements. Further, the estimate of the realistic financial impact of any damages, if any, cannot be made at this time and not before the conclusion of the legal proceedings.

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

Immediately, a similar application for injunction and stay of execution were filed at the Court of Appeal, Kaduna on May 7, 2012. After several adjournments, the substantive appeal was heard on October 3, 2013 and the next adjourned date is November 1, 2013 when the judgment is expected to be delivered.

20 New Companies/developments

a. On June 4, 2013, Bharti Infratel Services Limited had been incorporated as a wholly owned subsidiary of Bharti Infratel Limited (a subsidiary of Bharti Airtel Limited).

b. The Company has made equity investment of Rs 0.50 Mn in Nxtra Data Limited during the six months period ended September 30, 2013. Pursuant to the approval of the shareholders through Postal Ballot on September 30, 2013, the Company has decided to transfer the Data Center and Managed Services undertaking to Nxtra Data Limited (a wholly owned subsidiary company) w.e.f January 1, 2014.

c. On August 9, 2013, Airtel Mobile Commerce (Seychelles) Limited had been incorporated as a wholly owned subsidiary of Airtel Mobile Commerce B.V.

21 Companies in the Group, Joint Ventures and Associates

The Group conducts its business through Bharti Airtel and its directly and indirectly held subsidiaries, joint ventures and associates, which are as follows:-

S.no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct / indirect) by the Group	
				As of September 30, 2013 %	As of March 31, 2013 %
1	Airtel Bangladesh Limited	Bangladesh	Telecommunication services	100	70
2	Airtel M Commerce Services Limited	India	Mobile commerce services	100	100
3	Bangladesh Infratel Networks Limited	Bangladesh	Passive infrastructure Services	100	100
4	Bharti Airtel (Canada) Limited#	Canada	Telecommunication services	100	100
5	Bharti Airtel (France) SAS	France	Telecommunication services	100	100
6	Bharti Airtel (Hongkong) Limited	Hongkong	Telecommunication services	100	100
7	Bharti Airtel (Japan) Kabushiki Kaisha	Japan	Telecommunication services	100	100
8	Bharti Airtel Services Limited	India	Administrative support to Bharti Group and trading activities	100	100
9	Bharti Airtel (UK) Limited	United Kingdom	Telecommunication services	100	100
10	Bharti Airtel (USA) Limited	United States of America	Telecommunication services	100	100
11	Bharti Airtel Holdings (Singapore) Pte Ltd	Singapore	Investment Company	100	100
12	Bharti Airtel International (Mauritius) Limited	Mauritius	Investment Company	100	100
13	Bharti Airtel International (Netherlands) B.V.	Netherlands	Investment Company	100	100
14	Bharti Airtel Lanka (Private) Limited	Sri Lanka	Telecommunication services	100	100
15	Bharti Hexacom Limited	India	Telecommunication services	70	70
16	Bharti Infratel Lanka (Private) Limited	Sri Lanka	Passive infrastructure Services	100	100
17	Bharti Infratel Limited ("BIL")	India	Passive infrastructure Services	79.42	79.42
18	Bharti Infratel Ventures Limited ("BIVL") (subsidiary upto June 10, 2013)**	India	Passive infrastructure Services	-	79.42
19	Bharti Infratel Services Limited (subsidiary w.e.f. June 4, 2013)**	India	Passive infrastructure Services	79.42	-
20	Bharti International (Singapore) Pte. Ltd	Singapore	Telecommunication services	100	100
21	Bharti Telemedia Limited	India	Direct To Home services	95	95
22	Network i2i Limited	Mauritius	Submarine Cable System	100	100
23	Telesonic Networks Limited	India	Telecommunication services	100	100
24	Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited)*	India	Telecommunication services	93.45	-
25	Wireless Broadband Business Services (Delhi) Private Limited*#	India	Telecommunication services	-	-
26	Wireless Broadband Business Services (Kerala) Private Limited*#	India	Telecommunication services	-	-
27	Wireless Broadband Business Services (Haryana) Private Limited*#	India	Telecommunication services	-	-
28	Nxtra Data Limited (subsidiary w.e.f. July 2, 2013)	India	Telecommunication services	100	-
29	Africa Towers N.V.	Netherlands	Investment Company	100	100
30	Africa Towers Services Limited	Kenya	Infrastructure sharing services	100	100
31	Airtel Ghana Limited	Ghana	Telecommunication services	75	75
32	Airtel (Seychelles) Limited	Seychelles	Telecommunication services	100	100
33	Airtel (SL) Limited	Sierra Leone	Telecommunication services	100	100
34	Airtel Burkina Faso S.A.	Burkina Faso	Telecommunication services	100	100

S.no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct / indirect) by the Group	
				As of September 30, 2013 %	As of March 31, 2013 %
35	Airtel Congo S.A.	Congo Brazzaville	Telecommunication services	90	90
36	Airtel DTH Services (SL) Limited#	Sierra Leone	Direct To Home services	100	100
37	Airtel DTH Services Burkina Faso S.A.##	Burkina Faso	Direct To Home services	100	100
38	Airtel DTH Services Congo (RDC) S.p.r.l.#	Democratic Republic of Congo	Direct to Home Services	100	100
39	Airtel DTH Services Congo S.A.	Congo Brazzaville	Direct To Home services	100	100
40	Airtel DTH Services Gabon S.A.##	Gabon	Direct to Home Services	100	100
41	Airtel DTH Services Ghana Limited#	Ghana	Direct To Home services	100	100
42	Airtel DTH Services Nigeria Limited	Nigeria	Direct To Home services	100	100
43	Airtel DTH Services Tanzania Limited#	Tanzania	Direct To Home services	100	100
44	Airtel DTH Services Uganda Limited##	Uganda	Direct To Home services	100	100
45	Airtel Gabon S.A.	Gabon	Telecommunication services	90	90
46	Airtel Madagascar S.A.	Madagascar	Telecommunication services	100	100
47	Airtel Malawi Limited	Malawi	Telecommunication services	100	100
48	Airtel Mobile Commerce (SL) Limited	Sierra Leone	Mobile commerce services	100	100
49	Airtel Mobile Commerce B.V.	Netherlands	Investment Company	100	100
50	Airtel Mobile Commerce Burkina Faso S.A.	Burkina Faso	Mobile commerce services	100	100
51	Airtel Mobile Commerce (Ghana) Limited	Ghana	Mobile commerce services	100	100
52	Airtel Mobile Commerce Holdings B.V.	Netherlands	Investment Company	100	100
53	Airtel Mobile Commerce (Kenya) Limited	Kenya	Mobile commerce services	100	100
54	Airtel Mobile Commerce Limited	Malawi	Mobile commerce services	100	100
55	Airtel Mobile Commerce Madagascar S.A.	Madagascar	Mobile commerce services	100	100
56	Airtel Mobile Commerce Rwanda Limited	Rwanda	Mobile commerce services	100	100
57	Airtel Mobile Commerce (Seychelles) Limited (subsidiary w.e.f. August 9, 2013)	Seychelles	Mobile commerce services	100	-
58	Airtel Mobile Commerce (Tanzania) Limited	Tanzania	Mobile commerce services	100	100
59	Airtel Mobile Commerce Tchad S.a.r.l.	Chad	Mobile commerce services	100	100
60	Airtel Mobile Commerce Uganda Limited	Uganda	Mobile commerce services	100	100
61	Airtel Mobile Commerce Zambia Limited (formerly known as ZMP Ltd.)	Zambia	Mobile commerce services	100	100
62	Airtel Money (RDC) S.p.r.l.	Democratic Republic of Congo	Mobile commerce services	100	100
63	Airtel Money Niger S.A.	Niger	Mobile commerce services	100	100
64	Airtel Money S.A. (Gabon)	Gabon	Mobile commerce services	100	100
65	Airtel Networks Kenya Limited	Kenya	Telecommunication services	100	100
66	Airtel Networks Limited	Nigeria	Telecommunication services	79.059	79.059

S.no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct / indirect) by the Group	
				As of September 30, 2013 %	As of March 31, 2013 %
67	Airtel Networks Zambia Plc (formerly known as Celtel Zambia Plc)	Zambia	Telecommunication services	96.36	96.36
68	Airtel Rwanda Limited	Rwanda	Telecommunication services	100	100
69	Airtel Tanzania Limited	Tanzania	Telecommunication services	60	60
70	Airtel Tchad S.A.	Chad	Telecommunication services	100	100
71	Airtel Towers (Ghana) Limited	Ghana	Infrastructure sharing services	100	100
72	Airtel Towers (SL) Company Limited	Sierra Leone	Infrastructure sharing services	100	100
73	Airtel Uganda Limited	Uganda	Telecommunication services	100	100
74	Bharti Airtel Acquisition Holdings B.V.	Netherlands	Investment Company	100	100
75	Bharti Airtel Africa B.V.	Netherlands	Investment Company	100	100
76	Bharti Airtel Burkina Faso Holdings B.V.	Netherlands	Investment Company	100	100
77	Bharti Airtel Cameroon B.V.	Netherlands	Investment Company	100	100
78	Bharti Airtel Chad Holdings B.V.	Netherlands	Investment Company	100	100
79	Bharti Airtel Congo Holdings B.V.	Netherlands	Investment Company	100	100
80	Bharti Airtel Developers Forum Limited	Zambia	Investment Company	100	100
81	Bharti Airtel DTH Holdings B.V.	Netherlands	Investment Company	100	100
82	Bharti Airtel Gabon Holdings B.V.	Netherlands	Investment Company	100	100
83	Bharti Airtel Ghana Holdings B.V.	Netherlands	Investment Company	100	100
84	Bharti Airtel Kenya B.V.	Netherlands	Investment Company	100	100
85	Bharti Airtel Kenya Holdings B.V.	Netherlands	Investment Company	100	100
86	Bharti Airtel Madagascar Holdings B.V.	Netherlands	Investment Company	100	100
87	Bharti Airtel Malawi Holdings B.V.	Netherlands	Investment Company	100	100
88	Bharti Airtel Mali Holdings B.V.	Netherlands	Investment Company	100	100
89	Bharti Airtel Niger Holdings B.V.	Netherlands	Investment Company	100	100
90	Bharti Airtel Nigeria B.V.	Netherlands	Investment Company	100	100
91	Bharti Airtel Nigeria Holdings B.V.#	Netherlands	Investment Company	100	100
92	Bharti Airtel Nigeria Holdings II B.V.	Netherlands	Investment Company	100	100
93	Bharti Airtel RDC Holdings B.V.	Netherlands	Investment Company	100	100
94	Bharti Airtel Services B.V.	Netherlands	Investment Company	100	100
95	Bharti Airtel Sierra Leone Holdings B.V.	Netherlands	Investment Company	100	100
96	Bharti Airtel Tanzania B.V.	Netherlands	Investment Company	100	100

S.no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct / indirect) by the Group	
				As of September 30, 2013 %	As of March 31, 2013 %
97	Bharti Airtel Uganda Holdings B.V.	Netherlands	Investment Company	100	100
98	Bharti Airtel Zambia Holdings B.V.	Netherlands	Investment Company	100	100
99	Bharti DTH Services Zambia Limited#	Zambia	Direct To Home services	100	100
100	Burkina Faso Towers S.A.	Burkina Faso	Infrastructure sharing services	100	100
101	Celtel (Mauritius) Holdings Limited	Mauritius	Investment Company	100	100
102	Celtel Congo (RDC) S.a.r.l.	Democratic Republic of Congo	Telecommunication services	98.5	98.5
103	Celtel Niger S.A.	Niger	Telecommunication services	90	90
104	Channel Sea Management Company (Mauritius) Limited	Mauritius	Investment Company	100	100
105	Congo (RDC) Towers S.p.r.l.	Democratic Republic of Congo	Infrastructure sharing services	100	100
106	Congo Towers S.A.	Congo Brazzavile	Infrastructure sharing services	100	100
107	Gabon Towers S.A.	Gabon	Infrastructure sharing services	100	100
108	Indian Ocean Telecom Limited	Jersey	Investment Company	100	100
109	Kenya Towers Limited	Kenya	Infrastructure sharing services	100	100
110	Madagascar Towers S.A.	Madagascar	Infrastructure sharing services	100	100
111	Malawi Towers Limited	Malawi	Infrastructure sharing services	100	100
112	Mobile Commerce Congo S.A.	Congo Brazzavile	Mobile commerce services	100	100
113	Montana International	Mauritius	Investment Company	100	100
114	MSI-Celtel Nigeria Limited#	Nigeria	Investment Company	100	100
115	Niger Towers S.A.	Niger	Infrastructure sharing services	100	100
116	Partnership Investments S.p.r.l.	Democratic Republic of Congo	Investment Company	100	100
117	Rwanda Towers Limited	Rwanda	Infrastructure sharing services	100	100
118	Société Malgache de Téléphone Cellulaire S.A.	Mauritius	Investment Company	100	100
119	Tanzania Towers Limited	Tanzania	Infrastructure sharing services	100	100
120	Tchad Towers S.A.	Chad	Infrastructure sharing services	100	100
121	Towers Support Nigeria Limited	Nigeria	Infrastructure sharing services	100	100
122	Uganda Towers Limited	Uganda	Infrastructure sharing services	100	100
123	Warid Telecom Uganda Limited (subsidiary w.e.f. May 13, 2013)	Uganda	Telecommunications company	100	-
124	Zambian Towers Limited	Zambia	Infrastructure sharing services	100	100
125	Zap Trust Company Nigeria Limited	Nigeria	Mobile commerce services	100	100
126	Zebrano (Mauritius) Limited	Mauritius	Investment Company	100	100

 # Under Liquidation

Dissolved during the six months ended September 30, 2013

S.no	Name of associates	Country of incorporation	Principal activities	Percentage of holding (direct / indirect) by the Group	
				As of September 30, 2013 %	As of March 31, 2013 %
1	Bharti Teleports Limited	India	Uplinking channels for broadcasters	49	49
2	Tanzania Telecommunications Company Limited	Tanzania	Telecommunication services	35	35
3	Seychelles Cable Systems Company Limited	Seychelles	Submarine Cable System	26	26

S.no	Name of joint ventures	Country of incorporation	Principal activities	Percentage of holding (direct / indirect) by the Group	
				As of September 30, 2013 %	As of March 31, 2013 %
1	Indus Towers Limited **	India	Passive infrastructure services	33.36	33.36
2	Bridge Mobile Pte Limited	Singapore	Provision of regional mobile services	10	10
3	Forum I Aviation Ltd	India	Aircraft chartering services	14.28	14.28
4	Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited)*	India	Telecommunication services	-	49
5	Wireless Broadband Business Services (Delhi) Private Limited*#	India	Telecommunication services	-	49
6	Wireless Broadband Business Services (Kerala) Private Limited*#	India	Telecommunication services	-	49
7	Wireless Broadband Business Services (Haryana) Private Limited*#	India	Telecommunication services	-	49

* Became subsidiary w.e.f June 25, 2013

Merged w.e.f. August 5, 2013 with Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited)

** Bharti Infratel Limited ("BIL"), in which the Group has 79.42% equity interest, owns 100% of Bharti Infratel Services Limited and 42% of Indus Towers Limited (100% of Bharti Infratel Ventures Limited and 42% of Indus Towers Limited as on March 31, 2013).

22 The Company is in the process of getting an independent evaluation done for all international and domestic transactions for the year ended March 31, 2013 and updating the same for the six months period ended September 30, 2013 to determine whether the transactions with associated enterprises were undertaken at "arms length price". Based on the internal transfer pricing review, the Company believes that all transactions with associate enterprises are at an arm's length price.

23 During the three months period ended September 30, 2013, the Group has reclassified its investments in mutual funds amounting to Rs. 34,962 from current to non-current basis its plan of future utilization of funds.

24 The Company (M/s J T Mobiles Limited subsequently merged with the Company) was awarded license by DoT to operate cellular services in the state of Punjab in December 1995. On April 18, 1996, the Company obtained the permission from DoT to operate the Punjab license through its wholly owned subsidiary, Evergrowth Telecom Limited (ETL). In December 1996, DoT raised argument that the permission dated April 18, 1996 has not become effective and cancelled the permission to operate, which was subsequently reinstated on March 10, 1998 (the period from April 18, 1996 to March 10, 1998 has been hereinafter referred to as 'blackout period'). On July 15, 1999, license was terminated due to alleged non-payment of license fees, liquidated damages and related penal interest relating to blackout period.

In September 2001, in response to the demand raised by DoT, the Company had paid Rs. 4,856 Mn to DoT under protest subject to resolution of the dispute through arbitration. Consequently, the license was restored and an arbitrator was appointed for settlement of the dispute. Arbitrator awarded an unfavorable order, which was challenged by the Company before Hon'ble Delhi High Court.

On September 14, 2012, Hon'ble Delhi High court passed an order setting aside the award passed by the arbitrator. DoT in the meanwhile has preferred an Appeal, including condonation of delay in filing of appeal, which is presently pending before the Division Bench of the Delhi High Court. The Appeal of DoT on the issue of condonation of delay was allowed on July 16, 2013. The next date of hearing is fixed for November 19, 2013.

Further to the development during the quarter, the Company is in the process of evaluating legal course of action for recovery of the amount paid under protest together with interest thereon. Pending such evaluation and thereby initiation of recovery process, the Group, based on independent legal opinion, has not given any accounting treatment for the impact of the judgement in the financial statements for the three and six months period ended September 30, 2013.

25 Previous period's figures in the notes to consolidated interim financial statements have been reclassified / restated, wherever required to conform to the current period's presentation/classification. This does not affect the previously reported net profit or shareholders' equity.

Consolidated Financial Statement with Auditor's Report

Independent Auditor's Report
To the Board of Directors of Bharti Airtel Limited

We have audited the accompanying consolidated financial statements ('financial statements') of Bharti Airtel Limited ('the Company') and its subsidiaries (together referred to as 'the Group') as at March 31, 2013, comprising of the consolidated statement of financial position as at March 31, 2013 and the related consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the requirements of International Financial Reporting Standards. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement(s) of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the financial statements of the joint venture and consideration of unaudited financial statements of certain other joint venture entities of the Company as noted below, these financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 35(ii)(f)(vi) to the consolidated financial statements which describe the uncertainties related to the legal outcome of Department of Telecommunications' demand with respect to One Time Spectrum Charge. Our opinion is not qualified in respect of this matter.

Other Matters

We did not audit the financial statements of a joint venture, included herein with the Company's share of total assets of ₹ 67,745 million as at March 31, 2013, total revenue (including recovery of power and fuel charges) of ₹ 55,425 million for the year then ended, on the basis of amounts reflected in the audited financial statements of the joint venture and before elimination of inter-company transactions between the Company and the joint venture on consolidation. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us by the management, and our opinion is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

We have relied on the unaudited financial statements of certain other joint venture entities, included herein with the Company's share of total assets of ₹ 37,454 million as at March 31, 2013, total revenue of ₹ Nil for the year then ended. These unaudited financial statements as certified by the management of these joint ventures have been furnished to us by the management and our opinion in so far as it relates to the affairs of such joint ventures is based solely on such unaudited financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: New Delhi
Date: May 2, 2013

Consolidated Income Statement

Particulars	Notes	Year ended March 31, 2013	Year ended March 31, 2012
		(₹ Millions, except per share data)	
Revenue	6	**803,112**	714,508
Other operating income		**478**	550
Operating expenses	8	**(554,886)**	(477,935)
		248,704	237,123
Depreciation and amortization	9	**(154,964)**	(133,681)
Profit from operating activities		**93,740**	103,442
Share of results of associates	15	**(76)**	(74)
Profit before finance income, finance costs and tax		**93,664**	103,368
Finance income	10	**5,633**	2,643
Finance costs	10	**(49,477)**	(40,828)
Profit before tax		**49,820**	65,183
Income tax expense	11	**(27,151)**	(22,602)
Net profit for the year		**22,669**	42,581
attributable to:			
Equity holders of the Parent		**22,757**	42,594
Non-controlling interests		**(88)**	(13)
Net profit		**22,669**	42,581
Earnings per share (in ₹)	**36**		
Basic, profit attributable to equity holders of the Parent		**6.00**	11.22
Diluted, profit attributable to equity holders of the Parent		**6.00**	11.22

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Net profit for the year	**22,669**	42,581
Other comprehensive income		
Exchange differences on translation of foreign operations	**(25,669)**	(20,410)
Income tax effect	**—**	—
Other comprehensive income/(loss) for the year, net of tax	**(25,669)**	(20,410)
Total comprehensive income/(loss) for the year, net of tax	**(3,000)**	22,171
attributable to:		
Equity holders of the Parent	**(3,788)**	22,550
Non-controlling interests	**788**	(379)
Total comprehensive income	**(3,000)**	22,171

The accompanying notes form an integral part of these consolidated financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: New Delhi
Date: May 2, 2013

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman

Manoj Kohli
Managing Director & CEO
(International)

Gopal Vittal
Joint Managing Director
& CEO (India)

Mukesh Bhavnani
Group General Counsel
& Company Secretary

Srikanth Balachandran
Global Chief
Financial Officer

Consolidated Statement of Financial Position

Particulars	Notes	As of March 31, 2013	As of March 31, 2012
		(₹ Millions)	
Assets			
Non-current Assets			
Property, plant and equipment	12	**688,430**	674,932
Intangible assets	13	**680,808**	660,889
Investment in associates	15	**242**	223
Derivative financial assets	16	**3,566**	2,756
Other financial assets	17	**16,999**	16,887
Other non-financial assets	18	**21,038**	15,568
Deferred tax asset	11	**59,245**	51,277
		1,470,328	1,422,532
Current Assets			
Inventories	19	**1,109**	1,308
Trade and other receivables	20	**66,430**	63,735
Derivative financial assets	16	**1,097**	2,137
Prepayments and other assets	21	**33,134**	32,621
Income tax recoverable		**12,040**	9,049
Short term investments	22	**67,451**	18,132
Other financial assets	23	**4,348**	802
Cash and cash equivalents	24	**17,295**	20,300
		202,904	148,084
Total Assets		**1,673,232**	1,570,616
Equity and Liabilities			
Equity			
Issued capital	30	**18,988**	18,988
Treasury shares	30	**(674)**	(282)
Share premium		**56,499**	56,499
Retained earnings		**414,027**	395,682
Foreign currency translation reserve		**(32,571)**	(6,026)
Other components of equity	30	**46,948**	41,252
Equity attributable to equity holders of the Parent		**503,217**	506,113
Non-controlling interests		**40,886**	27,695
Total Equity		**544,103**	533,808
Non-current Liabilities			
Borrowings	25	**615,485**	497,154
Deferred revenue		**9,696**	2,892
Provisions	26	**10,548**	7,240
Derivative financial liabilities	16	**893**	401
Deferred tax liability	11	**15,873**	11,621
Other financial liabilities	27	**22,748**	23,076
Other non-financial liabilities	28	**3,465**	5,551
		678,708	547,935
Current Liabilities			
Borrowings	25	**114,123**	193,078
Deferred revenue		**39,560**	43,282
Provisions	26	**1,835**	1,290
Other non-financial liabilities	28	**13,922**	10,811
Derivative financial liabilities	16	**219**	166
Income tax liabilities		**7,628**	7,596
Trade & other payables	31	**273,134**	232,650
		450,421	488,873
Total Liabilities		**1,129,129**	1,036,808
Total Equity and Liabilities		**1,673,232**	1,570,616

The accompanying notes form an integral part of these consolidated financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

For and on behalf of the Board of Directors of Bharti Airtel Limited

per Nilangshu Katriar
Partner
Membership No: 58814

Sunil Bharti Mittal
Chairman

Manoj Kohli
Managing Director & CEO
(International)

Gopal Vittal
Joint Managing Director
& CEO (India)

Place: New Delhi
Date: May 2, 2013

Mukesh Bhavnani
Group General Counsel
& Company Secretary

Srikanth Balachandran
Global Chief
Financial Officer

Consolidated Statement of Changes in Equity

Particulars	No of shares (in '000) (Note 30)	Share capital (Note 30)	Treasury shares (Note 30)	Share premium	Retained earnings	Foreign currency translation reserve (Note 30)	Other components of equity (Note 30)	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Parent									
	(₹ Millions except as stated otherwise)									
As of April 1, 2011	3,797,531	18,988	(268)	56,499	357,446	14,018	40,985	487,668	28,563	516,231
Net income/(loss) for the year	—	—	—	—	42,594	—	—	42,594	(13)	42,581
Other comprehensive income/(loss)	—	—	—	—	—	(20,044)	—	(20,044)	(366)	(20,410)
Total Comprehensive Income/(Loss)	**—**	**—**	**—**	**—**	**42,594**	**(20,044)**	**—**	**22,550**	**(379)**	**22,171**
Share based compensation	—	—	—	—	—	—	884	884	40	924
Reclassification to provision for payment of share options (Refer note 30)	—	—	—	—	—	—	(121)	(121)	(20)	(141)
Transferred from debenture redemption reserve	—	—	—	—	32	—	(32)	—	—	—
Transferred from revaluation reserve	—	—	—	—	21	—	(21)	—	—	—
Purchase of treasury shares from market	—	—	(544)	—	—	—	—	(544)	—	(544)
Receipt on exercise of share options	—	—	530	—	—	—	(343)	187	—	187
Transaction with non-controlling interests (Refer note 7)	—	—	—	—	—	—	(100)	(100)	100	—
Change in non-controlling interests arising on a business combination (primarily on account of acquisition referred in note 7)	—	—	—	—	—	—	—	—	(715)	(715)
Dividend paid to Company's shareholders (Refer note 30)	—	—	—	—	(4,411)	—	—	(4,411)	—	(4,411)
Dividend paid to non-controlling interests	—	—	—	—	—	—	—	—	(157)	(157)
Others (Refer note 7)	—	—	—	—	—	—	—	—	263	263
As of March 31, 2012	3,797,531	18,988	(282)	56,499	395,682	(6,026)	41,252	506,113	27,695	533,808
Net income/(loss) for the year	—	—	—	—	22,757	—	—	22,757	(88)	22,669
Other comprehensive income/(loss)	—	—	—	—	—	(26,545)	—	(26,545)	876	(25,669)
Total Comprehensive Income/(Loss)	**—**	**—**	**—**	**—**	**22,757**	**(26,545)**	**—**	**(3,788)**	**788**	**(3,000)**
Share based compensation	—	—	—	—	—	—	389	389	14	403
Reclassification to provision for payment of share options (Refer note 30)	—	—	—	—	—	—	(3)	(3)	—	(3)
Purchase of treasury shares from market	—	—	(762)	—	—	—	—	(762)	—	(762)
Receipt on exercise of share options	—	—	370	—	—	—	(302)	68	—	68
Transaction with non-controlling interests (Refer note 7)	—	—	—	—	—	—	5,612	5,612	(18,394)	(12,782)
Proceeds from issuance of equity shares to non - controlling interests (Refer note 7)	—	—	—	—	—	—	—	—	32,303	32,303
Share issue expenses (net of tax) (Refer note 7)	—	—	—	—	—	—	—	—	(394)	(394)
Dividend paid to Company's shareholders (Refer note 30)	—	—	—	—	(4,412)	—	—	(4,412)	—	(4,412)
Dividend paid to non-controlling Interests	—	—	—	—	—	—	—	—	(1,126)	(1,126)
As of March 31, 2013	**3,797,531**	**18,988**	**(674)**	**56,499**	**414,027**	**(32,571)**	**46,948**	**503,217**	**40,886**	**544,103**

The accompanying notes form an integral part of these consolidated financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

For and on behalf of the Board of Directors of Bharti Airtel Limited

per Nilangshu Katriar
Partner
Membership No: 58814

Sunil Bharti Mittal
Chairman

Manoj Kohli
Managing Director & CEO (International)

Gopal Vittal
Joint Managing Director & CEO (India)

Place: New Delhi
Date: May 2, 2013

Mukesh Bhavnani
Group General Counsel & Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

Consolidated Statement of Cash Flows

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Cash flows from operating activities		
Profit before tax	**49,820**	65,183
Adjustments for -		
Depreciation and amortization	**154,964**	133,681
Finance income	**(5,633)**	(2,643)
Finance costs	**49,477**	40,828
Share of results of associates	**76**	74
Amortization of share based compensation	**403**	783
Other non-cash items	**392**	1,534
Operating cash flow before changes in assets and liabilities	**249,499**	239,440
Trade & other receivables and prepayments	**(5,718)**	(14,094)
Inventories	**268**	1,475
Trade and other payables	**23,776**	23,961
Provisions	**1,100**	397
Other financial and non financial liabilities	**73**	9,505
Other financial and non financial assets	**(3,978)**	(6,194)
Cash generated from operations	**265,020**	254,490
Interest received	**2,421**	401
Income tax paid	**(32,611)**	(29,453)
Net cash inflow from operating activities	**234,830**	225,438
Cash flows from investing activities		
Purchase of property, plant and equipment	**(133,167)**	(144,436)
Proceeds from sale of property, plant and equipment	**1,513**	1,074
Purchase of intangible assets	**(5,788)**	(6,921)
Short term investments (net)	**(45,685)**	(10,823)
Investment in subsidiary, net of cash acquired (Refer note 7)	**102**	(24,985)
Proceeds from disposal of subsidiary	**—**	2,543
Investment in associate/joint venture (Refer note 7(a))	**(5,902)**	(285)
Loan to associates	**(130)**	(172)
Loan repayment received from associates	**—**	210
Net cash outflow from investing activities	**(189,057)**	(183,795)
Cash flows from financing activities		
Proceeds from borrowings	**312,800**	164,864
Repayment of borrowings	**(328,443)**	(163,343)
Short term borrowings (net)	**(7,282)**	(4,351)
Purchase of treasury shares	**(762)**	(544)
Interest paid	**(39,443)**	(32,352)
Proceeds from exercise of share options	**68**	187
Dividend paid (including tax) to Company's shareholders (Refer note 30)	**(4,412)**	(4,411)
Dividend paid (including tax) to non-controlling interests	**(1,126)**	(157)
Proceeds from issuance of equity shares to non-controlling interests (Refer note 7)	**32,303**	—
Share issue expenses of subsidiary (Refer note 7)	**(579)**	—
Payment of long term liability/acquisition of non-controlling interest (Refer note 7(f))	**(12,782)**	—
Net cash inflow/(outflow) from financing activities	**(49,658)**	(40,107)
Net increase/(decrease) in cash and cash equivalents during the year	**(3,885)**	1,536
Effect of exchange rate changes on cash and cash equivalents	**(1,624)**	493
Add: Balance as at the beginning of the year	**8,037**	6,008
Balance as at the end of the year (Refer note 24)	**2,528**	8,037

The accompanying notes form an integral part of these consolidated financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

For and on behalf of the Board of Directors of Bharti Airtel Limited

per Nilangshu Katriar
Partner
Membership No: 58814

Sunil Bharti Mittal
Chairman

Manoj Kohli
Managing Director & CEO (International)

Gopal Vittal
Joint Managing Director & CEO (India)

Place: New Delhi
Date: May 2, 2013

Mukesh Bhavnani
Group General Counsel & Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

1. Corporate Information

Bharti Airtel Limited (”Bharti Airtel” or “the Company” or “the Parent”) is domiciled and incorporated in India and publicly traded on the National Stock Exchange (‘NSE’) and the Bombay Stock Exchange (‘BSE’), India. The Registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

Bharti Airtel together with its subsidiaries is hereinafter referred to as ‘the Group’. The Group is a leading telecommunication service provider in India and also has strong presence in Africa and South Asia.

The principal activities of the Group, its joint ventures and associates consist of provision of telecommunication systems and services, tower infrastructure services and direct to home services. The principal activities of the subsidiaries, joint ventures and associates are disclosed in note 40.

The services provided by the Group are disclosed in note 6 under segment reporting.

The Group’s principal shareholders as of March 31, 2013 are Bharti Telecom Limited and Singapore Telecommunication International Pte. Limited.

2. Basis of Preparation

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

The consolidated financial statements were authorized for issue by the Board of Directors on May 2, 2013.

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

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

3. Summary of Significant Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as disclosed in note 4.2 (a), “Impairment reviews” and for the following amendments to the Standards effective from the current year.

S. No.	Amendments to the Standards	Month of Issue	Effective date — annual periods beginning on or after
1	Amendment to IAS 12, Deferred Tax: *Recovery of Underlying Assets*	December, 2010	January 1, 2012
2	Amendment to IFRS 1, *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	December, 2010	July 1, 2011
3	Amendment to IFRS 7, *Disclosures — Transfer of financial assets*	October, 2010	July 1, 2011

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

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.1 Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. These consolidated financial statements are presented in Indian Rupees ('Rupees' or '₹'), which is the Company's functional and Group's presentation currency and all amounts are rounded to the nearest million, except as stated otherwise.

3.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in note 40.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the non-controlling interests (NCI) have certain rights under shareholders' agreements, the Company evaluates whether these rights are in the nature of participative or protective rights for the purpose of ascertaining the control.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies and accounting period in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

Losses are attributed to the non-controlling interest even if that results in a deficit balance. However, the non-controlling interest share of losses of subsidiary are allocated against the interest of the Group where the non-controlling interest is reduced to zero and the Company has a binding obligation under a contractual arrangement with the holders of non-controlling interest.

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

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

3.3 Business Combinations

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

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

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

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

Acquisition related costs, such as finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees are recognized in profit or loss in the year they are incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability are recognized in accordance with IAS 39, *"Financial Instrument: Recognition and Measurement"*, either in income statement or in other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured and its subsequent settlement is accounted for within equity.

Where the Group increases its interest in an entity such that control is achieved, previously held equity interest in the acquired entity is revalued to fair value as at the date of acquisition, being the date at which the Group obtains control of the acquiree. The change in fair value is recognized in profit or loss.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with IAS 37, *"Provisions, Contingent Liabilities and Contingent Assets"*, or amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 *"Revenue"*.

3.4 Interest in Joint Venture Companies

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control). Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interest in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined with the equivalent items on a line-by-line basis in the consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Company. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of balances, income and expenses and unrealized gains and losses on transactions between the Group and its jointly controlled entities.

Any goodwill arising on the acquisition of interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

3.5 Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 associates are accounted for using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of the investments. Losses of an associate in excess of the Group's interest in that 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 associate.

The financial statements of the 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 associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

3.6 Intangible Assets

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

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

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortization period and the amortization method for an intangible asset (except goodwill) is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

a. Goodwill

Goodwill is initially recognized at cost and is subsequently measured at cost less any accumulated impairment losses.

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

b. Software

Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of license, generally not exceeding three years. Software up to ₹ 500 thousand, which has an independent use, is amortized over a period of 1 year.

c. Bandwidth

Payments for bandwidth capacities are classified as pre-payments in service arrangements or under certain conditions as an acquisition of a right. In the latter case it is accounted for as an intangible asset and the cost is amortized over the period of the agreement.

d. Licenses

Acquired licenses (including spectrum) are initially recognized at cost. Subsequently, licenses are measured at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is recognized in profit or loss on a straight-line basis over the unexpired period of the license commencing from the date when the related network is available for intended use in the respective jurisdiction and is disclosed under 'depreciation and amortization'. The amortization period relating to licenses acquired in a business combination is determined primarily by reference to the unexpired license period.

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

e. Other Acquired Intangible Assets

Other intangible assets are initially recognized at cost. Other intangible assets acquired in a business combination comprising brands, customer relationships and distribution networks, are capitalized at fair values on the date of acquisition and are amortized as below:

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: Over estimated useful life

Customer base: Over the estimated life of such relationships

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

3.7 Property, Plant and Equipment ('PPE')

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

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

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

	Years
Buildings	20
Technical equipment and machinery	
— Network equipment	3-20
— Customer premise equipment	5-6
Other equipment, operating and office equipment	
— Computer equipment	3
— Office furniture and equipment	2-5
— Vehicles	3-5
Leasehold improvements	Remaining period of the lease or 10/20 years, as applicable, whichever is less

Assets individually costing Rupees five thousand or less are fully depreciated over a period of 12 months from the date placed in service.

3.8 Impairment of Non-financial Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

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

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment losses, if any, are recognized in profit or loss as a component of depreciation and amortization expense.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits, and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

3.10 Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Leases

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

a. Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits 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 profit or loss.

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

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

b. Group as a lessor

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 the periodic rate of return on the net investment of the Group outstanding in respect of the finance lease.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

c. Indefeasible Right to Use ('IRU')

As part of the operations, the Group enters into agreement for leasing assets under "Indefeasible right to use" with third parties. Under the arrangement the assets are given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remains with the lessor. Hence, such arrangements are 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 as deferred revenue in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

3.12 Financial Instruments

A. Financial instruments — Initial Recognition and Measurement

Financial assets and financial liabilities are recognized on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are recognized initially at fair value plus directly attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss.

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

B. Financial Assets

1. Subsequent Measurement

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

a. Financial Assets at Fair Value through Profit or Loss

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

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

b. Financial Assets Measured at Amortized Cost

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

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

The Group does not have any Held-to-maturity and available for sale investments.

2. Derecognition

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

C. Financial Liabilities

1. Subsequent Measurement

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

(i) Financial liabilities at fair value through profit or loss

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

(ii) Financial liabilities measured at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

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

2. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

D. Offsetting Financial Instruments

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

E. Derivative Financial Instruments — Current versus Non-current Classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current(or separated into current and non-current portions) consistent with the classification of the underlying item.

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

F. Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), at each reporting date, without deduction of any transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

3.13 Treasury Shares

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

3.14 Share-based Compensation

The Group issues equity-settled and cash-settled share-based options to certain employees. These are measured at fair value on the date of grant.

The fair value determined on the grant date of the equity settled share based options is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest.

The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period, based on the Group's estimates of the shares that will eventually vest. At the end of the each reporting period, until the liability is settled, and at the date of settlement, the fair value of the liability is recognized, with any changes in fair value pertaining to the vested period recognized immediately in profit or loss.

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

Fair value is measured using Lattice-based option valuation model, Black-Scholes and Monte Carlo Simulation framework and is recognized as an expense, together with a corresponding increase in equity/ liability, as appropriate, over the period in which the options vest using the graded vesting method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The expected volatility and forfeiture assumptions are based on historical information.

Where the terms of a share-based compensation are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.15 Employee Benefits

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

Under the defined benefit retirement plan, the Group provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Group.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognized as an asset or liability in the statement of financial position. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of statement of financial position. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

All expenses in respect of defined benefit plans, including actuarial gains and losses, are recognized in the profit or loss as incurred.

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

The Group's contributions to defined contribution plans are recognized in profit or loss as they fall due. The Group has no further obligations under these plans beyond its periodic contributions.

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

3.16 Foreign Currency Transactions

a. Functional and Presentation Currency

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

b. Transactions and Balances

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

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

Exchange differences arising on a monetary item that forms part of a Group entity's net investment in a foreign operation is 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.

c. Translation of Foreign Operations' Financial Statements

The assets and liabilities of foreign operations are translated into Rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates prevailing during the year. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation (reduction in percentage ownership interest), the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

d. Translation of Goodwill and Fair Value Adjustments

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

3.17 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/ receivable, excluding discounts, rebates, and VAT, service tax or duty. The Group assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

a. Service Revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and internet and VSAT services usage charges, bandwidth services, roaming charges, activation fees, processing fees and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the telephone network of other operators for local, domestic long distance and international calls and data messaging services.

Service revenues are recognized as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid customers are recognized based on actual usage. Processing fees on recharge coupons is being 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 acquisition costs over activation revenue, if any, are expensed as incurred.

Service revenues from the internet and VSAT business comprise revenues from registration, installation and provision of internet and VSAT services. Registration fee and installation charges are deferred and 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 provision 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 each month. These are billed in subsequent periods based on the terms of the billing plans/contractual arrangements.

Deferred revenue includes amount received in advance from customers which would be recognized over the periods when the related services are expected to be rendered.

b. 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.

c. Capacity Swaps

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

d. Multiple Element Arrangements

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

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

e. Interest Income

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

f. Dividend Income

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

3.18 Taxes

a. Current Income Tax

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred Tax

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

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit/(tax loss).

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

3.19 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. The interest cost incurred for funding a qualifying asset during the construction period is capitalized based on actual investment in the asset at the interest rate for specific borrowings. All other borrowing costs are expensed in the period they occur.

3.20 Dividends Paid

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

3.21 Earnings Per Share

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

3.22 Provisions

a. General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

b. Contingencies

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

c. Asset Retirement Obligation

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

4.1 Critical Judgments in Applying the Group's Accounting Policies

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

a) Arrangement Containing Lease

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

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that such contracts are in the nature of operating leases.

b) Revenue Recognition and Presentation

The Group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. The Group has concluded that in certain geographies its revenue arrangements are on a principal to principal basis.

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

Where the Group's role in a transaction is that of a principal, revenue comprises amount billed to the customer/distributor, after trade discounts.

c) Multiple Element Contracts with Vendors

The Group has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the significant accounting policies) have been accounted under Property, Plant and Equipment and/ or as Intangible assets, since the Group has economic ownership in these assets. The Group believes that the current treatment represents the substance of the arrangement.

d) Determination of Functional Currency

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

e) Taxes

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

4.2 Critical Accounting Estimates and Assumptions

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

a) Impairment Reviews

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

The Group prepares and internally approves formal ten year plans, as applicable, for its businesses and uses these as the basis for its impairment reviews. The Group mainly operates in developing markets and in such markets, the plan for shorter duration (i.e. 5 years) is not indicative of the long term future performance. Considering this and the consistent use of such robust ten year information for management reporting purpose, the Group uses ten year plans for the purpose of impairment testing and accordingly, effective financial year beginning April 1, 2012, has revised the financial projection period for impairment review for Mobile Services — Africa CGU group, from five years to ten years. Since the value in use exceeds the carrying amount of CGU, the fair value less costs to sell is not determined.

The key assumptions used to determine the recoverable amount for the CGUs, including sensitivity analysis, are disclosed and further explained in note 14.

Effective financial year beginning April 1, 2012, the Group has changed the date for annual impairment testing of goodwill from March 31 for Mobile services — Africa CGU group and from September 30 for other CGUs, to December 31 to align the impairment testing date of all CGUs.

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

b) Allowance for Uncollectible Trade Receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible. The carrying amount of allowance for doubtful debts is ₹ 21,913 Mn and ₹ 18,988 Mn as of March 31, 2013 and March 31, 2012, respectively.

c) Asset Retirement Obligations (ARO)

In determining the fair value of the ARO provision the Group uses technical estimates to determine the expected cost to dismantle and remove the infrastructure equipment from the site and the expected timing of these costs. Discount rates are determined based on the government bond rate of a similar period as the liability. The carrying amount of provision for ARO is ₹ 9,180 Mn and ₹ 5,905 Mn as of March 31, 2013 and March 31, 2012, respectively.

d) Taxes

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

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

Also refer note 11 — Income Taxes.

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

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

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

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

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

Further details on purchase price allocation have been disclosed in note 7.

f) Intangible Assets

Refer note 3.6 for the estimated useful life of intangible assets. The carrying value of intangible assets has been disclosed in note 13.

g) Property, Plant and Equipment

Refer note 3.7 for the estimated useful life of property, plant and equipment. The carrying value of property, plant and equipment has been disclosed in note 12.

Property, plant and equipment represent a significant proportion of the asset base of the Group. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in profit or loss.

The useful lives and residual values of Group assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Furthermore, network infrastructure is depreciated over a period beyond the expiry of the associated license, under which the operator provides telecommunications services, if there is a reasonable expectation of renewal or an alternative future use for the asset.

h) Activation and Installation Fees

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

i) Contingencies

Refer note 35 (ii) for details of contingencies.

5. Standards Issued But Not yet Effective up to the Date of Issuance of the Group's Financial Statements

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

a) IFRS 9 Financial Instruments

In November 2009, International Accounting Standards Board issued IFRS 9, "*Financial Instruments",* to reduce complexity of the current rules on financial instruments as mandated in IAS 39, *"Financial Instruments: Recognition and Measurement"*. The effective date of IFRS 9 is annual periods beginning on or after January 1, 2015 with early adoption permitted.

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. Further it eliminates the rule based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9 was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income.

The Company is required to adopt the standard by the financial year commencing April 1, 2015. The Company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

b) IFRS 10 Consolidated Financial Statements

In May 2011, International Accounting Standards Board issued IFRS 10, "*Consolidated Financial statements"*. The effective date of IFRS 10 is annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation of Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.

IFRS 10 establishes a single basis for consolidation for all entities which is based on the principles of control, regardless of the nature of the investee. The Standard provides additional guidance for the determination of control in cases of ambiguity such as franchisor franchisee relationship, de facto agent, silos and potential voting rights.

IFRS 10 was further amended in June, 2012 to define the 'date of initial application' of IFRS 10 as the beginning of the annual reporting period in which IFRS 10 is applied for the first time and clarify that if the consolidation conclusion reached at the date of initial application is different under IAS 27/SIC-12 and IFRS 10, an entity is required to adjust retrospectively its immediately preceding period as if the requirements of IFRS 10 had always been applied, with any adjustments recognized in opening equity (if practicable). The amendment also provides relief from disclosing the impact on each financial statement line item affected and earnings per share for the current period. It also provides the additional transitional relief to limit the requirement to provide adjusted comparative information to the immediately preceding period. The effective date of amendment is annual periods beginning on or after January 1, 2013 with early adoption permitted.

The Company is required to adopt IFRS 10 including the amendments thereto by the financial year commencing April 1, 2013. The Company believes that the adoption of the standard will not have any significant impact on the consolidated financial statements.

c) IFRS 11 Joint Arrangements

In May 2011, International Accounting Standards Board issued IFRS 11, *"Joint arrangements"*. The effective date of IFRS 11 is annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 11 replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly-controlled Entities-Non-monetary Contributions by Venturers". IFRS 11 defines joint control as the contractually agreed sharing of control of an arrangement; which exists only when the decisions about the relative activities require the unanimous consent of the parties sharing control. The reference to ‘control’ in ‘joint control’ refers to the definition of ‘control’ under IFRS 10. IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 (jointly controlled operations, jointly controlled assets and jointly controlled entities) to two categories: joint operations and joint ventures. IFRS 11 removes the option to account for jointly controlled entities using the proportionate consolidation method. Jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. IFRS 11 requires that the nature and the substance of the contractual rights and obligations arising from arrangement are considered when classifying it as either a joint operation or a joint venture; the legal form or structure of the arrangement is not the most significant factor in classifying the arrangement.

IFRS 11 was further amended in June, 2012 and provides relief similar to IFRS 10 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period and also provides relief from disclosing the impact on each financial statement line item affected and earnings per share for the current period. The effective date of amendment is annual periods beginning on or after January 1, 2013 with early adoption permitted.

The Company is required to adopt IFRS 11 including the amendments thereto by the financial year commencing April 1, 2013 with retrospective effective.

Jointly controlled entities of the Group (refer note 40 for list of joint ventures) qualify as joint ventures under the Standard and would be required to be accounted for using the equity method as compared to proportionate consolidation method presently followed by the Company. This will result in recognizing a single line item for investment in a joint venture in the statement of financial position, and a single line item for the proportionate share of net income and changes in other comprehensive income in the income statement and in the statement of comprehensive income respectively. This will result in reduction in revenue by ₹ 34,068 Mn, other income by ₹ 53 Mn, expense by ₹ 24,811 Mn, net finance cost by ₹ 3,761 Mn, income tax by ₹ 1,967 Mn and increase in share of results of joint ventures by ₹ 3,582 Mn with no impact on the net profit for the year ended March 31, 2013. In the statement of financial position as of March 31, 2013, the Standard will result in reduction in total liabilities by ₹ 80,977 Mn and total assets excluding investment in associates/joint ventures by ₹ 92,287 Mn and increase in investment in associates/joint ventures by ₹ 11,310 Mn with no change in total equity.

d) IFRS 12 Disclosure of Interests in Other Entities

In May 2011, International Accounting Standards Board issued IFRS 12, *“Disclosure of interests in other entities”*. The effective date of IFRS 12 is annual periods beginning on or after January 1, 2013 with early adoption permitted.

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. One of major requirements of IFRS 12 is that an entity needs to disclose the significant judgment and assumptions it has made in determining:

a. Whether it has control, joint control or significant influence over another entity.

b. The type of joint arrangement (i.e. joint operation or joint venture) when the joint arrangement is structured through a separate vehicle.

IFRS 12 also expands the disclosure requirements for subsidiaries with Non-controlling interest, joint arrangements and associates that are individually material. IFRS 12 introduces the term — *“Structured entity”* by replacing the concept of Special Purpose entities that was previously used in SIC 12; and requires enhanced disclosures by way of nature and extent of, and changes in, the risks associated with its interests in both its consolidated and unconsolidated structured entities.

IFRS 12 was further amended in June, 2012 and provides relief similar to IFRS 10 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. The amendments to IFRS 12 also provide additional transitional relief by eliminating the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied. The effective date of amendments is annual periods beginning on or after January 1, 2013 with early adoption permitted.

The Company is required to adopt IFRS 12 including the amendments thereto by the financial year commencing April 1, 2013.

Standard will result in enhanced disclosures and does not have any impact on the amount recognized in the statement of financial position, income statement, statement of comprehensive income and statement of changes in equity.

e) IFRS 13 Fair Value Measurement

In May 2011, the International Accounting Standards Board issued IFRS 13 to provide a specific guidance on fair value measurement and requires enhanced disclosures for all assets and liabilities measured at fair value, not restricting to financial assets and liabilities. The standard introduces a precise definition of fair value and provides guidance on how fair value is measured under IFRS when fair value is required or permitted. IFRS 13 sets out in a single standard a framework to measure the fair value and it also requires disclosures about the fair value measurement. The effective date for IFRS 13 is annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is required to adopt the standard by the financial year commencing April 1, 2013. The Company believes that the adoption of the standard will not have any significant impact on the consolidated financial statements.

f) IAS 27 (Amended) Consolidated and Separate Financial Statements

In May 2011, International Accounting Standards Board amended IAS 27, *"Consolidated and Separate Financial Statements*." The effective date of the amended IAS 27 is annual periods beginning on or after January 1, 2013 with early adoption permitted. With the issuance of IFRS 10 and IFRS 12, scope of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

The Company is required to adopt IAS 27 by the financial year commencing April 1, 2013. The Company believes that the adoption of the standard will not have any significant impact on the consolidated financial statements.

g) IAS 28 (Revised) Investments in Associates and Joint Ventures

In May 2011, International Accounting Standards Board amended IAS 28, *"Investments in Associates and Joint Ventures"*, as a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

The effective date of the amended IAS 28 is annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company is required to adopt IAS 28 by the financial year commencing April 1, 2013. The Company believes that the adoption of the standard will not have any significant impact on the consolidated financial statements.

h) Amendments to IAS 1 Presentation of Financial Instruments

In June 2011, the International Accounting Standards Board issued amendments to IAS 1. The amendments require companies preparing financial statements in accordance with IFRSs to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable to the income statement. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax).

The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements.

The amendment is applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. The Company is required to adopt the amendments by the financial year commencing April 1, 2013. The Company believes that the adoption of the standard will not have any significant impact on the consolidated financial statements.

i) Amendments to IAS 19 Employee Benefits

In June 2011, International Accounting Standards Board issued amendments to IAS 19. The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The most significant changes that will apply are:

- Actuarial gains and losses are to be recognized in OCI when they occur. Amounts recognized in profit or loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other changes in the net defined benefit asset/liability are recognized in other comprehensive income with no subsequent recycling to profit and loss.

- The net interest income or expense is the product of the net balance sheet liability or asset and the discount rate used to measure the obligation — both as at the start of the year.

- Objectives for disclosures of defined benefits plans are explicitly stated in the revised IAS 19, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

- Termination benefits will be recognized at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognized under IAS 37, Liabilities.

- The distinction between short-term and long-term employee benefits will be based on expected timing of settlement rather than the employee's entitlement benefits.

The Company is required to adopt the amendments by the financial year commencing April 1, 2013. The amendments need to be adopted retrospectively with certain exceptions. The amendment will impact the accounting of actuarial gains and losses on defined benefit obligations of the Group, which is presently being recognized in the income statement. These would be required to be recognized in the other comprehensive income. Actuarial loss of ₹ 107 Mn for the year ended March 31, 2013 recognized in the income statement would be recognized in other comprehensive income once the amendments become effective.

j) Amendments to IAS 32 Financial Instruments: Presentation

In December 2011, the International Accounting Standards Board issued amendments to IAS 32. The IASB amended the accounting requirements related to offsetting of financial assets and financial liabilities.

Amendments to IAS 32 clarify the meaning of 'currently has a legally enforceable right of set-off' and also clarify the application of IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous.

The Company is required to adopt the amendments to IAS 32 by the financial year commencing April 1, 2014. The Company believes that the adoption of the standard will not have any significant impact on the consolidated financial statements.

k) Amendments to IFRS 7 Financial Instruments: Disclosures

In December 2011, the International Accounting Standards Board issued amendments to IFRS 7. The IASB amended the disclosures requirements related to offsetting of financial assets and financial liabilities.

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements). The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar arrangement', irrespective of whether they are set-off in accordance with IAS 32.

The Company is required to adopt the amendments to IFRS 7 by the financial year commencing April 1, 2013. The Company believes that the adoption of the standard will not have any significant impact on the consolidated financial statements.

l) The following Interpretations and amendments to standards have been issued as of March 31, 2013 but not yet effective and have not yet been adopted by the Group. These are not expected to have any significant impact on the consolidated financial statements:

S. No.	Standards/Interpretations/Amendments	Month of issue	Effective date — annual periods beginning on or after
1	IFRIC Interpretation 20, *"Stripping Costs in the Production Phase of a Surface Mine"*	October, 2011	January 1, 2013
2	Amendment to IFRS 1, *"First time adoption of International Financial Reporting Standards"*	March, 2012	January 1, 2013
3	Annual Improvements	May, 2012	January 1, 2013

6. Segment Reporting

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

Effective April 1, 2012, in line with the changes in the internal reporting, the Broadband Wireless Access (BWA) services reported earlier under 'Telemedia Services', is now reported as part of 'Mobile Services India & South Asia (SA)'. Segment comparatives have been restated to reflect the changes described above.

The revised reporting segments of the Group are as below:

Mobile Services India and South Asia (SA): These services cover voice and data telecom services provided through wireless technology (2G/3G/4G) in the geographies of India and South Asia (SA). This includes the captive national long distance networks which primarily provide connectivity to the mobile services business in India.

Mobile Services Africa: These services cover provision of voice and data telecom services offered to customers in Africa continent. This also includes corporate headquarter costs of the Group's Africa operations.

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

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

Airtel Business: These services cover end-to-end telecom solutions being provided to large Indian and global corporations by serving as a single point of contact for all telecommunication needs across data and voice (domestic as well as international long distance), network integration and managed services.

Tower Infrastructure Services (formerly known as 'Passive Infrastructure Services'): These services include setting up, operating and maintaining wireless communication towers in India.

Others: These comprise of Mobile commerce services, and also includes administrative and support services provided to other segments.

The measurement principles for segment reporting are based on IFRSs adopted in the consolidated financial statements. Segment's performance is evaluated based on segment revenue and profit or loss from operating activities i.e. segment results.

Operating revenues and expenses related to both third party and inter-segment transactions are included in determining the segment results of each respective segment. Finance income earned and finance expense incurred is not allocated to individual segment and the same has been reflected at the Group level for segment reporting. Inter segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period the change occurs. Segment information prior to the change in terms is not restated. These transactions have been eliminated on consolidation. The total assets disclosed for each segment represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment, intangibles, inventories, operating cash and bank balances, inter segment assets and exclude derivative financial instruments, deferred tax assets and income tax recoverable.

Segment liabilities comprise operating liabilities and exclude external borrowings, provision for taxes, deferred tax liabilities and derivative financial instruments. Segment capital expenditure comprises additions to property, plant and equipment and intangible assets (net of rebates, where applicable).

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

Summary of the Segmental Information as of and for the year ended March 31, 2013 is as follows:

Description	Mobile Services India & South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
					(₹ Millions)					
Revenue from external customers	419,908	237,620	34,323	40,243	16,240	54,719	59	—	—	803,112
Inter segment revenue	20,327	2,819	3,835	12,959	54	48,435	3,474	—	(91,903)	—
Total revenues	**440,235**	**240,439**	**38,158**	**53,202**	**16,294**	**103,154**	**3,533**	**—**	**(91,903)**	**803,112**
Segment result	70,677	15,569	6,447	3,693	(8,105)	16,364	(684)	(10,288)	67	93,740
Share of profits/(loss) in associates										(76)
Finance income										5,633
Finance costs										(49,477)
Earnings before taxation										49,820
Other segment items										
Period capital expenditure	(65,688)	(43,054)	(8,555)	(6,121)	(7,618)	(19,773)	(159)	(3,034)	8,084	(145,918)
Depreciation and amortization	(64,461)	(47,578)	(9,757)	(5,668)	(8,557)	(22,197)	(40)	(469)	3,763	(154,964)
As of March 31, 2013										
Segment assets	820,765	687,410	107,797	106,678	22,108	250,774	1,854	157,733	(481,887)	1,673,232
Segment liabilities	187,005	138,521	66,913	43,699	50,246	50,523	1,976	1,072,225	(481,979)	1,129,129

Summary of the Segmental Information as of and for the year ended March 31, 2012 is as follows:

Description	Mobile Services India & South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
					(₹ Millions)					
Revenue from external customers	386,716	197,796	33,694	33,082	12,919	50,301	—	—	—	714,508
Inter segment revenue	16,375	469	3,577	11,459	41	44,808	3,117	—	(79,846)	—
Total revenues	**403,091**	**198,265**	**37,271**	**44,541**	**12,960**	**95,109**	**3,117**	**—**	**(79,846)**	**714,508**
Segment result	82,221	14,147	7,172	2,629	(7,198)	14,641	(416)	(9,792)	38	103,442
Share of profits/(loss) in associates										(74)
Finance Income										2,643
Finance Cost										(40,828)
Earnings before taxation										**65,183**
Other segment items										
Period capital expenditure	(38,784)	(72,789)	(8,592)	(7,025)	(8,285)	(13,800)	(1,610)	(167)	7,074	(143,978)
Depreciation and amortization	(54,446)	(38,644)	(8,664)	(5,684)	(7,663)	(21,303)	(4)	(521)	3,248	(133,681)
As of March 31, 2012										
Segment assets	678,106	679,350	76,935	102,660	23,397	206,446	1,053	216,853	(414,184)	1,570,616
Segment liabilities	159,810	229,597	42,236	44,194	42,908	43,533	1,428	886,428	(413,326)	1,036,808

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Unallocated Assets comprise of:		
Derivative financial assets	**4,663**	4,893
Deferred tax asset	**59,245**	51,277
Income tax recoverable	**12,040**	9,049
Inter-segment loans/receivables	**53,174**	130,334
Short term investments	**11,221**	6,615
Others	**17,390**	14,685
Total	**157,733**	**216,853**

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Unallocated Liabilities comprise of:		
Borrowings	**729,608**	690,232
Derivative financial liabilities	**1,112**	567
Deferred tax liability	**15,873**	11,621
Income tax liabilities	**7,628**	7,596
Inter-segment loans/payables	**310,418**	169,454
Others	**7,586**	6,958
Total	**1,072,225**	**886,428**

Borrowings include amount borrowed for the acquisition of 3G and BWA Licenses ₹ 52,225 Mn and ₹ 61,117 Mn and for funding the acquisition of Africa operations and other borrowings of Africa operations ₹ 537,760 Mn and ₹ 508,113 Mn as of March 31, 2013 and March 31, 2012, respectively.

Geographical Information:

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

(a) Revenue from External Customers:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
India	**543,732**	499,994
Africa	**237,620**	197,796
Rest of the World	**21,760**	16,718
Total	**803,112**	**714,508**

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

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
India	**701,590**	678,291
Africa	**632,241**	625,732
Rest of the World	**35,407**	31,798
Total	**1,369,238**	**1,335,821**

7. Business Combination/Disposal of Subsidiary/ Other Acquisitions/Transaction with Non-controlling Interest

a) Acquisition of 49 per cent. interest in Wireless Business Services Pvt. Ltd., Wireless Broadband Business Services (Delhi) Pvt. Ltd., Wireless Broadband Business Services (Kerala) Pvt. Ltd. and Wireless Broadband Business Services (Haryana) Pvt. Ltd.

Pursuant to a definitive agreement dated May 24, 2012, the Company has acquired 49 per cent. stake for a consideration of ₹ 9,281 Mn (USD 165 Mn) in Qualcomm Asia Pacific's (Qualcomm AP) 4 Indian subsidiaries ("BWA entities"), (i) Wireless Business Services Private Limited- that holds Category 'A' ISP licenses and broadband wireless spectrum in the frequencies of 2327.5 – 2347.5 for the Service Area of Mumbai, 2327.5 – 2347.5 for the Service Area of Delhi, 2325.0 – 2345.0 for the Service Area of Kerala and 2362.5 – 2382.5 for the Service Area of Haryana, (ii) Wireless Broadband Business Services (Delhi) Private Limited, (iii) Wireless Broadband Business Services (Kerala) Private Limited and (iv) Wireless Broadband Business Services (Haryana) Private Limited, partly by way of acquisition of 26 per cent. equity interest from its existing shareholders and balance 23 per cent. by way of subscription of fresh equity in the referred entities.

During the year ended March 31, 2013, schemes of amalgamation have been filed for amalgamation of Wireless Broadband Business Services (Delhi) Private Limited, Wireless Broadband Business Services (Kerala) Private Limited and Wireless Broadband Business Services (Haryana) Private Limited with Wireless Business Services Private Limited under Section 391 and 394 of the Companies Act, 1956 with the High Courts. The main object of these companies is to carry on the business of internet and broadband services.

The agreement contemplates that once commercial operations are launched, subject to certain terms and conditions, the Company has the option to assume complete ownership and financial responsibility for the BWA entities by the end of 2014.

During the three months period ended June 30, 2012, the Group has accounted for the BWA entities as associates. Considering the non-existence of market for the License (including spectrum), and consequently, the time involved in determining the fair valuation of the same, the license including spectrum was provisionally accounted for at the book value. The Group's share of the provisional fair values of net assets amounted to ₹ 3,268 Mn (including proportionate share of capital subscribed of ₹ 2,380 Mn) on the date of acquisition. The goodwill arising on the acquisition of ₹ 6,013 Mn was recorded as part of the investment in associates.

Effective July 1, 2012, the Group has started exercising its right of joint control over the activities of the joint venture and has accordingly accounted for the BWA entities as Joint Ventures and has accounted the transaction as per the acquisition method of accounting. Accordingly, all the assets and liabilities have been measured at their fair values as on the acquisition date and the purchase consideration has been allocated to the net assets.

The goodwill recognized in the transaction consists largely of the synergies and economies of scale expected from the combined operation of the Group and BWA entities.

The following table summarizes the fair value of the consideration paid and the fair value at which the assets acquired and the liabilities assumed are recognized as of the date of acquisition, i.e. May 24, 2012.

Particulars	As determined on the date of acquisition (₹ Millions)
Purchase consideration	
Cash* (A)	7,645
Acquisition related cost (included in Selling, general and administrative expenses in the consolidated income statement)	1
Recognized amount of Identifiable assets acquired and liabilities assumed (proportionate share of the Group)	
Assets Acquired	
Intangible Assets	28,812
Other Non-financial assets	2,011
Current Assets	3,454
Liabilities assumed	
Non Current liabilities	(1,538)
Current liabilities	(26,269)
Net Identifiable assets (B)	6,470
Goodwill (A-B)	**1,175**

* Net of ₹ 812 Mn to be adjusted against the amount to be paid for the purchase of balance shares and ₹ 823 Mn of the consideration identified towards fair value of the contract for the purchase of balance shares.

None of the goodwill recognized is deductible for income tax purposes.

From the date of acquisition, BWA entities has contributed revenue of ₹ Nil to the consolidated revenue and loss before tax of ₹ 207 Mn to the consolidated net profit before tax of the Group, for the year ended March 31, 2013, respectively. The fair value and the carrying amount of the acquired receivables as of the date of acquisition is NIL.

Analysis of Cash Flows on Acquisition

Particulars	Total (₹ Millions)
Cash consideration paid	9,281
Net cash acquired with the acquisition*	(3,379)
Investment, net of cash acquired (A)	5,902
(Included in cash flows from investing activities)	
Transaction cost of the acquisition (included in cash flows from operating activities) (B)	1
Total in respect of business combination (A+B)	**5,903**

* Includes proportionate share of ₹ 2,380 Mn of the capital subscribed.

b) Acquisition of 100 per cent. Interest in Bharti Airtel Africa B.V. (Erstwhile Zain Africa B.V. ('Zain'))

The Group entered into a share purchase agreement with Zain International BV to acquire 100 per cent. equity interest in Zain Africa B.V. ('Zain') as of March 30, 2010 for USD 9 Bn. The transaction was closed on June 8, 2010. With this acquisition, the Group has made an additional step towards its objective to expand globally and create its presence in the African market.

The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their preliminary fair values as on the acquisition date and the purchase consideration was allocated to the net assets.

The goodwill recognized in the transaction consists largely of the synergies and economies of scale expected from the combined operation of the Group and Zain Africa B.V. and certain intangible assets such as one network arrangement, assembled work force, domain name and co-location agreement which have not been recognized separately as these do not meet the criteria for recognition as intangible assets under IAS 38 "Intangible Assets".

The following table summarizes the fair value of the consideration paid, the amount at which assets acquired and the liabilities assumed are recognized and non-controlling interest in Bharti Airtel Africa B.V. as of the date of acquisition, i.e., June 8, 2010.

Particulars	As determined as of June 7, 2011	As determined as of March 31, 2011	As determined on the date of acquisition
		(₹ Millions)	
Purchase consideration			
Cash	374,091	374,091	374,091
Deferred consideration at fair value	36,565	47,786	47,786
Total (A)	**410,656**	**421,877**	**421,877**
Acquisition related cost (included in Selling, general and administrative expenses in the consolidated income statement)	1,417	1,417	1,417

Recognized amount of Identifiable assets acquired and liabilities assumed

Particulars	As determined as of June 7, 2011	As determined as of March 31, 2011	As determined on the date of acquisition
		(₹ Millions)	
Assets acquired			
Property, plant & equipment	104,925	122,002	126,271
Intangible assets	97,934	81,036	81,035
Current assets	64,619	63,684	63,312
Liabilities assumed			
Non current liabilities	(76,356)	(76,182)	(75,543)
Current liabilities	(106,581)	(103,871)	(102,126)
Contingent liability (legal & tax cases)	(7,435)	(7,435)	(8,347)
Net identifiable assets (B)	77,106	79,234	84,602
Non controlling interest in Zain (C)	5,858	6,610	7,418
Goodwill*(A-B+C)	**339,408**	**349,253**	**344,693**

During the three months period ended June 30, 2011, the end of measurement period, the Group completed the fair valuation of net assets acquired as at the acquisition date and settled the deferred purchase consideration after adjusting for the claims of ₹ 11,221 Mn identified subsequent to the acquisition date as per the Share Purchase Agreement. The change in the net assets acquired as determined as of March 31, 2011 is primarily on account of decrease in provisional fair valuation of tangible assets by ₹ 17,077 Mn, increase in provisional fair valuation of intangible assets by ₹ 16,898 Mn and balance decrease of ₹ 1,197 Mn is on account of change in fair valuation of other assets and liabilities (including reduction in non controlling interest by ₹ 752 Mn). These have resulted in net reduction in goodwill by ₹ 9,845 Mn. Net depreciation and amortization expense (net of tax and non-controlling interest) of ₹ 429 Mn on account of finalization of fair valuation of tangible and intangible assets has been recognized in profit or loss on completion of the fair value of net assets acquired as at the acquisition date. The Group has assessed the above change as immaterial.

* Subsequent to the completion of the measurement period, the Group has identified certain errors post the acquisition date. This has resulted into further reduction of goodwill by ₹ 1,708 Mn (including reduction in deferred consideration by ₹ 21180 Mn) during the financial year ended March 31, 2012 and increase in goodwill by ₹ 308 Mn during the financial year ended March 31, 2013. The Group has assessed the above change as immaterial for any restatement considerations.

None of the goodwill recognized is deductible for income tax purpose.

The details of receivables acquired through business combination are as follows:

Particulars	Fair Value	Gross Contractual amount of Receivable	Best estimate of amount not expected to be collected
		(₹ Millions)	
As determined on the date of acquisition	12,607	17,833	(5,226)
As determined as of March 31, 2011	11,992	17,833	(5,841)
As determined as of June 7, 2011	11,802	17,833	(6,031)

Analysis of Cash Flows on Acquisition

Particulars	Three months period ended June 30, 2011	Year ended March 31, 2011
	(₹ Millions)	
Cash consideration paid (at exchange rate on the date of payment, including foreign exchange gain of ₹ 1,369 Mn for the three months period ended June 30, 2011 & ₹ 464 Mn for the year ended March 31, 2011)	25,196	384,300
Net cash acquired with the subsidiary	—	(13,159)
Investment in subsidiary, net of cash acquired (A) (included in cash flows from investing activities)	25,196	371,141
Transaction costs of the acquisition (B)* (included in cash flows from operating activities)	—	906
Total cash outflow in respect of business combination (A+B)	**25,196**	**372,047**

* Additional transaction cost for the acquisition of ₹ 511 Mn was incurred during the year ended March 31, 2010.

c) Acquisition of 100 per cent. interest in Airtel (Seychelles) Limited (Erstwhile Telecom Seychelles Limited), Seychelles

The Group entered into a share purchase agreement with Seejay Cellular Limited to acquire 100 per cent. equity interest in Airtel (Seychelles) Limited on August 23, 2010 for ₹ 2,903 Mn. The transaction was closed on August 27, 2010. This acquisition was done for the Group's objective to expand its presence globally.

The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their preliminary fair values as on the acquisition date and the purchase consideration has been allocated to the net assets. The goodwill recognized in the transaction consists largely of the synergies and economies of scale expected from the combined operation of the Group and Airtel (Seychelles) Limited.

During the three months period ended September 30, 2011, the end of the measurement period, the Group has completed the fair valuation of net assets acquired as at the acquisition date. There are no changes in the fair valuation subsequent to March 31, 2011.

The following table summarizes the fair value of the consideration paid, the amount at which assets acquired and the liabilities assumed are recognized as of August 27, 2010.

Particulars	As determined on the date of acquisition & as of August 26, 2011
	(₹ Millions)
Purchase consideration	
Cash (A)	2,903

Recognized amount of Identifiable assets acquired and liabilities assumed

Particulars	As determined as of March 31, 2011, and August 26, 2011	As determined on the date of acquisition
	(₹ Millions)	
Assets acquired		
Property, plant & equipment	98	98
Intangible assets	259	259
Current assets	294	294

Particulars	As determined as of March 31, 2011, and August 26, 2011	As determined on the date of acquisition
	(₹ Millions)	
Liabilities assumed		
Non current liabilities	(66)	(66)
Current liabilities	(283)	(377)
Net identifiable assets (B)	302	208
Non controlling interest (C)	—	—
Goodwill (A-B+C)	**2,601**	**2,695**

None of the goodwill recognized is deductible for income tax purposes.

The details of receivables acquired through business combination are as follows:

As determined as of date of acquisition, March 31, 2011 and August 26, 2011	Fair Value	Gross Contractual amount of Receivable	Best estimate of amount not expected to be collected
		(₹ Millions)	
Accounts Receivable	212	212	—

Analysis of cash flows on acquisition

	(₹ Millions)
Cash consideration paid	2,903
Net cash acquired with the subsidiary	(53)
Investment in subsidiary, net of cash acquired (A) (included in cash flows from investing activities)	2,850
Transaction costs of the acquisition (included in cash flows from operating activities) — for the year ended March 31, 2011 (B)	Nil
Total in respect of business combinations (A+B)	**2,850**

d) Total consolidated revenue of the Group and its joint ventures and net profit before tax of the Group, its joint ventures and associates would have been ₹ 803,112 Mn and ₹ 49,429 Mn respectively, had all the acquisitions been effective for the full year ended March 31, 2013.

e) Dilution of Shareholding in Bharti Infratel Limited

During the year ended March 31, 2013, Bharti Infratel Limited (BIL), a subsidiary of the Company, made an Initial Public Offering (IPO) through book building process of 188,900,000 equity shares of ₹ 10 each. The IPO comprised of fresh issue of 146,234,112 equity shares of ₹ 10 each by BIL and an offer for sale of 42,665,888 equity shares of ₹ 10 each by the existing shareholders. BIL has raised ₹ 32,303 Mn from fresh issue of shares and incurred related share issue expenses of ₹ 579 Mn (deferred tax of ₹ 185 Mn has been recognized on the same). BIL's equity shares got listed on December 28, 2012 on both the Stock Exchanges (BSE & NSE).

Post the issue, the holding of the Company in BIL has reduced from 86.09 per cent. to 79.42 per cent. The equity shares were allotted on December 22, 2012. On the date of allotment, the carrying amounts of the controlling and non-controlling interests have been adjusted to reflect the changes in their relative interests in BIL. Consequently, the dilution gain of ₹ 16,649 Mn has been recognized directly in equity as attributable to the equity shareholders of the Parent.

f) Acquisition of Additional Interest in Airtel Networks Limited

On March 11, 2013, the Group acquired 13.357 per cent. of the voting shares of Airtel Networks Limited increasing its ownership to 79.059 per cent. The difference of ₹ 11,037 Mn between the consideration and the carrying value of the interest acquired including transaction cost has been recognized in 'Other components of equity'.

g) Acquisition of Additional Interest in Celtel Zambia Plc

On December 17, 2010, the Group acquired 17.47 per cent. of the voting shares of Celtel Zambia Plc increasing its ownership to 96.36 per cent. The difference of ₹ 4,120 Mn between the consideration and the carrying value of the interest acquired has been recognized in 'Other components of equity'.

On completion of the fair value allocation to the identifiable assets (tangible and intangible) and liabilities of Zain Africa B.V. (Refer note 7(b)), the consequential decrease of ₹ 193 Mn in the carrying value of interest acquired in Celtel Zambia Plc has been recognized in 'Other components of equity' during the three months period ended June 30, 2011.

h) Acquisition of Additional Interest in Airtel Networks Kenya Limited

On February 24, 2011, the Group acquired 5 per cent. of the voting shares of Airtel Networks Kenya Limited increasing its ownership to 100 per cent. The difference of ₹ 470 Mn between the consideration and the carrying value of the interest acquired has been recognized in 'Other components of equity'.

On completion of the fair value allocation to the identifiable assets (tangible and intangible) and liabilities of Zain Africa B.V. (Refer note 7(b)), the consequential increase of ₹ 93 Mn in the carrying value of interest acquired in Airtel Networks Kenya Limited has been recognized in 'Other components of equity' during the three months period ended June 30, 2011.

8. Operating Expenses

Particulars	Notes	Year ended March 31, 2013	Year ended March 31, 2012
		(₹ Millions)	
Access charges		**113,226**	97,361
Licence fees, revenue share and spectrum charges		**66,486**	61,099
Network operations cost		**189,315**	157,598
Employee costs	**8.1**	**40,098**	35,159
Selling, general and administrative expenses		**145,371**	126,310
Charity & donations		**390**	408
		554,886	**477,935**

Selling, general and administrative expenses include followings:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Trading inventory consumption	**12,707**	9,389
Dimunition in value of inventory	**374**	584
Provision for doubtful debts	**4,568**	3,863

8.1 Employee Costs

Particulars	Notes	Year ended March 31, 2013	Year ended March 31, 2012
		(₹ Millions)	
Salaries, allowances & others		**37,065**	31,657
Defined contribution plan		**1,761**	1,667
Defined benefit plan/other long term benefits		**832**	846
Share based compensation	**8.2**	**440**	989
		40,098	**35,159**

8.2 Share Based Compensation Plans

The following table provides an overview of all existing share option plans of the Group and its joint ventures:

Entity	Scheme	Plan	Year of issuance of plan	Share options granted (thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price	Classification/ accounting treatment
				(₹ Millions)				
Bharti Airtel	Scheme I	2001 Plan	2002	30,893	1-4	7	21.25	Equity settled
Bharti Airtel	Scheme I	2004 Plan	2004	4,380	1-4	7	35.00	Equity settled
Bharti Airtel	Scheme I	Superpot	2004	143	1-3	7	0.00	Equity settled
Bharti Airtel	Scheme I	2006 Plan	2006	5,114	1-5	7	5.52	Equity settled
Bharti Airtel	Scheme 2005	2005 Plan	2005	11,260	1-4	7	237.06	Equity settled
Bharti Airtel	Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	2008	8,817	1-3	7	352.13	Equity settled
Bharti Airtel	Scheme 2005	Performance Share Plan (PSP) 2009 Plan	2009	1,691	3-4	7	5.00	Equity settled
Bharti Airtel	Scheme 2005	Special ESOP & Ristricted Share Units (RSU)	2010	3,615	1-5	7	5.00	Equity settled
Bharti Airtel	Scheme 2005	LTI Plan	2011	422	1-3	7	5.00	Equity settled
Bharti Airtel	Scheme 2005	LTI Plan	2012	1,593	1-3	7	5.00	Equity settled
Bharti Airtel	Scheme 2005	LTI Plan Africa	2011	418	1-3	3	5.00	Cash settled
Bharti Infratel	Infratel plan	2008 Plan	2008	9,913	1-5	7	110.00	Equity settled
Bharti Infratel	Infratel plan	LTI Plan (Part of 2008 plan)	2012	34	1-3	7	10.00	Equity settled
Indus Towers Ltd#	Indus Plan	SAR Plan-1	2012	1	Refer note below	7	249,300.00	Cash settled
Indus Towers Ltd# (Refer note 30)	Indus Plan	SAR Plan-2	2012	0	1-3	7	₹1	Cash settled

Represents 42 per cent. of the total number of shares, under the option plan of the joint venture company.

The vesting schedule of SAR Plan-1 stipulates vesting as applicable under the scheme or as determined by the HR and remuneration committee and communicated through award letters.

The following table exhibits the net compensation expense under respective schemes:

Entity	Scheme	Plan	Year ended March 31, 2013	Year ended March 31, 2012
			(₹ Millions)	
Bharti Airtel	Scheme I	2006 Plan	**66**	109
Bharti Airtel	Scheme 2005	2005 Plan	**1**	(14)
Bharti Airtel	Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	**(4)**	43
Bharti Airtel	Scheme 2005	Performance Share Plan (PSP) 2009 Plan	**(2)**	136
Bharti Airtel	Scheme 2005	Special ESOP & Ristricted Share Units (RSU)	**54**	304
Bharti Airtel	Scheme 2005	LTI Plan	**182**	59
Bharti Airtel	Scheme 2005	LTI Plan Africa	**40**	56
Bharti Infratel	Infratel plan	2008 Plan	**104**	249
Bharti Infratel	Infratel plan	LTI Plan (Part of 2008 plan)	**2**	—
Indus Towers Ltd#	Indus Plan	2009 Plan	**(121)**	47
Indus Towers Ltd#	Indus Plan	SAR Plan-1	**117**	—
Indus Towers Ltd#	Indus Plan	SAR Plan-2	**1**	—
			440	**989**

Represents 42 per cent. of the total number of shares, under the option plan of the joint venture company.

The total carrying value of cash settled share based compensation liability is ₹ 115 Mn and ₹ 105 Mn as of March 31, 2013 and March 31, 2012, respectively.

Information concerning the share options issued to directors, officers and employees is presented below:

(Shares in Thousands)	As of March 31, 2013 Number of share options	As of March 31, 2013 Weighted average exercise price (₹)	As of March 31, 2012 Number of share options	As of March 31, 2012 Weighted average exercise price (₹)
Scheme I — 2006 plan				
Number of shares under option:				
Outstanding at beginning of year	**1,445**	**5.73**	2,057	5.51
Granted	**62**	**5.04**	239	5.00
Exercised	**(294)**	**5.00**	(594)	5.00
Expired	**—**	**—**	—	—
Forfeited	**(28)**	**6.92**	(257)	5.00
Outstanding at end of year	**1,185**	**5.89**	1,445	5.73
Exercisable at end of year	**606**	**6.74**	521	6.97
Scheme 2005 — 2005 plan				
Number of shares under option:				
Outstanding at beginning of year	**2,602**	**331.48**	3,468	309.34
Granted	**—**	**—**	28	156.50
Exercised	**(451)**	**127.44**	(597)	166.80
Expired	**—**	**—**	—	—
Forfeited	**(415)**	**333.42**	(297)	388.72
Outstanding at end of year	**1,736**	**384.72**	2,602	331.48
Exercisable at end of year	**1,736**	**384.72**	2,578	333.38

(Shares in Thousands)	As of March 31, 2013 Number of share options	As of March 31, 2013 Weighted average exercise price (₹)	As of March 31, 2012 Number of share options	As of March 31, 2012 Weighted average exercise price (₹)
Scheme 2005 — 2008 plan and AGP				
Number of shares under option:				
Outstanding at beginning of year	**4,835**	**355.84**	5,915	355.16
Granted	**—**	**—**	34	373.38
Exercised	**(16)**	**314.70**	(246)	329.61
Expired	**—**	**—**	—	—
Forfeited	**(505)**	**358.49**	(868)	359.35
Outstanding at end of year	**4,314**	**355.80**	4,835	355.84
Exercisable at end of year	**4,305**	**355.61**	4,224	349.26
Scheme 2005 — PSP 2009 plan				
Number of shares under option:				
Outstanding at beginning of year	**1,256**	**5.00**	1,456	5.00
Granted	**—**	**—**	40	5.00
Exercised	**(189)**	**5.00**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(498)**	**5.00**	(240)	5.00
Outstanding at end of year	**569**	**5.00**	1,256	5.00
Exercisable at end of year	**24**	**5.00**	—	—
Scheme 2005 — LTI Plan				
Number of shares under option:				
Outstanding at beginning of year	**406**	**5.00**	—	—
Granted	**1,593**	**5.00**	422	5.00
Exercised	**(37)**	**5.00**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(147)**	**5.00**	(16)	5.00
Outstanding at end of year	**1,815**	**5.00**	406	5.00
Exercisable at end of year	**61**	**5.00**	—	—
Scheme 2005 — Special ESOP & RSU Plan				
Number of shares under option:				
Outstanding at beginning of year	**2,362**	**5.00**	2,975	5.00
Granted	**—**	**—**	361	5.00
Exercised	**(478)**	**5.00**	(578)	5.00
Expired	**—**	**—**	—	—
Forfeited	**(414)**	**5.00**	(396)	5.00
Outstanding at end of year	**1,470**	**5.00**	2,362	5.00
Exercisable at end of year	**535**	**5.00**	418	5.00
Scheme 2005 — LTI Plan Africa				
Number of shares under option:				
Outstanding at beginning of year	**418**	**5.00**	—	—
Granted	**—**	**—**	418	5.00
Exercised	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Forfeited	**—**	**—**	—	—
Outstanding at end of year	**418**	**5.00**	418	5.00
Exercisable at end of year	**—**	**—**	—	—

(Shares in Thousands)	As of March 31, 2013 Number of share options	As of March 31, 2013 Weighted average exercise price (₹)	As of March 31, 2012 Number of share options	As of March 31, 2012 Weighted average exercise price (₹)
Infratel Options: Plan 2008				
Number of shares under option:				
Outstanding at beginning of year	**3,333**	**329.00**	3,336	329.00
Granted	**—**	**—**	80	329.00
Bonus issue in the ratio of 1:2	**6165**	**109.67**	—	—
Exercised	**(100)**	**109.67**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(251)**	**329.00**	(83)	329.00
Outstanding at end of year	**9,147**	**109.67**	3,333	329.00
Exercisable at end of year	**6,431**	**109.67**	1,631	329.00
Infratel Options: LTI Plan				
(Part of 2008 plan)				
Number of shares under option:				
Outstanding at beginning of year	**—**	**—**	—	—
Granted	**34**	**10.00**	—	—
Exercised	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(14)**	**10.00**	—	—
Outstanding at end of year	**20**	**10.00**	—	—
Exercisable at end of year	**—**	**—**	—	—
Indus Options: 2009 Plan# ^				
Number of shares under option:				
Outstanding at beginning of year	**0.91**	**249,300.00**	1.00	249,300.00
Granted	**—**	**—**	0.08	249,300.00
Exercised	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(0.91)**	**249,300.00**	(0.17)	249,300.00
Outstanding at end of year	**—**	**—**	0.91	249,300.00
Exercisable at end of year	**—**	**—**	0.21	249,300.00
Indus Options: SAR Plan-1#				
Number of shares under option:				
Outstanding at beginning of year	**—**	**—**	—	—
Granted	**0.87**	**249,300.00**	—	—
Exercised	**(0.45)**	**249,300.00**	—	—
Expired	**—**	**—**	—	—
Forfeited	**—**	**—**	—	—
Outstanding at end of year	**0.42**	**249,300.00**	—	—
Exercisable at end of year	**0.02**	**249,300.00**	—	—
Indus Options: SAR Plan-2#				
Number of shares under option:				
Outstanding at beginning of year	**—**	**—**	—	—
Granted	**0.01**	**1.00**	—	—
Exercised	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Forfeited	**—**	**—**	—	—
Outstanding at end of year	**0.01**	**1.00**	—	—
Exercisable at end of year	**—**	**—**	—	—

Represents 42 per cent. of the total number of shares, under the option plan of the joint venture company.

^ As on February 1, 2013, Indus Towers Limited has cancelled its 2009 Plan.

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

Entity	Plan	Options Outstanding (thousands)	Remaining Contractual term (years)	Options Granted		Options Exercised	
				Options (thousands)	Weighted Avg Fair Value	Options (thousands)	Weighted average exercise price
Bharti Airtel	2006 Plan	1,185	0.17 to 6.72	62	302.91	294	5.00
Bharti Airtel	2005 Plan	1,736	0.17 to 5.10	—	—	451	127.44
Bharti Airtel	2008 Plan & Annual Grant Plan (AGP)	4,314	2.25 to 5.17	—	—	16	314.70
Bharti Airtel	Performance Share Plan (PSP) 2009 Plan	569	3.34 to 5.34	—	—	189	5.00
Bharti Airtel	Special ESOP & Restricted Share Units (RSU)	1,470	4.01 to 5.10	—	—	478	5.00
Bharti Airtel	LTI Plan	1,815	5.35 to 6.36	1,593	266.44	37	5.00
Bharti Airtel	LTIP Africa	418	1.35	—	—	—	—
Bharti Infratel	2008 Plan	9,147	2.42 to 5.41	6165*	475.00	100	109.67
Bharti Infratel	LTI Plan (Part of 2008 plan)	20	6.4	34	258.00	—	—
Indus Towers Ltd#	SAR Plan-1	0.42	—	0.87	283,573.00	0.45	249,300.00
Indus Towers Ltd#	SAR Plan-2	0.01	—	0.01	283,573.00	—	—

Represents 42 per cent. of the total number of shares, under the option plan of the joint venture company.

* Represents bonus issue in the ratio of 1:2.

The fair value of options granted was estimated on the date of grant using the Black-Scholes/Lattice/Monte Carlo Simulation valuation model with the following assumptions:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Risk free interest rates	**7.60 to 8.84%**	7.76 to 9.05%
Expected life	**46 to 77 months**	27 to 60 months
Volatility	**25.31% to 52.43%**	41.00 to 52.43%
Dividend yield	**0% to 0.36%**	0 to 0.30%
Wtd average share price on the date of grant excluding Infratel and Indus	**274.40 to 336.70**	361.83 to 424.11
Wtd average share price on the date of grant — Infratel	**219**	658
Wtd average share price on the date of grant — Indus	**471,000**	422,650

The expected life of the share option is based on historical data & current expectation and not necessarily indicative of exercise pattern that may occur.

The volatility of the options is based on the historical volatility of the share price since the Group's equity shares became publicly traded.

During the years ended March 31, 2013 and March 31, 2012, Bharti Airtel Employee Welfare Trust ('trust') (a trust set up for administration of ESOP Schemes of the Company) has acquired 2,945,000 and 1,507,000 Bharti Airtel equity shares from the open market at an average price of ₹ 258.77 and ₹ 360.94 per share and has transferred 1,170,769 and 1,420,932 shares to the employees of the Company upon exercise of stock options, under ESOP Scheme 2005, respectively.

9. Depreciation and Amortization

Particulars	Notes	Year ended March 31, 2013	Year ended March 31, 2012
		(₹ Millions)	
Depreciation	12	**128,576**	105,426
Amortization	13	**26,388**	28,255
		154,964	**133,681**

10. Finance Income and Costs

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Finance income		
Interest Income on securities held for trading	**134**	2
Interest Income on deposits	**727**	445
Interest Income on loans to associates	**46**	49
Interest Income on others	**1,519**	423
Net gain on securities held for trading	**2,978**	1,639
Net gain on derivative financial instruments	**229**	85
	5,633	**2,643**
Finance costs		
Interest on borrowings	**41,098**	30,608
Unwinding of discount on provisions	**513**	446
Net exchange loss	**3,200**	5,233
Other finance charges	**4,666**	4,541
	49,477	**40,828**

"Interest income on others" includes ₹ 415 Mn and ₹ 340 Mn towards unwinding of discount on other financial assets for the years ended March 31, 2013 and March 31, 2012, respectively.

"Other finance charges" comprise bank charges, trade finance charges, charges relating to derivative instruments and interest charges towards sub judice matters and also includes ₹ 265 Mn and ₹ 246 Mn towards unwinding of discount on other financial liabilities for the years ended March 31, 2013 and March 31, 2012, respectively.

11. Income Taxes

The major components of the income tax expense are:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Current income tax		
— India	**19,787**	18,665
— Overseas	**9,599**	7,778
	29,386	26,443
Deferred tax*		
— Relating to origination & reversal of temporary differences	**(4,961)**	(1,019)
— Relating to change in tax rate	**1,424**	4
Tax expense attributable to current year's profit	**25,849**	25,428
Adjustments in respect of income tax of previous year		
— Current income tax		
India	**97**	(29)
Overseas	**28**	362
	125	333
— Deferred tax*	**1,177**	(3,159)
	1,302	(2,826)
Income tax expense recorded in the consolidated income statement	**27,151**	**22,602**

* Includes tax credit recoverable on account of minimum alternate tax (MAT) of ₹ 1,135 Mn and ₹ 5,220 Mn during years ended March 31, 2013 and March 31, 2012, respectively.

During the year ended March 31, 2013, the Group has recognized additional tax charge of ₹ 1,424 Mn on account of changes in tax rates (including ₹ 959 Mn relating to India on account of change in tax rate from 32.445 per cent. to 33.99 per cent. as proposed in the Finance Bill, 2013).

During the year ended March 31, 2013, there is no change in the MAT rate. During the year ended March 31, 2012, consequent to change in MAT rate from 19.9305 per cent. to 20.00775 per cent., the Company had recognized additional income tax charge of ₹ 70 Mn under 'current income tax' and additional MAT credit of ₹ 70 Mn under 'deferred tax'.

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

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Net income before taxes	**49,820**	65,183
Enacted tax rates in India	**32.45%**	32.45%
Computed tax expense	**16,164**	21,149
Increase/(reduction) in taxes on account of:		
Share of losses in associates	**25**	24
Benefit claimed under tax holiday provisions of income tax act	**(8,694)**	(8,890)
Temporary differences reversed during the tax holiday period	**1,360**	1,027
Effect of changes in tax rate	**1,424**	4
Tax on undistributed retained earnings of subsidiaries and JV	**492**	—
Adjustment in respect to current income tax of previous years	**125**	333
Adjustment in respect to MAT credit of previous years	**1,550**	(361)
Deferred tax recognized in respect of previous years (including carry forward losses)	**(373)**	(2,798)
Tax for which no credit is allowed	**3,746**	1,393
Effect of different tax rate in other countries	**1,187**	1,497
Losses and deductible temporary difference against which no deferred tax asset recognized	**10,359**	9,504
(Income)/expenses (net) not taxable/deductible	**(1,062)**	(1,046)
Others	**848**	766
Income tax expense recorded in the consolidated income statement	**27,151**	**22,602**

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

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Deferred tax asset/(liabilities)		
Provision for impairment of debtors & advances	**7,430**	7,432
Losses available for offset against future taxable income	**6,493**	5,300
Employee share options	**1,184**	1,177
Post employment benefits and other provisions	**688**	526
Minimum tax credit	**34,537**	33,402
Lease rent equalization — expense	**6,123**	4,719
Fair valuation of derivative instruments and unrealized exchange fluctuation	**1,150**	616
Accelerated depreciation for tax purposes	**(7,571)**	(7,385)
Fair valuation of intangibles/property plant & equipment on business combination	**(609)**	(221)
Lease rent equalization — income	**(4,671)**	(3,618)
Unearned Income	**908**	814
Deferred tax liability on undistributed retained earnings of foreign subsidiaries	**(2,483)**	(2,961)
Others	**193**	(145)
Net deferred tax asset/(liabilities)	**43,372**	**39,656**

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Deferred tax (expenses)/income		
Provision for impairment of debtors & advances	**(119)**	255
Losses available for offset against future taxable income	**164**	2,297
Employee share options	**7**	176
Post employment benefits	**162**	146
Minimum tax credit	**1,135**	5,220
Lease rent equalization — expense	**1,404**	1,012
Fair valuation of derivative instruments and unrealized exchange fluctuation	**537**	(753)
Accelerated depreciation for tax purposes	**(2,030)**	(1,462)
Fair valuation of intangibles/property plant & equipment on business combination	**1,267**	(1,891)
Lease rent equalization — income	**(1,053)**	(869)
Unearned Income	**27**	(37)
Deferred tax liability on undistributed retained earnings of foreign subsidiaries	**661**	(42)
Others	**198**	122
Net deferred tax (expenses)/income	**2,360**	**4,174**

Reflected in the statement of financial position as follows:

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Deferred tax asset	**59,245**	51,277
Deferred tax liabilities	**(15,873)**	(11,621)
Deferred tax asset (net)	**43,372**	**39,656**

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

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Opening balance	**39,656**	32,574
Tax Income during the year recognized in profit & loss	**2,360**	4,174
Tax Income on share issue expenses recognized in equity	**185**	—
Deferred taxes acquired in business combination	**(2,294)***	239
Translation adjustment & others	**3,465**	2,669
Closing balance	**43,372**	**39,656**

* Includes adjustment of ₹ 756 Mn relating to acquisition of Bharti Airtel Africa B.V. on June 8, 2010 (refer note 7 (b)).

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. Accordingly, the Group has not recognized deferred tax assets in respect of deductible temporary differences, carry forward of unused tax credits and unused tax losses of ₹ 144,805 Mn and ₹ 90,936 Mn as of March 31, 2013 and March 31, 2012, respectively as it is not probable that taxable profits will be available in future.

The tax rates applicable to these unused losses and deductible temporary differences vary from 3 per cent. to 45 per cent. depending on the jurisdiction in which the respective Group entity operates. Of the above balance as of March 31, 2013, losses and deductible temporary differences to the extent of ₹ 54,408 Mn have an indefinite carry forward period and the balance amount expires unutilized as follows:

March 31,	(₹ Millions)
2014	11,788
2015	7,901
2016	7,643
2017	13,096
2018	5,557
Thereafter	44,412
	90,397

The Group has not recognized deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve of Group subsidiaries and joint ventures as the Group is in a position to control the timing of the distribution of profits and it is probable that the subsidiaries and joint ventures will not distribute the profits in the foreseeable future. Also, the Group does not recognizes deferred tax liability on the unremitted earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution. The taxable temporary difference associated with respect to unremitted retained earnings and associated foreign currency translation reserve is ₹ 79,971 Mn and ₹ 56,405 Mn as of March 31, 2013 and March 31, 2012, respectively. The distribution of the same is expected to attract tax in the range of NIL to 15 per cent. depending on the tax rates applicable as of March 31, 2013 in the jurisdiction in which the respective Group entity operates.

During the year ended March 31, 2013 and March 31, 2012, the Group, for the first time, has recognized deferred tax asset of ₹ Nil and ₹ 2,455 Mn, respectively, on carry forward unused tax losses in respect of it's certain subsidiaries. This recognition is based on current performance and the confidence/convincing evidence that management has, to generate sufficient taxable profits in future, which will be utilized to offset such carried forward tax losses.

During the year ended March 31, 2013 and March 31, 2012, the Group has changed the trigger plan date for earlier years for certain business units enjoying Income tax holiday under the Indian Income tax laws. Accordingly, tax charge of ₹ 410 Mn pertaining to earlier years has been recognized during the year ended March 31, 2013 and tax credit of ₹ 903 Mn pertaining to earlier years has been recognized during the year ended March 31, 2012.

12. Property, Plant and Equipment

Particulars	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total
			(₹ Millions)		
Cost					
As of April 1, 2011	**17,893**	**823,005**	**42,741**	**48,234**	**931,873**
Additions	1,178	—	8,434	126,029	135,641
Adjustments relating to Fair value remeasurement^	—	(16,723)	—	(354)	(17,077)
Disposals	(1,359)	(6,912)	(1,188)	(2,505)	(11,964)
Currency translation	416	8,212	626	5,285	14,539
Reclassification/adjustment	(344)	133,596	(702)	(132,550)	—
As of March 31, 2012	**17,784**	**941,178**	**49,911**	**44,139**	**1,053,012**
Additions	3,919	—	11,178	121,080	136,177
Acquisition through Business Combinations	—	47	15	11	73
Adjustments relating to Fair value remeasurement^	—	—	—	1,576	1,576
Disposals	(57)	(6,290)	(1,951)	—	(8,298)
Currency translation	(784)	4,110	(317)	790	3,799
Reclassification/adjustment*	(29)	125,075	12,736	(138,111)	(329)
As of March 31, 2013	**20,833**	**1,064,120**	**71,572**	**29,485**	**1,186,010**
Accumulated Depreciation					
As of April 1, 2011	**3,564**	**249,102**	**27,781**	**—**	**280,447**
Charge	4,680	91,993	8,753	—	105,426
Disposals	(297)	(4,868)	(1,083)	—	(6,248)
Currency translation	3,526	(5,067)	(4)	—	(1,545)
Reclassification/adjustment	(3,682)	4,982	(1,300)	—	—
As of March 31, 2012	**7,791**	**336,142**	**34,147**	**—**	**378,080**
Charge	1,512	115,216	11,848	—	128,576
Disposals	(37)	(4,932)	(1,633)	—	(6,602)
Currency translation	628	(2,440)	(252)	—	(2,064)
Reclassification/adjustment*	(4,960)	(4,873)	9,423	—	(410)
As of March 31, 2013	**4,934**	**439,113**	**53,533**	**—**	**497,580**
Net Carrying Amount					
As of April 1, 2011	**14,329**	**573,903**	**14,960**	**48,234**	**651,426**
As of March 31, 2012	**9,993**	**605,036**	**15,764**	**44,139**	**674,932**
As of March 31, 2013	**15,899**	**625,007**	**18,039**	**29,485**	**688,430**

* Reclassification/adjustment includes reclass of assets between category of assets. During the year ended March 31, 2013, ₹ 208 Mn and ₹ 127 Mn gross block and accumulated depreciation respectively, has been reclassified from intangible assets — 'Other acquired intangibles' to property, plant and equipment — 'Other equipment, operating and office equipment'.

^ Refer note 7(b).

"Other equipment, operating and office equipment" include gross block of assets capitalized under finance lease ₹ 889 Mn and ₹ Nil as of March 31, 2013 and March 31, 2012 respectively and the corresponding accumulated depreciation for the respective years ₹ 70 Mn and ₹ Nil.

"Land and Building" include gross block of assets capitalized under finance lease ₹ 226 Mn and ₹ Nil as of March 31, 2013 and March 31, 2012 respectively and the corresponding accumulated depreciation for the respective years ₹ 2 Mn and ₹ Nil.

The "advance payments and construction in progress" includes ₹ 28,399 Mn and ₹ 42,987 Mn (including ₹ Nil and ₹ Nil due from a related party) towards technical equipment and machinery and ₹ 1,086 Mn and ₹ 1,152 Mn towards other assets as of March 31, 2013 and March 31, 2012 respectively.

The Group and its joint ventures have taken borrowings from banks and financial institutions which carry charge over certain of the above assets (refer note 25.7 for details towards security and pledge).

13. Intangible Assets

Particulars	Goodwill	Software	Bandwidth	License	Other acquired intangibles	Total
			(₹ Millions)			
Cost						
As of April 1, 2011	**390,687**	**6,823**	**6,075**	**251,993**	**15,152**	**670,730**
Additions	—	2,533	2,734	3,024	46	8,337
Adjustments relating to Fair value remeasurement^	(11,553)	—	—	12,902	3,996	5,345
Disposals	—	(12)	—	—	(48)	(60)
Currency translation	31,063	14	628	(6,813)	14,099	38,991
Reclassification/adjustment	—	(21)	3	13,478	(13,460)	—
As of March 31, 2012	**410,197**	**9,337**	**9,440**	**274,584**	**19,785**	**723,343**
Additions	—	3,188	1,796	4,650	107	9,741
Acquisition through Business Combinations	1,519	25	—	28,812	—	30,356
Adjustments relating to Fair value remeasurement^	308	—	—	—	—	308
Currency translation	4,211	102	238	3,444	(862)	7,133
Reclassification/adjustment*	—	107	(1,410)	(107)	(208)	(1,618)
As of March 31, 2013	**416,235**	**12,759**	**10,064**	**311,383**	**18,822**	**769,263**
Accumulated amortization						
As of April 1, 2011	**—**	**2,807**	**841**	**16,422**	**10,706**	**30,776**
Charge	—	2,255	471	18,668	6,861	28,255
Disposals	—	(3)	—	—	(38)	(41)
Currency translation	—	13	63	(4,319)	5,070	827
Reclassification/adjustment	—	(11)	—	5,939	(5,928)	—
As of March 31, 2012	**—**	**5,061**	**1,375**	**36,710**	**16,671**	**59,817**
Charge	—	2,913	612	20,212	2,651	26,388
Currency translation	—	129	22	359	(770)	(260)
Reclassification/adjustment	—	(24)	—	24	(127)	(127)
As of March 31, 2013	**—**	**8,079**	**2,009**	**57,305**	**18,425**	**85,818**
Accumulated impairment						
As of April 1, 2011	**2,637**	**—**	**—**	**—**	**—**	**2,637**
As of March 31, 2012	**2,637**	**—**	**—**	**—**	**—**	**2,637**
As of March 31, 2013	**2,637**	**—**	**—**	**—**	**—**	**2,637**
Net Carrying Amount						
As of April 1, 2011	**388,050**	**4,016**	**5,234**	**235,571**	**4,446**	**637,317**
As of March 31, 2012	**407,560**	**4,276**	**8,065**	**237,874**	**3,114**	**660,889**
As of March 31, 2013	**413,598**	**4,680**	**8,055**	**254,078**	**397**	**680,808**

* Reclassification/adjustment includes reclass of assets between category of assets. During the year ended March 31, 2013, ₹ 208 Mn and ₹ 127 Mn gross block and accumulated amortization respectively, has been reclassified from intangible assets — 'Other acquired intangibles' to property, plant and equipment — 'Other equipment, operating and office equipment'. Reclassification adjustment of ₹ 1,410 Mn in Bandwidth gross block pertains to inter-company transactions elimination, which has been adjusted in the current period.

^ Refer note 7(b).

License fee includes ₹ 32,633 Mn and ₹ 35,437 Mn, for which services have not been launched as of March 31, 2013 and March 31, 2012, respectively and are therefore not amortized.

During the years ended March 31, 2013 and March 31, 2012, the Group and its joint ventures have capitalized borrowing cost of ₹ 2,561 Mn and ₹ 1,565 Mn, respectively.

The Group and its joint ventures have taken borrowings from banks and financial institutions which carry charge over certain of the above assets (refer note 25.7 for details towards security and pledge).

Weighted average remaining amortization period of license as of March 31, 2013 and March 31, 2012 is 13.46 years and 14.30 years, respectively.

14. Impairment Reviews

The Group tests goodwill for impairment annually on December 31 and whenever there are indicators of impairment (refer note 4). Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. The impairment assessment is based on value in use calculations.

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

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

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Mobile Services — India	**32,370**	31,195
Mobile Services — Bangladesh	**7,370**	6,618
Airtel business	**4,890**	4,611
Mobile Services — Africa	**368,624**	365,136
Telemedia Services	**344**	—
Total	**413,598**	**407,560**

The measurement of the cash generating units' value in use is determined based on the ten years financial plan that have been approved by management and are also used for internal purposes. The planning horizon reflects the assumptions for short-to-mid term market developments. Cash flows beyond the planning period are extrapolated using appropriate growth rates. The terminal growth rates used do not exceed the long term average growth rates of the respective industry and country in which the entity operates and are consistent with forecasts included in industry reports.

Key assumptions used in value-in-use calculations

- Operating margins (Earnings before interest and taxes)
- Discount rate

- Growth rates
- Capital expenditures

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

Discount Rate: Discount rate reflects the current market assessment of the risks specific to a CGU or group of CGUs. The discount rate is estimated based on the weighted average cost of capital for respective CGU or group of CGUs. Pre-tax discount rates used ranged from 12.5 per cent. to 19.9 per cent. (higher rate used for CGU group 'Mobile Services — Africa') for the year ended March 31, 2013 and ranged from 10 per cent. to 20 per cent. (higher rate used for CGU 'Mobile Services — Africa') for the year ended March 31, 2012.

Growth Rates: The growth rates used are in line with the long term average growth rates of the respective industry and country in which the entity operates and are consistent with the forecasts included in the industry reports. The average growth rates used in extrapolating cash flows beyond the planning period ranged from 3.5 per cent. to 4.0 per cent. (higher rate used for CGU group 'Mobile Services — Africa' and 'Mobile Services — Bangladesh' CGU) for the year ended March 31, 2013 and ranged from 3 per cent. to 4.5 per cent. (higher rate used for CGU 'Mobile Services — Africa') for the year ended March 31, 2012.

Capital Expenditures: The cash flow forecasts of capital expenditure are based on past experience coupled with additional capital expenditure required for roll out of incremental coverage requirements and to provide enhanced voice and data services.

Sensitivity to Changes in Assumptions

With regard to the assessment of value-in-use for Mobile Services — India, Mobile Services — Bangladesh, Telemedia Services and Airtel Business, no reasonably possible change in any of the above key assumptions would cause the carrying amount of these units to exceed their recoverable amount. For Mobile Services — Africa CGU group, the recoverable amount exceeds the carrying amount by approximately 11.5 per cent. for the year ended March 31, 2013 and approximately 4.5 per cent. for the year ended March 31, 2012. An increase of 1.5 per cent. in discount rate shall equate the recoverable amount with the carrying amount of the Mobile Services — Africa CGU group for the year ended March 31, 2013 and an increase of 0.52 per cent. in discount rate or reduction of 0.87 per cent. in growth rate shall equate the recoverable amount with the carrying amount of the Mobile Services —Africa CGU for the year ended March 31, 2012.

15. Investment in Associates and Joint Ventures

15.1 Investment in Associates

The details of associates are set out in note 40.

The Group's interest in certain items in the consolidated income statement and the statement of financial position of the associates are as follows.

Share of associates revenue & profit:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Revenue	**2,090**	2,046
Total expense	**(2,377)**	(2,472)
Net Finance cost	**(106)**	(80)
Profit before income tax	**(393)**	(506)
Income tax expense	**—**	(1)
Profit/(Loss)	**(393)**	(507)
Unrecognized Losses	**(317)**	(461)
Recognized Losses*	**(76)**	(74)
Carrying Value of Investment	**242**	223

* including ₹ Nil and ₹ 28 Mn unrecognized losses pertaining to the previous year(s) recognized during the year ended March 31, 2013 and March 31, 2012, respectively.

Cumulative unrecognized loss is ₹ 1,074 Mn and ₹ 757 Mn as of March 31, 2013 and March 31, 2012, respectively.

Share in associates statement of financial position:

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Assets	**2,690**	2,390
Liabilities	**2,906**	2,708
Equity	**(216)**	**(318)**

As of March 31, 2013 and March 31, 2012, the equity shares of associates are unquoted.

15.2 Investment in Joint Ventures

The financial summary of joint ventures proportionately consolidated in the statement of financial position and consolidated income statement before elimination is as below:-

Share in joint ventures' revenue & profit:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Revenue	**55,430**	50,923
Total expense	**(46,199)**	(42,430)
Net finance cost	**(3,761)**	(4,161)
Profit before income tax	**5,470**	4,332
Income tax expense	**(1,967)**	(1,392)
Profit for the year	**3,503**	**2,940**

Share in joint ventures' statement of financial position:

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Assets		
Current assets	**13,830**	14,357
Non-current assets	**87,565**	53,746
Liabilities		
Current liabilities	**39,729**	30,454
Non-current liabilities	**54,813**	32,816
Equity	**6,853**	**4,833**

The details of joint ventures are set out in note 40. Share of joint ventures' commitments and contingencies is disclosed in note 35.

16. Derivative Financial Instruments

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

The details of derivative financial instruments are as follows:-

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Assets		
Currency swaps and forward contracts	**76**	1,586
Interest rate swaps	**49**	—
Embedded derivatives	**4,538**	3,307
	4,663	**4,893**
Liabilities		
Currency swaps and forward contracts	**40**	54
Interest rate swaps	**298**	30
Embedded derivatives	**774**	483
	1,112	**567**
Bifurcation of above derivative instruments into current and non current		
Non-current derivative financial assets	**3,566**	2,756
Current derivative financial assets	**1,097**	2,137
Non-current derivative financial liabilities	**(893)**	(401)
Current derivative financial liabilities	**(219)**	(166)
	3,551	**4,326**

Embedded Derivative

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

17. Other Financial Assets, Non-current

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Security deposits	**7,035**	6,266
Restricted cash	**157**	218
Trade receivables (non-current)	**638**	1,052
Rent equalization	**3,499**	2,623
Others	**5,670**	6,728
	16,999	16,887

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

The Group and its joint ventures have taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under note 25.7.

Restricted cash represents amount given as security against various borrowing facilities and legal cases.

"Others" include claim recoverable of ₹ 5,325 Mn and ₹ 5,198 Mn as of March 31, 2013 and March 31, 2012, respectively.

18. Other Non-financial Assets, Non-current

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Fair valuation adjustments — financial assets	**3,145**	3,605
Advances	**16,406**	11,963
Others	**1,487**	—
Total	**21,038**	**15,568**

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

Advances represent payments made to various Government authorities under protest and are disclosed net of provision of ₹ 19,468 Mn and ₹ 12,900 Mn as of March 31, 2013 and March 31, 2012, respectively.

19. Inventories

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Transmission equipment	**276**	402
SIM cards	**45**	143
Handsets	**762**	751
Others	**26**	12
Total	**1,109**	**1,308**

The Group and its joint ventures have taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under note 25.7.

20. Trade and Other Receivables

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Trade receivable*	**86,033**	74,130
Less: Allowance for doubtful debts	**(21,913)**	(18,988)
Total Trade receivables	**64,120**	**55,142**
Other receivables		
Due from related party	**378**	1,045
Receivables from joint ventures	**1,861**	7,508
Interest accrued on investments	**71**	40
Total	**66,430**	**63,735**

Movement in Allowances for Doubtful Debts

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
	(₹ Millions)	
Balance, beginning of the year	**18,988**	13,538
Additions —		
Provision for the year	**4,568**	3,863
Currency translation adjustment	**585**	4,433
Application —		
Write off of bad debts (net of recovery)	**(2,228)**	(2,846)
Balance, end of the year	**21,913**	**18,988**

* Trade receivables include unbilled receivables.

The Group and its joint ventures have taken borrowings from banks and financial institutions which carry charge over certain of the above assets. Details towards security and pledge of the above assets are given under note 25.7.

Refer note 37 on credit risk of trade receivables.

21. Prepayments and Other Assets

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Prepaid expenses	**9,479**	12,864
Employee receivables	**536**	349
Advances to Suppliers	**12,558**	10,429
Taxes receivable	**9,722**	7,881
Others	**839**	1,098
	33,134	**32,621**

Employee receivables principally consist of advances given for business purposes.

Taxes receivables include customs duty, excise duty, service tax, sales tax and other recoverable and are disclosed net of provision of ₹ 1,691 Mn and ₹ 1,590 Mn as of March 31, 2013 and March 31, 2012, respectively.

22. Short-term Investments

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Held for trading securities — quoted	**66,651**	16,141
Loans and receivables — fixed deposits with banks	**800**	1,991
	67,451	**18,132**

The market values of quoted investments were assessed on the basis of the quoted prices as at the date of statement of financial position. Held for trading investments primarily comprises debt linked mutual funds and quoted certificate of deposits in which the Group and its joint venture invests surplus funds to manage liquidity and working capital requirements.

The Group and its joint ventures have taken borrowings from banks and financial institutions which carry charge over certain of the above assets. Details towards security and pledge of the above assets are given under note 25.7

23. Other Financial Assets, Current

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Restricted Cash	**4,299**	802
Others	**49**	—
	4,348	**802**

Restricted cash represents amount given as security against various borrowing facilities and legal cases and cash received from subscribers of Mobile Commerce Services.

24. Cash and Cash Equivalents

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Cash and bank balances	**14,368**	11,581
Fixed deposits with banks	**2,927**	8,719
	17,295	**20,300**

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

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Cash and bank balances	**14,368**	11,581
Fixed deposits with banks	**2,927**	8,719
Less: Bank overdraft (refer note 25.2)	**(14,767)**	(12,263)
	2,528	**8,037**

25. Borrowings

25.1 Long term debts

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Secured		
Term loans*	**121,514**	109,928
Others	**19**	31
Total	**121,533**	**109,959**
Less: Current portion	**(14,560)**	(13,964)
Total secured loans, net of current portion	**106,973**	**95,995**
Unsecured		
Term loans	**475,155**	501,201
Non-convertible bonds#	**54,057**	—
Total	**529,212**	**501,201**
Less: Current portion	**(20,700)**	(100,042)
Total unsecured loans, net of current portion	**508,512**	**401,159**
Total	**615,485**	**497,154**

* Includes loan of ₹ 9,449 Mn on which charge over underlying assets is yet to be created.

Refer note 25.5.

25.2 Short term debts and current portion of long term debts

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Secured		
Term loans	**5,896**	6,036
Bank overdraft	**5,438**	4,898
Total	**11,334**	**10,934**
Add: Current portion of long term debts	**14,560**	13,964
Total secured loans, including current portion	**25,894**	**24,898**
Unsecured		
Term Loans	**45,215**	60,773
Non-convertible debentures	**12,985**	—
Bank overdraft	**9,329**	7,365
Total	**67,529**	**68,138**
Add: Current portion of long term debts	**20,700**	100,042
Total unsecured loans, including current portion	**88,229**	**168,180**
Total	**114,123**	**193,078**

25.3 Analysis of Borrowings

The details given below are gross of debt origination cost.

25.3.1 Maturity of Borrowings

The table below summarizes the maturity profile of the Group's and its joint ventures' borrowings based on contractual undiscounted payments.

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Within one year	**114,393**	193,210
Between one and two years	**192,310**	81,927
Between two and five years	**358,443**	406,009
over five years	**67,574**	11,820
Total	**732,720**	**692,966**

25.3.2 Interest rate & Currency of Borrowings

The below details do not necessarily represents foreign currency exposure to the income statement. For foreign currency sensitivity refer note 37.

Particulars	Total borrowings	Floating rate borrowings	Fixed rate borrowings
		(₹ Millions)	
INR	158,799	142,284	16,515
USD	481,716	422,584	59,132
NGN	60,529	58,185	2,344
XAF	10,493	—	10,493
XOF	6,077	—	6,077
Others	15,106	7,546	7,560
March 31, 2013	**732,720**	**630,599**	**102,121**
INR	133,822	99,437	34,385
USD	483,661	481,774	1,887
JPY	5,026	5,026	—
NGN	48,301	44,355	3,946
XAF	10,008	—	10,008
XOF	5,345	—	5,345
Others	6,803	2,343	4,460
March 31, 2012	**692,966**	**632,935**	**60,031**

25.4 Other Loans

Others include vehicle loans taken from banks which were secured by the hypothecation of the vehicles ₹19 Mn and ₹31 Mn as of March 31, 2013 and March 31, 2012, respectively.

The amounts payable for the capital lease obligations, excluding interest expense is ₹13 Mn, ₹5 Mn and ₹1 Mn for the years ending on March 31, 2014, 2015 and 2016, respectively.

25.5 During the year ended March 31, 2013, Bharti Airtel International (Netherlands) BV (BAIN), a wholly-owned subsidiary of the Company, raised ₹54,293 Mn by issuing 10 year guaranteed senior notes (non-convertible bonds) due 2023, having a coupon rate of 5.125 per cent. per annum, payable semi-annually in arrears. These notes are guaranteed by the Company and are listed on the Singapore stock exchange. The notes contain certain covenants relating to limitation of Indebtedness and creation of any lien on any of its assets other than permitted under the agreement, unless an effective provision is made to secure the notes and guarantee equally and ratably with such Indebtedness for so long as such Indebtedness is so secured by such Lien. The debt incurrence covenant falls off on BAIN meeting certain agreed criteria.

25.6 On May 29, 2012, the BWA entities, issued redeemable, unlisted, unsecured, non-convertible debentures for ₹12,985 Mn which were denominated in Indian rupees and bear interest at an agreed upon annual rate, which is compounded annually and reset semi-annually beginning on June 25, 2013. All debentures are due and payable in full on June 25, 2017. The debentures can be redeemed by BWA entities without penalty on certain dates. Additionally, at March 31, 2013, each holder had a right to demand redemption of its portion of the debentures. As a result, the debentures were classified under current borrowings.

25.7 Security Details

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

		Outstanding loan amount		
Entity	**Relation**	**As of March 31, 2013**	**As of March 31, 2012**	**Security Detail**
		(₹ Millions)		
Bharti Airtel Ltd	Parent	**19**	29	Hypothecation of vehicles
Forum 1 Aviation Ltd	Joint Venture	**25**	36	Secured by first and specific charge on the aircraft
Indus Towers Ltd	Joint Venture	**35,158**	27,301	(i) a mortgage and first charge of all the Joint Venture company's freehold immovable properties, present and future; (ii) a first charge by way of hypothecation of the Joint Venture company's entire movable plant and machinery, including tower assets, related equipment and spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future; (iii) a charge on Joint Venture company's cash flows, receivables, book debts, revenues of whatsoever nature and wherever arising, present and future subject to prior charge in favor of working capital facilities with working capital facility limits not exceeding ₹ 4,200 Mn (proportionate share of the Group) including funded facilities; (iv) an assignment and first charge of all the rights, title, interest, benefits, claims and demands whatsoever of the Joint Venture company in the IRU agreements, Master Service Agreements together with service contracts, all as amended, varied or supplemented from time to time duly acknowledged and consented to by the relevant counter-parties to such contracts (if required) and insurance contracts, all as amended, varied or supplemented from time to time and subject to applicable law, all the rights, title, interest, benefits, claims and demands whatsoever of the Joint Venture company in the clearances and subject to applicable law (v) a first and exclusive charge over the amount in the Debt Service Reserve Account and the Debt Service Account opened and maintained in accordance with the terms of this Agreement and the Debt Service Account Agreement

Entity	Relation	Outstanding loan amount As of March 31, 2013	As of March 31, 2012	Security Detail
		(₹ Millions)		
Airtel Bangladesh Ltd	Subsidiary	**10,535**	9,246	(i) Deed of Hypothecation by way of fixed charge creating a first-ranking pari passu fixed charge over listed machinery and equipment of the Company, favoring the Bank/FIIs investors and the Offshore Security Agent and filed with the Registrar of Joint Stock Companies. (ii) Deed of Hypothecation by way of floating charge creating a first-ranking pari passu floating charge over plant, machinery and equipment, both present and future, excluding machinery and equipment covered under the foregoing Deed of Hypothecation by way of fixed charge and a first-ranking pari passu floating charge over all current assets of the Company, both present and future, including but not limited to stock, book debts, receivables and accounts of the Company, entered into or to be entered into by the Company, favoring the Bank/FIIs Facility Investors and Offshore Security Agent and filed with the Registrar of Joint Stock Companies.
Bharti Airtel Africa BV and its subsidiaries	Subsidiary	**87,277**	84,617	(i) Pledge of assets — Kenya, Nigeria, Tanzania, Uganda (ii) Pledge on specific shares and assets — Madagascar (iii) Pledge on business assets and shares — Malawi (iv) Pledge of Materials and credit balance — Niger (v) Pledge on specific fixed assets — Chad (vi) Pledge on specific assets — Burkina Faso, DRC (vii) Pledge on assets and shares — Congo B, Ghana (viii) Pledge on Sale proceeds — Rwanda (ix) Pari passu charge over current stocks — Sierra Leone

BAABV (erstwhile ZAIN) acquisition related borrowing:

Bharti Airtel acquired operations of 15 countries in Africa from ZAIN BV through its subsidiary Bharti Airtel International Netherlands BV with effect from June 8, 2010. The above acquisition was financed through loans taken from various banks. The loan agreements contain a negative pledge covenant that prevents the Group (excluding Bharti Airtel Africa B.V, Bharti Infratel Limited, and their respective subsidiaries) to create or allow to exist any security interest on any of its assets without prior written consent of the majority lenders except in certain agreed circumstances.

The Company's 3G/BWA borrowings:

The loan agreements with respect to 3G/BWA borrowings contain a negative pledge covenant that prevents the Company to create or allow to exist any security interest on any of its assets without prior written consent of the lenders except in certain agreed circumstances.

25.8 Unused Lines of Credit

	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Secured	**10,537**	10,473
Unsecured	**101,356**	37,814
Total Unused lines of credit	**111,893**	**48,287**

25.9 The Group has fallen short of meeting certain subsidiary level financial covenants with respect to Pre Acquisition loan agreements in two of its African subsidiaries during the year ended March 31, 2013 and one of its African subsidiaries during the year ended March 31, 2012. An irrevocable prepayment notice has been issued by the Subsidiary and has been duly acknowledged by the lender. Accordingly, it has reclassified the non-current portion of the outstanding amount of ₹ 1,088 Mn and ₹ 4,279 Mn as of March 31, 2013 and March 31, 2012, respectively, from non-current borrowing to current borrowing. The total outstanding balance of the loan is ₹ 1,913 Mn and ₹ 6,477 Mn as of March 31, 2013 and March 31, 2012, respectively.

26. Provisions

Particulars	Employee benefits	Asset retirement obligation*	Total
		(₹ Millions)	
As of March, 2011	**2,440**	**4,825**	**7,265**
Of which: current	1,180	—	1,180
Provision during the year	846	730	1,576
Payment during the year	(661)	—	(661)
Interest charge	—	350	350
As of March, 2012	**2,625**	**5,905**	**8,530**
Of which: current	1,290	—	1,290
Provision during the year	832	2,763	3,595
Payment during the year	(254)	—	(254)
Interest charge	—	512	512
As of March, 2013	**3,203**	**9,180**	**12,383**
Of which: current	1,835	—	1,835

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

The movement of provision towards subjudice matters disclosed under other non-financial assets, non-current (refer note 18) and trade and other payables (refer note 31) is as below:

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
	(₹ Millions)	
Opening Balance	**44,190**	27,396
Additions (Net)	**14,952**	16,794
Closing Balance	**59,142**	**44,190**

27. Other Financial Liabilities, Non-current

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Equipment Supply Payable — Non Current	**2,441**	4,475
Security deposits	**9,561**	9,471
Lease rent equalization	**9,200**	8,028
Others	**1,546**	1,102
Total	**22,748**	**23,076**

28. Other Non-Financial Liabilities

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Non-current		
Fair valuation adjustments — financial liabilities*	**655**	2,741
Others	**2,810**	2,810
	3,465	5,551
Current		
Other taxes payable	**13,922**	10,811
	13,922	10,811
Total	**17,387**	**16,362**

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

'Others' represents amount due to one of the jointly controlled entity of the Group, which will be settled at the time of merger of a subsidiary with the jointly controlled entity, and has been classified as a non-financial liability.

Taxes payable include service tax, sales tax and other taxes payable.

29. Employee Benefits

The following table sets forth the changes in the projected benefit obligation and plan assets and amounts recognized in the consolidated statement of financial position as of March 31, 2013 and March 31, 2012, being the respective measurement dates:

Movement in Projected Benefit Obligation

Particulars	Gratuity	Compensated absence
	(₹ Millions)	
Projected benefit obligation — April 1, 2011	**1336**	**872**
Current service cost	270	208
Interest cost	107	70
Benefits paid	(255)	(165)
Actuarial loss/(gain)	76	(20)
Projected benefit obligation — March 31, 2012	**1,534**	**965**
Projected benefit obligation — April 1, 2012	**1534**	**965**
Current service cost	314	194
Interest cost	130	82
Benefits paid	(158)	(88)
Actuarial loss/(gain)	101	35
Projected benefit obligation — March 31, 2013	**1,921**	**1,188**

Movement in Plan Assets — Gratuity

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
	(₹ Millions)	
Fair value of plan assets at beginning of year	**81**	81
Expected return on plan assets	**6**	6
Actuarial gain/(loss)	**(6)**	(6)
Employer contribution	**—**	—
Fair value of plan assets at end of year	**81**	81
Net funded status of plan	**(1,840)**	(1,453)
Actual return on plan assets	**—**	—

The components of the gratuity & compensated absence cost were as follows: (Recognized in employee costs)

Particulars	Gratuity	Compensated absence
	(₹ Millions)	
Current service cost	314	194
Interest cost	130	82
Expected return on plan assets	(6)	—
Recognized actuarial loss/(gain)	107	35
For the year ended March 31, 2013	**545**	**311**
Current service cost	270	208
Interest cost	107	70
Expected return on plan assets	(6)	—
Recognized actuarial loss/(gain)	82	(20)
For the year ended March 31, 2012	**453**	**258**

Particulars	As of March 31, 2013	As of March 31, 2012
Discount Rate	**8.50%**	8.00%
Expected Rate in increase in Compensation levels	**10.00%**	9.00%
Expected Rate of Return on Plan Assets	**8.00%**	8.00%
Expected Average remaining working lives of employees (years)	**25.89 years**	25.60 years

The expected rate of return on the plan assets is based on the average long-term rate of return expected to prevail over the next 15 to 20 years. This is based on the historical returns suitably adjusted for the movements in long-term government bond interest rates. The discount rate is based on the average yield on government bonds of 20 years.

Actuarial gains and losses are recognized in profit or loss as and when incurred. The defined benefit plan is self funded.

History of experience adjustments is as follows:

Particulars	Gratuity	Compensated absence
	(₹ Millions)	
For the year ended March 31, 2013		
Plan Liabilities — (loss)/gain	114	302
Plan Assets — (loss)/gain	(6)	—
For the year ended March 31, 2012		
Plan Liabilities — (loss)/gain	51	143
Plan Assets — (loss)/gain	(6)	—

Disclosure of other long term employee benefits:

Deferred incentive plan

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
	(₹ Millions)	
Opening Balance	**17**	162
Addition	**3**	41
Utilization	**(20)**	(186)
Closing Balance	**—**	**17**

Long term service award

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Estimated liability	**95**	173

Statement of Employee benefit provision

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Gratuity	**1,840**	1,453
Compensated absences	**1,188**	965
Other employee benefits	**175**	207
Total	**3,203**	**2,625**

30. Equity

(i) Shares

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Authorized shares 5,000,000,000 (March 31, 2012 — 5,000,000,000) equity shares of ₹ 5 each	**25,000**	25,000
Issued, Subscribed and fully paid-up shares 3,797,530,096 (March 31, 2012 — 3,797,530,096) equity shares of ₹ 5 each	**18,988**	18,988
Treasury shares 3,937,055 (March 31, 2012 — 2,456,750) equity shares of ₹ 5 each	**(674)**	(282)

(ii) Other Components of Equity

a) Share-based Payment Transactions

The share-based payment transactions reserve comprise the value of equity-settled share-based payment transactions provided to employees including key management personnel, as part of their remuneration. The carrying value of the reserve as of March 31, 2013 and March 31, 2012 is ₹ 5,280 Mn and ₹ 5,196 Mn respectively.

A jointly controlled entity of the Group not listed by March 31, 2012 was required to buy back the shares pursuant to exercise of options, subject to statutory provisions and rules, in the manner specified in the share option plan. Hence, in accordance with the terms of the Employee Share Option Plan, the jointly controlled entity has classified share based payment award from equity settled to cash settled and recognized a liability of ₹ Nil and ₹ 141 Mn as of March 31, 2013 and March 31, 2012 respectively, based on fair value of the options determined using Black Scholes Option Pricing Model by an external independent valuer determined on the date of reclassification. As on February 1, 2013, the jointly controlled entity has cancelled its 2009 Plan (refer note 8.2).

b) Reserves arising on transactions with equity owners of the Group or Reserve arising on dilution.

The transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. Gains or losses on transactions with holders of non-controlling interests which does not result in the change of control are recorded in equity. The carrying value of the reserve as of March 31, 2013 and March 31, 2012 is ₹ 41,668 Mn and ₹ 36,056 Mn respectively (refer note 7).

(iii) Dividends Paid and Proposed

	Particulars	Year ended March 31, 2013	Year ended March 31, 2012
		(₹ Millions)	
A	**Declared and paid during the year:**		
	Final dividend for 2011-12: ₹ 1 per share of ₹ 5 each	**4,412**	—
	Dividend on treasury shares	**2**	—
	(include dividend distribution tax of ₹ 616 Mn)		
	Final dividend for 2010-11 : ₹ 1 per share of ₹ 5 each	**—**	4,411
	Dividend on treasury shares	**—**	3
	(include dividend distribution tax of ₹ 616 Mn)		
B	**Proposed for approval at the annual general meeting (not recognized as a liability):**		
	Final dividend for 2012-13 and 2011-12 : ₹ 1 per share of ₹ 5 each	**3,798**	3,798
	Dividend distribution tax	**645**	616
		4,443	**4,414**

(iv) Foreign Currency Translation Reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries.

31. Trade and Other Payables

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Trade creditors	**91,527**	64,715
Equipment supply payables	**60,248**	66,024
Dues to employees	**3,509**	3,297
Accrued expenses	**105,714**	94,282
Interest accrued but not due	**6,361**	968
Due to related parties	**155**	1,196
Others	**5,620**	2,168
	273,134	**232,650**

"Others" include non-interest bearing advance received from customers and international operators. Further, "Others" as of March 31, 2013 also includes advance from a jointly venture company.

Trade creditors and accrued expenses include provision of ₹ 39,674 Mn as of March 31, 2013 and ₹ 31,290 Mn as of March 31, 2012 towards sub judice matters.

32. Fair Value of Financial Assets and Liabilities

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

Particulars	Carrying Amount		Fair Value	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(₹ Millions)			
Financial Assets				
Assets carried at fair value through profit or loss				
Currency swaps, forward and option contracts	**76**	1,586	**76**	1,586
Interest rate swaps	**49**	—	**49**	—
Embedded derivatives	**4,538**	3,307	**4,538**	3,307
Held for trading securities — quoted mutual funds	66,651	16,141	66,651	16,141
Assets carried at amortized cost				
Fixed deposits with banks	**3,727**	10,710	**3,727**	10,710
Cash and bank balances	**14,368**	11,581	**14,368**	11,581
Trade and other receivables	**66,430**	63,735	**66,430**	63,735
Other financial assets	**21,347**	17,689	**20,573**	17,000
	177,186	**124,749**	**176,412**	**124,060**
Financial Liabilities				
Liabilities carried at fair value through profit or loss				
Currency swaps, forward and option contracts	**40**	54	**40**	54
Interest rate swaps	**298**	30	**298**	30
Embedded derivatives	774	483	774	483
Liabilities carried at amortized cost				
Borrowings — Floating rate	**627,487**	630,201	**627,487**	630,201
Borrowings — Fixed rate	**102,121**	60,031	**101,739**	59,563
Trade & other payables	**273,134**	232,650	**273,134**	232,650
Other financial liabilities	**22,748**	23,076	**22,323**	22,659
	1,026,602	**946,525**	**1,025,795**	**945,640**

Fair Values

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

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

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

ii. Long-term fixed-rate and variable-rate receivables/ borrowings are evaluated by the Group and its joint ventures based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of March 31, 2013, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

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

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

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

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 as described below:

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

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

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

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

Particulars	Level 1	Level 2	Level 3
		(₹ Millions)	
March 31, 2013			
Financial assets			
Derivative financial assets	—	4,663	—
Held for trading securities — quoted	66,651	—	—
Financial liabilities			
Derivative financial Liabilities	—	1,112	—
March 31, 2012			
Financial assets			
Derivative financial assets	—	4,893	—
Held for trading securities — quoted	16,141	—	—
Financial liabilities			
Derivative financial Liabilities	—	567	—

During the year ended March 31, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33. Related Party Transactions

Related party transactions represent transactions entered into by the Group with entities having significant influence over the Group ('significant influence entities'), associates, joint ventures and other related parties. The transactions and balances with the related parties for the years ended March 31, 2013 and March 31, 2012, respectively, are described below:

33.1 Summary of transactions with Related Parties (other than joint ventures)

a) Transactions for the year

	Year ended March 31, 2013			Year ended March 31, 2012		
Relationship	Significant influence entities	Associates*	Other related parties	Significant influence entities	Associates	Other related parties
			(₹ Millions)			
Purchase of assets	**—**	**(1,622)**	**(2,319)**	—	(3,010)	(1,907)
Sale/transfer of assets	**28**	**—**	**1**	—	0	—
Sale/Rendering of Services	**1,444**	**167**	**149**	1,049	486	88
Purchase/Receiving of Services	**(595)**	**(2,459)**	**(3,968)**	(582)	(2,274)	(3,259)
Loans to related party	**—**	**130**	**—**	—	172	—
Expenses incurred by the Group on behalf of Related Party	**—**	**30**	**14**	—	23	16
Expenses incurred by Related Party for the Group	**(24)**	**—**	**(828)**	(25)	—	(619)
Security deposit paid	**—**	**—**	**109**	—	—	82
Security deposit/Advance received	**—**	**(4,847)**	**(8)**	—	—	(8)
Interest Income on Loan	**—**	**46**	**—**	—	46	—
Dividend Paid	**2,327**	**—**	**266**	2,319	—	266

b) Closing Balances

	Closing balance as of March 31, 2013			Closing balance as of March 31, 2012		
	Significant influence entities	Associates*	Other related parties	Significant influence entities	Associates	Other related parties
	(₹ Millions)					
Due From	**331**	**314**	**983**	351	258	1,243
Due To	**—**	**(33)**	**(122)**	—	(922)	(274)
	331	**281**	**861**	**351**	**(664)**	**969**

* Refer note 7(a).

33.2 Summary of Transactions with Joint Ventures (JVs)*:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
a) Transactions for the year		
Sale of fixed assets/retirement of bandwidth	**262**	654
Rendering of services	**5,418**	5,319
Receiving of services	**(31,553)**	(26,876)
Reimbursement of energy expenses	**(19,650)**	(15,058)
Fund transferred/Expenses incurred on behalf of JV	**54**	—
Security deposit/Advances paid#	**(2,058)**	173
Loan given	**—**	1,206
Loan repaid	**(10,001)**	—
Dividend Received	**(4,050)**	—
Reimbursement of Expenses to Related Party	**(244)**	—

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
b) Closing balance*		
Due from JVs	**12,446**	18,002
Due to JVs	**(13,027)******	(6,917)
	(581)	**11,085**

\# Security deposit/Advances paid for year ended March 31, 2013 is net of refund of security deposit of ₹ 2,235 Mn.

* Transactions above have not been proportionate based on the equity holding in the respective JVs. Amount due from and due to JVs are included in the respective line items in the financial statements.

** Refer note 7(a).

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

(2) In addition to the above, ₹ 106 Mn and ₹ 104 Mn donation has been given to Bharti Foundation during the year ended March 31, 2013 and March 31, 2012 respectively.

Purchase of assets — includes primarily purchase of bandwidth, computer software, telephone instruments and network equipment.

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

Sale of services — represents billing for broadband, international long distance services, mobile, access and roaming services.

Purchase of services — includes primarily billing for broadband, international long distance services, management service charges, billing for tower infrastructure services and maintenance charges towards network equipment.

33.3 Remuneration to key management personnel were as follows:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Short-Term employee benefits	**399**	307
Post-Employment benefits		
Defined contribution plan	**25**	13
Defined benefit plan*	**—**	—
Other long-term benefits*	**—**	—
Share-based payment**	**—**	—
	424	**320**

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

** It represents fair value of options granted during the period which has been considered for amortization over the vesting periods.

34. Lease Disclosure

Operating Lease

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

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

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Obligations on non-cancellable leases:		
Not later than one year	**36,510**	22,132
Later than one year but not later than five years	**91,661**	70,494
Later than five years	**93,012**	82,909
Total	**221,183**	**175,535**
Lease Rentals (Excluding Lease Equalization Adjustment of ₹ 1,274 Mn and ₹ 1,307 Mn for the year ended March 31, 2013 and March 31, 2012)	**41,673**	36,164

The escalation clause includes escalation ranging from 0 to 25 per cent., includes option of renewal from 1 to 15 years and there are no restrictions imposed on lease arrangements.

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

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

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Receivables on non-cancellable leases:		
Not later than one year	**40,886**	18,817
Later than one year but not later than five years	**68,640**	59,792
Later than five years	**39,973**	44,095
Total	**149,499**	**122,704**

Finance Lease — As a Lessee

(i) Finance lease obligation of the Group as of March 31, 2013 is as follows:-

Particulars	Future minimum lease payments	Interest	Present value
		(₹ Millions)	
Not later than one year	476	51	425
Later than one year but not later than five years	1,368	385	983
Later than five years	—	—	—
Total	**1,844**	**436**	**1,408**

(ii) Finance lease obligation of the Group as of March 31, 2012 is as follows:

Particulars	Future minimum lease payments	Interest	Present value
		(₹ Millions)	
Not later than one year	0	0	0
Later than one year but not later than five years	1	0	1
Later than five years	—	—	—
Total	**1**	**0**	**1**

35. Commitments and Contingencies

(i) Commitments

a. Capital Commitments

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Contracts placed for future capital expenditure not provided for in the financial statements*	**119,377**	157,179

The above includes ₹ 61,607 Mn as of March 31, 2013 (₹ 67,322 Mn as of March 31, 2012), pertaining to certain outsourcing agreements, under which the vendor supplies assets as well as services to the Group. The amount represents total minimum commitment over the unexpired period of the contracts i.e. between 2-9 years, since it is not possible for the Group to determine the extent of assets and services to be provided over the unexpired period of the contract. However, the actual charges/payments may exceed the above mentioned minimum commitment based on the terms of the agreements.

* The above also includes ₹ 491 Mn as of March 31, 2013, (₹ 912 Mn as of March 31, 2012), pertaining to Joint Ventures.

b. Guarantees

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Financial bank guarantees*#	**35,053**	36,015
Guarantees to third parties	**2,719**	2,558

* The Company has issued corporate guarantees of ₹ 2,756 Mn and ₹ 2,385 Mn as of March 31, 2013 and March 31, 2012 respectively, to banks and financial institutions for issuing bank guarantees on behalf of the Group companies.

Includes certain financial bank guarantees which have been given for subjudice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under contingencies and financial liabilities, as applicable incompliance with the applicable accounting standards.

(ii) Contingencies

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Taxes, Duties and Other demands (under adjudication/appeal/dispute)		
— Sales Tax and Service Tax	**17,118**	10,495
— Income Tax	**18,751**	23,489
— Access Charges/Port Charges	**4,918**	4,821
— Customs Duty	**5,509**	3,083
— Entry Tax	**5,499**	4,293
— Stamp Duty	**619**	620
— Municipal Taxes	**1,651**	923
— DoT demands*	**2,468**	3,370
— Other miscellaneous demands	**1,991**	1,410
— Claims under legal cases including arbitration matters	**3,648**	3,025
Total	**62,172**	**55,529**

* in addition, refer note f(v), f(vi) and f(vii) below for other DOT matters not included above.

The above also includes ₹ 1,836 Mn as of March 31, 2013, (₹ 1,537 Mn as of March 31, 2012), pertaining to Joint Ventures.

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

a) Sales and Service Tax

The claims for sales tax as of March 31, 2013 and as of March 31, 2012 comprised of cases relating to the appropriateness of declarations made by the Company under relevant sales tax legislation which was primarily procedural in nature and the applicable sales tax on disposals of certain property and equipment items. Pending final decisions, the Company has deposited amounts with statutory authorities for certain cases. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

Further, in the State of J&K, the Company has disputed the levy of General Sales Tax on its telecom services and towards which the Company has received a stay from the Hon'ble J&K High Court. The demands received to date have been disclosed under contingent liabilities. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

The service tax demands as of March 31, 2013 and March 31, 2012 relate to cenvat claimed on tower and related material, levy of service tax on SIM cards, cenvat credit disallowed for procedural lapses and inadmissibility of credit, disallowance of cenvat credit used in excess of 20 per cent. limit and service tax demand on employee talk time.

b) Income Tax Demand

Income tax demands under appeal mainly included the appeals filed by the Group before various appellate authorities against the disallowance of certain expenses being claimed under tax by income tax authorities, non-deduction of tax at source with respect to dealers/distributor's margin and non-deduction of tax on payments to international operators for access charges, etc. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

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

Interconnect charges are based on the Interconnect Usage Charges (IUC) agreements between the operators although the IUC rates are governed by the IUC guidelines issued by TRAI. BSNL has raised a demand requiring the Company to pay the interconnect charges at the rates contrary to the regulations issued by TRAI. The Company filed a petition against that demand with the Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') which passed a status quo order, stating that only the admitted amounts based on the regulations would need to be paid by the Company. The final order was also passed in our favor. BSNL has challenged the same in Supreme court. However, no stay has been granted.

Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized. Accordingly, no amounts have been accrued although some have been paid under protest.

In another proceeding with respect to Distance Based Carriage Charges, the Hon'ble TDSAT in its order dated May 21, 2010, allowed BSNL appeal praying to recover distance based carriage charges. On filing of appeal by the Telecom Operators, Hon'ble Supreme Court asked the Telecom Operators to furnish details of distance-based carriage charges owed by them to BSNL. Further, in a subsequent hearing held on Aug 30, 2010, Hon'ble Supreme Court sought the quantum of amount in dispute from all the operators as well as BSNL and directed both BSNL and Private telecom operators to furnish Call Data Records (CDRs) to TRAI. The CDRs have been furnished to TRAI. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

In another issue with respect to Port Charges, in 2001, TRAI had prescribed slab based rate of port charges payable by private operators which were subsequently reduced in the year 2007 by TRAI. On BSNL's appeal, TDSAT passed it's judgment in favor of BSNL, and held that the pre-2007 rates shall be applicable prospectively from May 29, 2010. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

d) Customs Duty

The custom authorities, in some states, demanded ₹ 5,509 Mn as of March 31, 2013 (₹ 3,083 Mn as of March 31, 2012) for the imports of special software on the ground that this would form part of the hardware along with which the same has been imported. The view of the Company is that such imports should not be subject to any custom duty as it would be operating software exempt from any custom duty. In response to the application filed by the Company, the Hon'ble CESTAT has passed an order in favor of the custom authorities. The Company has filed an appeal with Hon'ble Supreme Court against the CESTAT order. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

e) Entry Tax

In certain states, an entry tax is levied on receipt of material from outside the state. This position has been challenged by the Company in the respective states, on the grounds that the specific entry tax is ultra vires the Constitution. Classification issues have been raised, whereby, in view of the Company, the material proposed to be taxed is not covered under the specific category. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized. The amount under dispute as of March 31, 2013 is ₹ 5,499 Mn (₹ 4,293 Mn as of March 31, 2012).

f) DoT Demands

i. The Company has not been able to meet its roll out obligations fully due to certain non-controllable factors like Telecommunication Engineering Center testing, Standing Advisory Committee of Radio Frequency Allocations clearance, non availability of spectrum, etc. The Company has received show cause notices from DoT for 14 of its circles for non-fulfillment of its roll out obligations and these have been replied to. DoT has reviewed and revised the criteria and there has been no further development on this matter since then.

ii. DoT demands include demands raised for contentious matters relating to computation of license fees and spectrum charges.

iii. DoT demands include alleged short payment of license fee for FY 2006-07 and FY 2007-08 due to difference of interpretation of Adjusted Gross Revenue (AGR) between Group and DoT and interest thereon, against which the Group has obtained stay from appropriate Hon'ble High Courts and TDSAT.

iv. DoT demands also include the contentious matters in respect of subscriber verification norms and regulations including validity of certain documents allowed as Proof of Address/ Identity in a mobility circle.

The above stated matters are being contested by the Company and the Company, based on legal advice, believes that it has complied with all license related regulations as and when prescribed and does not expect any loss relating to these matters.

In addition to the amounts disclosed in the above table, the contingent liability on DOT matters includes the following:

v. Post the Hon'ble Supreme Court Judgment on October 11, 2011 on components of Adjusted Gross Revenue for computation of license fee, based on the legal advice, the Company believes that the realized and unrealized foreign exchange gain should not be included in Adjusted Gross Revenue (AGR) for computation of license fee thereon. Accordingly, the license fee on such foreign exchange gain has not been provided in these financial statements. Also, due to ambiguity of interpretation of 'foreign exchange differences', the license fee impact on such exchange differences is not quantifiable and has not been included in the table above. Further, as per the Order dated June 18, 2012 of the Kerala High Court, stay has been obtained, wherein the licensee can continue making the payment as was being done throughout the period of license on telecom activities.

vi. On January 8, 2013, DoT issued a demand on the Company and one of its subsidiaries for ₹ 52,013 Mn towards levy of one time spectrum charge. The demand includes a retrospective charge of ₹ 9,090 Mn for holding GSM Spectrum beyond 6.2 Mhz for the period from July 1, 2008 to December 31, 2012 and also a prospective charge of ₹ 42,923 Mn for GSM spectrum held beyond 4.4 Mhz for the period from January 1, 2013, till the expiry of the initial terms of the respective licenses. In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. Based on a petition filed by the Company, the Hon'ble High Court of Bombay, vide its order dated January 28, 2013, has directed the DoT to respond and not to take any coercive action until the next date of hearing, scheduled for May 6, 2013. The Company believes, based on independent legal opinions and its evaluation, that it is not probable that the claim will materialize and therefore, pending outcome of this matter, no provision has been recognized.

(vii) Based upon the scope of Service under UAS License and the NIA for 3G/BWA with its clarifications, in 7 such circles where the Company has not been allocated 3G spectrum, the Company has been providing 3G service under a commercial arrangement .i.e " 3G Intra Circle Roaming Agreements with other operators".

The Department of Telecommunications issued notice to the Company dated December 23, 2011 along with other Telecom Operators to stop provision of services under 3G Intra Circle Roaming Agreements where it has not won 3G Spectrum which was challenged by the Company in TDSAT wherein stay was granted against the said order by TDSAT. TDSAT on July 3, 2012 gave a split verdict on the legality of telecom operators providing 3G services to its customers in circles, where they have not been allotted the 3G spectrum.

The Department of Telecommunications (DoT) vide its letter dated March 15, 2013 has directed the Company to stop providing 3G services in these 7 circles (under Intra Circle Roaming arrangements) and has also levied a financial penalty of ₹ 3,500 Mn. The same had been challenged by the Company before Hon'ble Delhi High Court which had granted a stay vide its order dated March 18, 2013. Subsequently, one of the operators (not being a party to the litigation) approached the Division Bench of Delhi High Court and, allowing its appeal, the Division Bench vacated the stay. The Company filed a Special Leave Petition before the Supreme Court, challenging the order of the Division Bench.

The Supreme Court, vide its interim order dated April 11, 2013, restrained DoT from taking any coercive action and while adjourning the matter for final hearing to May 09, 2013, also directed the Company not to extend the facilities to any new customer on the basis of the Intra Circle Roaming Arrangements in the meantime. Pending further orders from the Court, the Company continues to provide such services to existing customers under the said commercial arrangement.

g) Airtel Networks Limited — Ownership

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

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

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

On December 22, 2011, the Tribunal in the Arbitration commenced by EWL issued a Partial Final Award stating, amongst others, that the Shareholders Agreement had been breached by the erstwhile shareholders and, accordingly, the acquisition was null and void. However, the Tribunal has rejected EWL's claim for reversal of the 2006 transaction. Instead, the Tribunal ordered a damages hearing. However, no date has been set.

On February 3, 2012, Bharti Airtel Nigeria BV filed an application before the Lagos State High Court to set aside the Partial Final Award. In addition, Bharti Airtel Nigeria BV filed an application for an injunction to restrain the parties to the

Arbitration from further convening the arbitration for the purposes of considering the quantum of damages that could be awarded to EWL until the conclusion of the matter to set aside the Partial Final Award. The application to set aside the Partial Final Award was heard by the Lagos State High Court on June 4, 2012 and by a Judgment delivered on October 4, 2012, the Lagos State High Court dismissed Bharti Airtel Nigeria BV's application to set aside the Final Partial Award. Bharti Airtel Nigeria BV has lodged an appeal against the Judgment of October 4, 2012 at the Court of Appeal in Lagos, Nigeria. A Hearing Date for the appeal has been set for May 20, 2013.

Without prejudice to the application by Bharti Airtel Nigeria BV before the Nigerian courts to set aside the Partial Final Award, preliminary steps are ongoing in relation to the damages hearing in the Arbitration and EWL has filed its damages claim in this regard and Bharti Airtel Nigeria BV filed its Defense on April 19, 2013.

Given the low probability of any material adverse effect to the Company's consolidated financial position and the indemnities in the share sale agreement concluded with the Zain Group in 2010, the Company determined that it was appropriate not to provide for this matter in the financial statements. Further, the estimate of the realistic financial impact of any damages, if any, cannot be made at this time and not before the conclusion of the legal proceedings.

In addition, Airtel Networks Limited is a defendant in an action where EWL is claiming entitlement to 5 per cent. of the issued share capital of Airtel Networks Limited. This case was commenced by EWL in 2004 (prior to the Vee Networks Limited acquisition in 2006). The Court of first instance on January 24, 2012 held that EWL should be reinstated as a 5 per cent. shareholder in Airtel Networks Limited. Despite the fact that the 5 per cent. shares claimed by EWL had been set aside in escrow since 2006 and therefore will not impact the 65.7 per cent. held by Bharti Airtel on a fully diluted basis in Airtel Networks Limited, the Company believes that there are good grounds to appeal the first instance judgment. The Company accordingly filed a Notice of Appeal and made two further applications before the Federal High Court for a stay of execution of judgment pending appeal and a motion for injunction, both applications were heard on March 13, 2012. On May 7, 2012, Honorable Justice Shuaibu in delivering the ruling at the Federal High Court stated that having considered the application before the court, the sole issue arising for determination was whether the Applicant had made a case for the grant of the reliefs sought. He stated that while Order 28 Rules 1 and 2 of the Federal High Court (Civil Procedure) Rules allows the Court to make preservative orders, Order 32 Rules 1-3 also gives the Court the power to refuse such applications while exercising these powers judicially and judiciously. In summary, the Judge then held that the Company had failed to make out a case for the Court to exercise its discretion in its favor of granting the application and accordingly refused it.

Immediately, a similar application for injunction and stay of execution were filed at the Court of Appeal, Kaduna on May 7, 2012. The matter was fixed for hearing of the applications on September 25, 2012. However, the matter did not proceed as slated due to technical reasons and the Matter was adjourned to January 16, 2013 for hearing of the pending applications. On January 16, 2013, the Court heard the interlocutory application relating to the transmission of records from the High Court to the Court of Appeal. The other interlocutory applications for injunction and stay of execution were however stood down for hearing on April 30, 2013. On April 30, 2013 the Court of Appeals, however, adjourned the matter to June 27, 2013 for hearing of the substantive appeal.

36. Earnings Per Share

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

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(Shares in Millions)	
Weighted average shares outstanding — Basic	**3,794**	3,795
Effect of dilutive securities on account of ESOP	**2**	1
Weighted average shares outstanding — diluted	**3,796**	**3,796**

Income available to equity holders of the Group used in the basic and diluted earnings per share were determined as follows:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
	(₹ Millions)	
Net profit available to equity holders of the Parent	**22,757**	42,594
Effect on account of ESOP on profits for the year	**—**	—
Net profit available for computing diluted earnings per share	**22,757**	42,594
Basic Earnings per Share	**6.00**	11.22
Diluted Earnings per Share	**6.00**	11.22

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

37. Financial Risk Management Objectives and Policies

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

The Group and its joint ventures are exposed to market risk, credit risk and liquidity risk.

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

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

• Market Risk

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

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

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

The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2013 and March 31, 2012.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage its exposures to foreign exchange fluctuations and interest rate.

• Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group primarily transacts business in local currency and in foreign currency, primarily U.S. dollars with parties of other countries.

The Group has obtained foreign currency loans and has imported equipment and is therefore, exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States dollar. The Group may use foreign exchange option contracts, swap contracts or forward contracts towards hedging risk resulting from changes and fluctuations in foreign currency exchange. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirement and risk management strategy of the Company.

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

Foreign Currency Sensitivity

The following table demonstrates the sensitivity in the USD, Lankan Rupee, and other currencies with all other variables held constant. The impact on the Group's and its joint ventures' profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The impact on Group's and joint venture's equity is due to change in the fair value of intra-group monetary items that form part of net investment in foreign operation.

Particulars	Change in currency exchange rate	Effect on profit before tax	Effect on equity (OCI)
		(₹ Millions)	
For the year ended March 31, 2013			
US Dollars	+5%	(6,870)	(2,093)
	-5%	6,870	2,093
Others	+5%	(215)	—
	-5%	215	—
For the year ended March 31, 2012			
US Dollars	+5%	(4,574)	(1,805)
	-5%	4,574	1,805
Lankan Rupee	+5%	—	552
	-5%	—	(552)
Japanese Yen	+5%	(189)	—
	-5%	189	—
Others	+5%	25	—
	-5%	(25)	—

• Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and its joint ventures' exposure to the risk of changes in market interest rates relates primarily to the Group's and its joint ventures' debt interest obligations. To manage this, the Group and its joint ventures may enter into interest rate swaps and options whereby it agrees with other parties to exchange, at specified intervals the difference between the fixed contract rate interest amounts and the floating rate interest amounts calculated by reference to the agreed notional principal amounts. The management also maintains a portfolio mix of floating and fixed rate debt. As of March 31, 2013, after taking into account the effect of interest rate swaps, approximately 6.51 per cent. of the Group's and its joint ventures' borrowings are at a fixed rate of interest (March 31, 2012: 8.85 per cent.).

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings, after the impact of interest rate swaps, with all other variables held constant, the Group's and its joint ventures' profit before tax is affected through the impact of floating rate borrowings as follows.

Interest rate sensitivity	Increase/decrease in basis points	Effect on profit before tax
	(₹ Millions)	
For the year ended March 31, 2013		
INR — borrowings	+100	(1,423)
	-100	1,423
US Dollar — borrowings	+100	(4,770)
	-100	4,770
Nigerian Naira — borrowings	+100	(582)
	-100	582
Other Currency — borrowings	+100	(75)
	-100	75
For the year ended March 31, 2012		
INR — borrowings	+100	(994)
	-100	994
Japanese Yen — borrowings	+100	(50)
	-100	50
US Dollar — borrowings	+100	(4,805)
	-100	4,805
Nigerian Naira — borrowings	+100	(444)
	-100	444
Other Currency — borrowings	+100	(23)
	-100	23

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

• Price Risk

The Group's and its joint ventures' investments, mainly, in debt mutual funds and bonds are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group and its joint ventures are not exposed to any significant price risk.

• Credit Risk

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

1) Trade Receivables

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

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

Particulars	Neither past due nor impaired (including unbilled)	Past due but not impaired: Less Than 30 days	30 to 60 days	60 to 90 days	Above 90 days	Total
	(₹ Millions)					
Trade Receivables as of March 31, 2013	28,492	14,719	6,130	2,891	11,888	64,120
Trade Receivables as of March 31, 2012	21,018	13,354	5,751	3,746	11,273	55,142

The requirement for impairment is analyzed at each reporting date. Refer note 20 for details on the impairment of trade receivables.

2) Financial Instruments and Cash Deposits

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Group monitors ratings, credit spreads and financial strength on at least a quarterly basis. Based on its ongoing assessment of counterparty risk, the Group adjusts its exposure to various counterparties. The Group's and its joint ventures' maximum exposure to credit risk for the components of the statement of financial position as of March 31, 2013 and March 31, 2012 is the carrying amounts as disclosed in note 32 except for financial guarantees. The Group's and its joint ventures' maximum exposure for financial guarantees is given in note 35.

• Liquidity Risk

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

The table below summarizes the maturity profile of the Group's and its joint ventures' financial liabilities based on contractual undiscounted payments:-

Particulars	As of March 31, 2013: Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
	(₹ Millions)						
Interest bearing borrowings*#	**735,969**	**11,370**	**78,580**	**67,932**	**223,096**	**478,668**	**859,646**
Financial derivatives	**1,112**	**—**	**163**	**130**	**246**	**573**	**1,112**
Other liabilities	**22,748**	**—**	**—**	**—**	**2,376**	**21,372**	**23,748**
Trade and other payables#	**266,773**	**—**	**261,717**	**5,056**	**—**	**—**	**266,773**
	1,026,602	**11,370**	**340,460**	**73,118**	**225,718**	**500,613**	**1,151,279**

Particulars	As of March 31, 2012: Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
	(₹ Millions)						
Interest bearing borrowings*#	691,200	512	102,142	118,513	105,955	455,481	782,603
Financial derivatives	567	—	82	84	80	321	567
Other liabilities	23,076	—	—	—	10,893	14,924	25,817
Trade and other payables#	231,682	—	231,682	—	—	—	231,682
	946,525	**512**	**333,906**	**118,597**	**116,928**	**470,726**	**1,040,669**

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

Interest accrued but not due of ₹ 6,361 Mn and ₹ 968 Mn as of March 31, 2013 and March 31, 2012, respectively, has been included in interest bearing borrowings and excluded from trade and other payables. The derivative financial instruments disclosed in the above table represent fair values of the instrument. However, those amounts may be settled gross or net.

• Capital Management

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

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

No changes were made in the objectives, policies or processes during the year ended March 31, 2013 and March 31, 2012.

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

Particulars	As of March 31, 2013	As of March 31, 2012
	(₹ Millions)	
Loans & Borrowings	**729,608**	690,232
Less: Cash and Cash Equivalents	**17,295**	20,300
Net Debt	**712,313**	**669,932**
Equity	**503,217**	506,113
Total Capital	**503,217**	**506,113**
Capital and Net Debt	**1,215,530**	**1,176,045**
Gearing Ratio	**58.6%**	**57.0%**

38. New Operations

During the year ended March 31, 2013, the Group has completed the launch of BWA services in Karnataka, Kolkata, Maharashtra and Chandigarh circles.

39. New Companies/Developments

a) On February 22, 2013, Airtel Mobile Commerce Rwanda Limited had been incorporated as a wholly owned subsidiary of Airtel Mobile Commerce B.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) B.V.).

b) During the year ended March 31, 2013, the Group has increased its equity investment by way of conversion of loan into equity in the following subsidiaries

- ₹ 9,907 Mn (USD 177 Mn) in Bharti Airtel International (Mauritius) Limited
- ₹ 67,353 Mn (USD 1203.30 Mn) in Bharti Airtel International (Netherlands) B.V.
- ₹ 32,185 Mn (USD 575 Mn) in Bharti International (Singapore) Pte Limited
- ₹ 546 Mn in Telesonic Networks Limited.

c) During the year ended March 31, 2013, Bharti Airtel International (Mauritius) Limited has increased its equity investment by ₹ 27,812 Mn (USD 501.76 Mn) in Bharti Airtel International (Netherlands) B.V. by way of conversion of loan (including interest receivable) into equity.

d) During the year ended March 31, 2013, Bharti International (Singapore) Pte Limited has increased its equity investment by ₹ 26,973 Mn (USD 482 Mn) in Bharti Airtel International (Netherlands) B.V. by way of conversion of loan (including interest receivable) into equity.

40. Companies in the Group, Joint Ventures and Associates

The Group conducts its business through Bharti Airtel and its directly and indirectly held subsidiaries, joint ventures and associates, which are as follows:-

S. No.	Name of Subsidiary	Country of Incorporation	Principal Activities	Percentage of Holding (Direct/Indirect) by the Group	
				As of March 31, 2013	**As of March 31, 2012**
				%	%
1	Bharti Airtel Services Limited	India	Administrative support to Bharti Group and trading activities	**100**	100
2	Network i2i Limited	Mauritius	Submarine Cable System	**100**	100
3	Bharti Airtel (USA) Limited	United States of America	Telecommunication services	**100**	100
4	Bharti Airtel (UK) Limited	United Kingdom	Telecommunication services	**100**	100
5	Bharti Airtel (Canada) Limited#	Canada	Telecommunication services	**100**	100
6	Bharti Airtel (Hongkong) Limited	Hongkong	Telecommunication services	**100**	100
7	Bharti Airtel Holdings (Singapore) Pte Ltd	Singapore	Investment Company	**100**	100
8	Bharti Airtel Lanka (Private) Limited	Sri Lanka	Telecommunication services	**100**	100
9	Bharti Infratel Lanka (Private) Limited	Sri Lanka	Passive infrastructure Services	**100**	100
10	Bharti Hexacom Limited	India	Telecommunication services	**70**	70
11	Bharti Infratel Limited (“BIL”)	India	Passive infrastructure Services	**79.42**	86.09
12	Bharti Infratel Ventures Limited (“BIVL”)	India	Passive infrastructure Services	**79.42**	86.09
13	Bharti Telemedia Limited	India	Direct To Home services	**95**	95
14	Airtel Bangladesh Limited	Bangladesh	Telecommunication services	**70**	70
15	Bharti International (Singapore) Pte. Ltd	Singapore	Telecommunication services	**100**	100
16	Bharti Airtel International (Netherlands) B.V.	Netherlands	Investment Company	**100**	100
17	Airtel M Commerce Services Limited	India	Mobile commerce services	**100**	100
18	Bharti Airtel International (Mauritius) Limited	Mauritius	Investment Company	**100**	100
19	Bharti Airtel (Japan) Kabushiki Kaisha	Japan	Telecommunication services	**100**	100
20	Bharti Airtel (France) SAS	France	Telecommunication services	**100**	100
21	Bangladesh Infratel Networks Limited	Bangladesh	Passive infrastructure Services	**100**	100

S. No.	Name of Subsidiary	Country of Incorporation	Principal Activities	Percentage of Holding (Direct/Indirect) by the Group	
				As of March 31, 2013	As of March 31, 2012
				%	%
22	Telesonic Networks Limited (formerly Alcatel Lucent Network Management Services India Limited)	India	Telecommunication services	**100**	—
23	Bharti Airtel Africa B.V.	Netherlands	Investment Company	**100**	100
24	Bharti Airtel Burkina Faso Holdings B.V.	Netherlands	Investment Company	**100**	100
25	Airtel Burkina Faso S.A.	Burkina Faso	Telecommunication services	**100**	100
26	Bharti Airtel Chad Holdings B.V.	Netherlands	Investment Company	**100**	100
27	Airtel Tchad S.A.(formerly known as Celtel Tchad S.A.)	Chad	Telecommunication services	**100**	100
28	Bharti Airtel Gabon Holdings B.V.	Netherlands	Investment Company	**100**	100
29	Airtel Gabon S.A. (formerly known as Celtel Gabon S.A.)	Gabon	Telecommunication services	**90**	90
30	Bharti Airtel Cameroon Holdings B.V.*	Netherlands	Investment Company	**—**	100
31	Celtel Cameroon S.A.*	Cameroon	Telecommunication services	**—**	100
32	Bharti Airtel Congo Holdings B.V.	Netherlands	Investment Company	**100**	100
33	Airtel Congo S.A.	Congo Brazzavile	Telecommunication services	**90**	90
34	Bharti Airtel RDC Holdings B.V.	Netherlands	Investment Company	**100**	100
35	Partnership Investments S.p.r.l.	Democratic Republic of Congo	Investment Company	**100**	100
36	Celtel Congo (RDC) S.a.r.l.	Democratic Republic of Congo	Telecommunication services	**98.5**	98.5
37	Bharti Airtel Mali Holdings B.V.	Netherlands	Investment Company	**100**	100
38	Bharti Airtel Kenya Holdings B.V.	Netherlands	Investment Company	**100**	100
39	Bharti Airtel Kenya B.V.	Netherlands	Investment Company	**100**	100
40	Airtel Networks Kenya Limited	Kenya	Telecommunication services	**100**	100
41	Bharti Airtel Malawi Holdings B.V.	Netherlands	Investment Company	**100**	100
42	Airtel Malawi Limited	Malawi	Telecommunication services	**100**	100
43	Bharti Airtel Niger Holdings B.V.	Netherlands	Investment Company	**100**	100
44	Celtel Niger S.A.	Niger	Telecommunication services	**90**	90
45	Bharti Airtel Sierra Leone Holdings B.V.	Netherlands	Investment Company	**100**	100
46	Airtel (SL) Limited	Sierra Leone	Telecommunication services	**100**	100
47	Celtel Zambia Plc	Zambia	Telecommunication services	**96.36**	96.36
48	Bharti Airtel Uganda Holdings B.V.	Netherlands	Investment Company	**100**	100

S. No.	Name of Subsidiary	Country of Incorporation	Principal Activities	Percentage of Holding (Direct/Indirect) by the Group	
				As of March 31, 2013	As of March 31, 2012
				%	%
49	Airtel Uganda Limited	Uganda	Telecommunication services	**100**	100
50	Bharti Airtel Tanzania B.V.	Netherlands	Investment Company	**100**	100
51	Airtel Tanzania Limited	Tanzania	Telecommunication services	**60**	60
52	Bharti Airtel Madagascar Holdings B.V.	Netherlands	Investment Company	**100**	100
53	Channel Sea Management Company (Mauritius) Limited	Mauritius	Investment Company	**100**	100
54	Zebrano (Mauritius) Limited	Mauritius	Investment Company	**100**	100
55	Montana International	Mauritius	Investment Company	**100**	100
56	Airtel Madagascar S.A.	Madagascar	Telecommunication services	**100**	100
57	Bharti Airtel Nigeria Holdings B.V.#	Netherlands	Investment Company	**100**	100
58	MSI-Celtel Nigeria Limited#	Nigeria	Investment Company	**100**	100
59	Bharti Airtel Nigeria Holdings II B.V.	Netherlands	Investment Company	**100**	100
60	Bharti Airtel Nigeria B.V.	Netherlands	Investment Company	**100**	100
61	Bharti Airtel Ghana Holdings B.V.	Netherlands	Investment Company	**100**	100
62	Airtel Ghana Limited	Ghana	Telecommunication services	**75**	75
63	Bharti Airtel Acquisition Holdings B.V.	Netherlands	Investment Company	**100**	100
64	Bharti Airtel Services B.V.	Netherlands	Investment Company	**100**	100
65	Airtel Networks Limited	Nigeria	Telecommunication services	**79.059**	65.7
66	Bharti Airtel Zambia Holdings B.V.	Netherlands	Investment Company	**100**	100
67	Airtel Mobile Commerce Limited	Malawi	Mobile commerce services	**100**	100
68	Airtel Mobile Commerce (Kenya) Limited	Kenya	Mobile commerce services	**100**	100
69	Airtel Mobile Commerce (Ghana) Limited	Ghana	Mobile commerce services	**100**	100
70	Celtel (Mauritius) Holdings Limited	Mauritius	Investment Company	**100**	100
71	ZMP Limited	Zambia	Mobile commerce services	**100**	100
72	Airtel Mobile Commerce (SL) Limited	Sierra Leone	Mobile commerce services	**100**	100
73	Airtel Mobile Commerce Tchad S.a.r.l.	Chad	Mobile commerce services	**100**	100
74	Airtel Mobile Commerce B.V.	Netherlands	Investment Company	**100**	100
75	Airtel Money S.A. (Gabon) (formerly known as Mobile Commerce Gabon S.A.)	Gabon	Mobile commerce services	**100**	100
76	Malawi Towers Limited	Malawi	Infrastructure sharing services	**100**	100
77	Airtel Money Niger S.A.	Niger	Mobile commerce services	**100**	100
78	Société Malgache de Téléphone Cellulaire S.A.	Mauritius	Investment Company	**100**	100
79	Airtel Mobile Commerce Holdings B.V.	Netherlands	Investment Company	**100**	100

S. No.	Name of Subsidiary	Country of Incorporation	Principal Activities	Percentage of Holding (Direct/Indirect) by the Group As of March 31, 2013	As of March 31, 2012
				%	%
80	Zap Trust Company Nigeria Limited	Nigeria	Mobile commerce services	**100**	100
81	Indian Ocean Telecom Limited	Jersey	Investment Company	**100**	100
82	Airtel (Seychelles) Limited	Seychelles	Telecommunication services	**100**	100
83	Airtel Mobile Commerce (Tanzania) Limited	Tanzania	Mobile commerce services	**100**	100
84	Airtel Mobile Commerce Uganda Limited	Uganda	Mobile commerce services	**100**	100
85	Uganda Towers Limited	Uganda	Infrastructure sharing services	**100**	100
86	Airtel DTH Services Ghana Limited	Ghana	Direct To Home services	**100**	100
87	Airtel DTH Services Malawi Limited#	Malawi	Direct To Home services	**100**	100
88	Airtel DTH Services Uganda Limited#	Uganda	Direct To Home services	**100**	100
89	Africa Towers N.V.	Netherlands	Investment Company	**100**	100
90	Airtel Towers (Ghana) Limited	Ghana	Infrastructure sharing services	**100**	100
91	Bharti Airtel DTH Holdings B.V.	Netherlands	Investment Company	**100**	100
92	Airtel Direct-to-Home Services (Kenya) Limited*	Kenya	Direct To Home services	**—**	100
93	Airtel DTH Services (SL) Limited#	Sierra Leone	Direct To Home services	**100**	100
94	Airtel DTH Service Burkina Faso S.A.	Burkina Faso	Direct To Home services	**100**	100
95	Airtel DTH Services Congo S.A.	Congo Brazzavile	Direct To Home services	**100**	100
96	Airtel DTH Services Madagascar S.A.*	Madagascar	Direct To Home services	**—**	100
97	Airtel DTH Services Niger S.A.*	Niger	Direct To Home services	**—**	100
98	Airtel DTH Services Nigeria Limited	Nigeria	Direct To Home services	**100**	100
99	Airtel DTH Services Tchad S.A.*	Chad	Direct To Home services	**—**	100
100	Airtel DTH Services Tanzania Limited	Tanzania	Direct To Home services	**100**	100
101	Bharti DTH Services Zambia Limited	Zambia	Direct To Home services	**100**	100
102	Airtel Towers (SL) Company Limited	Sierra Leone	Infrastructure sharing services	**100**	100
103	Burkina Faso Towers S.A.	Burkina Faso	Infrastructure sharing services	**100**	100
104	Congo Towers S.A.	Congo Brazzavile	Infrastructure sharing services	**100**	100
105	Kenya Towers Limited	Kenya	Infrastructure sharing services	**100**	100
106	Madagascar Towers S.A.	Madagascar	Infrastructure sharing services	**100**	100
107	Mobile Commerce Congo S.A.	Congo Brazzavile	Mobile commerce services	**100**	100
108	Niger Towers S.A.	Niger	Infrastructure sharing services	**100**	100
109	Tanzania Towers Limited	Tanzania	Infrastructure sharing services	**100**	100
110	Tchad Towers S.A.	Chad	Infrastructure sharing services	**100**	100

S. No.	Name of Subsidiary	Country of Incorporation	Principal Activities	Percentage of Holding (Direct/Indirect) by the Group	
				As of March 31, 2013	As of March 31, 2012
				%	%
111	Towers Support Nigeria Limited	Nigeria	Infrastructure sharing services	**100**	100
112	Bharti Airtel Developers Forum Limited	Zambia	Investment Company	**100**	100
113	Zambian Towers Limited	Zambia	Infrastructure sharing services	**100**	100
114	Airtel Money (RDC) S.p.r.l.	Democratic Republic of Congo	Mobile commerce services	**100**	100
115	Airtel Mobile Commerce Burkina Faso S.A.	Burkina Faso	Mobile commerce services	**100**	100
116	Airtel DTH Services Congo (RDC) S.p.r.l.	Democratic Republic of Congo	Direct to Home Services	**100**	100
117	Airtel DTH Services Gabon S.A.#	Gabon	Direct to Home Services	**100**	100
118	Congo (RDC) Towers S.p.r.l.	Democratic Republic of Congo	Infrastructure sharing services	**100**	100
119	Gabon Towers S.A.	Gabon	Infrastructure sharing services	**100**	100
120	Airtel Mobile Commerce Madagascar S.A.	Madagascar	Mobile commerce services	**100**	100
121	Bharti Airtel Cameroon B.V.	Netherlands	Investment Company	**100**	100
122	Airtel Rwanda Limited	Rwanda	Telecommunications company	**100**	100
123	Africa Towers Services Limited	Kenya	Infrastructure sharing services	**100**	100
124	Rwanda Towers Limited	Rwanda	Infrastructure sharing services	**100**	100
125	Airtel Mobile Commerce Rwanda Limited	Rwanda	Mobile commerce services	**100**	—

Under Liquidation.

* Dissolved during the year ended March 31, 2013.

S. No.	Name of Associates	Country of Incorporation	Principal Activities	Percentage of Holding (Direct/Indirect) by the Group	
				As of March 31, 2013	As of March 31, 2012
				%	%
1	Bharti Teleports Limited	India	Uplinking channels for broadcasters	**49**	49
2	Alcatel Lucent Network Management Services India Ltd	India	Telecommunication services	**—**	26
3	Tanzania Telecommunications Company Limited	Tanzania	Telecommunication services	**35**	35
4	Seychelles Cable Systems Company Limited	Seychelles	Submarine Cable System	**26**	26

S. No.	Name of Joint Ventures	Country of Incorporation	Principal Activities	Percentage of Holding (Direct/ Indirect) by the Group	
				As of March 31, 2013	As of March 31, 2012
				%	%
1	Indus Towers Limited**	India	Passive infrastructure services	**33.36**	36.16
2	Bridge Mobile Pte Limited	Singapore	Provision of regional mobile services	**10**	10
3	Forum I Aviation Ltd	India	Aircraft chartering services	**14.28**	14.28
4	Wireless Business Services Private Limited	India	Telecommunication services	**49**	—
5	Wireless Broadband Business Services (Delhi) Private Limited	India	Telecommunication services	**49**	—
6	Wireless Broadband Business Services (Kerala) Private Limited	India	Telecommunication services	**49**	—
7	Wireless Broadband Business Services (Haryana) Private Limited	India	Telecommunication services	**49**	—

** Bharti Infratel Limited (“BIL”), in which the Group has 79.42 per cent. (86.09 per cent. as of March 31, 2012) equity interest, owns 42 per cent. of Indus Towers Limited.

41. Other Significant Matters

a) During the year ended March 31, 2013, the Group was awarded a favorable order by the TDSAT in respect of an outstanding dispute pertaining to inter-connect agreements. The Group, based on the TDSAT judgement and independent legal opinion, has recognized revenue of ₹ 5,406 Mn, resulting in higher profit before tax by ₹ 3,161 Mn, and net profit by ₹ 2,277 Mn, respectively, during the year ended March 31, 2013, relating to previous periods.

b) The Company has completed the transfer pricing study for the period upto March 31, 2012. For the year ended March 31, 2013, the Company is in the process of getting an independent evaluation done for certain transactions to determine whether the transactions with associated enterprises were undertaken at “arms length price”. Based on the transfer pricing study, the Company believes that all transactions with associate enterprises are at arms length price, accordingly, there is no Transfer Pricing adjustments for the year under consideration.

c) During the year ended March 31, 2013, DoT has issued demand notices for the financial year 2006-07 and 2010-11 aggregating ₹ 23, 795 Mn in respect of assessment of license fee towards disallowances of the permissible deductions.

Further, DoT has also issued demands in the matter of Spectrum Usages Charge (SUC) assessment for the financial year 2010-11 & 2011-12 aggregating ₹ 8,643 Mn arising on account of disallowance of adjustments made by the Group in terms of TDSAT orders dated November 19, 2009 and April 22, 2010.

The Group has taken the appropriate action/legal recourse and believes that the probability of above claims getting materialised is remote.

d) The Company (M/s J T Mobiles Limited subsequently merged with the Company) was awarded license by DoT to operate cellular services in the state of Punjab in December 1995. On April 18, 1996, the Company obtained the permission from DoT to operate the Punjab license through its wholly owned subsidiary, Evergrowth Telecom Limited (ETL). In December 1996, DoT raised argument that the permission dated April 18, 1996 has not become effective and cancelled the permission to operate which was subsequently reinstated on March 10, 1998 (the period from April 18, 1996 to March 10, 1998 has been hereinafter referred to as ‘blackout period’). On July 15, 1999, license was terminated due to alleged non-payment of license fees, liquidated damages and related penal interest relating to blackout period.

In September 2001, in response to the demand raised by DoT, the Company had paid ₹ 4,856 Mn to DoT under protest subject to resolution of the dispute through arbitration. Consequently, the license was restored and an arbitrator was appointed for settlement of the dispute. Arbitrator awarded an unfavorable order, which was challenged by the Company before Hon’ble Delhi High Court.

On September 14, 2012, Hon’ble Delhi High court passed an order setting aside the award passed by the arbitrator. DoT in the meanwhile has preferred an Appeal, including condonation of delay in filing of appeal, which is presently pending before the Division Bench of the Delhi High Court. The Appeal on the issue of condonation of delay is listed for arguments on May 8, 2013.

The Company is in the process of evaluating legal course of action for recovery of the amount paid under protest together with interest thereon. Pending such evaluation and thereby initiation of recovery process, the Group, based on independent legal opinion, has not given any accounting treatment for the impact of the judgment in the financial statements for the year ended March 31, 2013.

e) On May 31, 2011, the subsidiary company “Bharti Infratel Ventures Limited” (wholly owned subsidiary of Bharti Infratel Limited having tower infrastructure in 12 circles) filed a scheme of merger before Hon’ble High Court of Delhi whereby the subsidiary company will merge with Indus Towers Limited, a joint venture company of the Group, with appointed date as April 1, 2009. The carrying value of assets and liabilities of the subsidiary company as of March 31, 2013 is ₹ 55,723 Mn and ₹ 12,034 Mn, respectively (before intra-group eliminations). Similarly, under the respective merger scheme, the other joint venturers will also contribute asset and liabilities in proportion to their shareholding.

On April 18, 2013, the Hon’ble High Court of Delhi has sanctioned the said Scheme which provides for transfer of all assets and liabilities of subsidiary company to Indus Towers Limited and winding-up of the subsidiary company subject to the final order in another appeal pending before the Division bench of Delhi High Court and any other orders in any further proceedings thereafter. The said Scheme shall be effective on filing of certified copy of Order of Hon’ble High Court of Delhi with the Registrar of Companies (ROC). As on the date of approval of these financial statements, the said order has not been filed with ROC. Accordingly, the scheme has not been given effect to in these financial statements.

f) Subsequent to the Balance Sheet date, March 31, 2013, the Company’s wholly owned subsidiary, Airtel Uganda Limited, has entered into a definitive agreement with the Warid Group (“Warid”) to fully acquire Warid Telecom Uganda. With this acquisition, the Company will further consolidate its position as the second largest mobile operator in Uganda with a combined customer base of over 7.4 Mn and market share of over 39 per cent. The agreement is subject to regulatory and statutory approvals and accordingly, the financial impact is not determinable as the transaction is not completed yet.

42. Previous year’s figures in the notes to consolidated financial statements have been reclassified/restated, wherever required to confirm to the current year’s presentation/classification. This does not affect the previously reported net profit or shareholders’ equity.

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

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18-20, Kasturba Gandhi Marg
New Delhi-110 001, India
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Report of Independent Auditors
To the Board of Directors of Bharti Airtel Limited

We have audited the accompanying consolidated statement of financial position of Bharti Airtel Limited ("the Company") and its subsidiaries (together referred to as "the Group") as at March 31, 2012, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of a joint venture, included herein with the Company's share of total assets of Rs 66,935 million as at March 31, 2012, the total revenue (including recovery of power and fuel charges) of Rs 50,859 million and the cash inflows amounting to Rs 206 million for the year then ended, on the basis of amounts reflected in the audited financial statements of the joint-venture and before elimination of inter-company transactions between the Company and the joint venture on Consolidation. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the management in accordance with the International Financial Reporting Standards (IFRS).

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the consolidated financial statements give a true and fair view of the financial position of the Group as of March 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

SR Batliboi & Associates

For S.R. Batliboi & Associates
Firm Registration No.: 101049W
Chartered Accountants

Per Prashant Singhal
Partner
Membership No.: 93283
Date: May 2, 2012
Place: New Delhi

Consolidated income statement

Particulars	Notes	Year ended March 31, 2012	Year ended March 31, 2011
		(₹ Millions, except per share data)	
Revenue	6	**714,508**	595,383
Other operating income		**550**	635
Operating expenses	8	**(477,935)**	(395,300)
		237,123	200,718
Depreciation and amortization	9	**(133,681)**	(102,066)
Profit from operating activities		**103,442**	98,652
Share of results of associates	15	**(74)**	(57)
Profit before finance income, cost and tax		**103,368**	98,595
Finance income	10	**2,643**	3,536
Finance costs	10	**(40,828)**	(25,349)
Profit before tax		**65,183**	76,782
Income tax expense	11	**(22,602)**	(17,790)
Net profit for the year		**42,581**	58,992
attributable to:			
Equity holders of the parent		**42,594**	60,467
Non-controlling interests		**(13)**	(1,475)
Net profit		**42,581**	58,992
Earnings per share	**36**		
Basic, profit attributable to equity holders of parent		**11.22**	15.93
Diluted, profit attributable to equity holders of parent		**11.22**	15.93

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Net profit for the year	**42,581**	58,992
Other comprehensive income		
Exchange differences on translation of foreign operations	**(20,410)**	12,681
Income tax effect	**—**	—
Other comprehensive income for the year, net of tax	**(20,410)**	12,681
Total comprehensive income for the year, net of tax	**22,171**	71,673
attributable to:		
Equity holders of the parent	**22,550**	73,661
Non-controlling interests	**(379)**	(1,988)
Total Comprehensive Income	**22,171**	71,673

For S. R. Batliboi & Associates
Firm Registration No: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel Limited

per Prashant Singhal
Partner
Membership No: 93283

Sunil Bharti Mittal
Chairman & Managing Director

Akhil Gupta
Director

Place : New Delhi
Date : May 2, 2012

Sanjay Kapoor
CEO (India & South Asia)

Mukesh Bhavnani
Group General Counsel & Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

Consolidated statement of financial position

Particulars	Notes	As of March 31, 2012	As of March 31, 2011
		(₹ Millions)	
Assets			
Non-current assets			
Property, plant and equipment	**12**	**674,932**	651,426
Intangible assets	**13**	**660,889**	637,317
Investment in associates	**15**	**24**	—
Derivative financial assets	**16**	**2,756**	1,998
Other financial assets	**17**	**17,086**	7,930
Other non-financial assets	**18**	**15,568**	9,255
Deferred tax asset	**11**	**51,277**	45,061
		1,422,532	1,352,987
Current assets			
Inventories	**19**	**1,308**	2,139
Trade and other receivables	**20**	**63,735**	54,929
Derivative financial assets	**16**	**2,137**	2,682
Prepayments and other assets	**21**	**32,621**	30,504
Income tax recoverable		**9,049**	5,280
Short term investments	**22**	**18,132**	6,224
Other financial assets	**23**	**802**	744
Cash and cash equivalents	**24**	**20,300**	9,575
		148,084	112,077
Total assets		**1,570,616**	1,465,064
Equity and liabilities			
Equity			
Issued capital		**18,988**	18,988
Treasury shares		**(282)**	(268)
Share premium		**56,499**	56,499
Retained earnings		**395,682**	357,446
Foreign currency translation reserve		**(6,026)**	14,018
Other components of equity	**30**	**41,252**	40,985
Equity attributable to equity holders of parent		**506,113**	487,668
Non-controlling interest		**27,695**	28,563
Total equity		**533,808**	516,231
Non-current liabilities			
Borrowings	**25**	**497,154**	532,338
Deferred revenue		**2,892**	8,700
Provisions	**26**	**7,240**	6,085
Derivative financial liabilities	**16**	**401**	151
Deferred tax liability	**11**	**11,621**	12,487
Other financial liabilities	**27**	**23,076**	13,856
Other non-financial liabilities	**28**	**5,551**	5,371
		547,935	578,988
Current liabilities			
Borrowings	**25**	**193,078**	84,370
Deferred revenue		**43,282**	30,599
Provisions	**26**	**1,290**	1,180
Other non-financial liabilities	**28**	**10,811**	10,053
Derivative financial liabilities	**16**	**166**	317
Income tax liabilities		**7,596**	3,642
Trade & other payables	**31**	**232,650**	239,684
		488,873	369,845
Total liabilities		1,036,808	948,833
Total equity and liabilities		**1,570,616**	1,465,064

The accompanying notes form an integral part of these consolidated financial statements.

For S. R. Batliboi & Associates
Firm Registration No: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel Limited

per Prashant Singhal
Partner
Membership No: 93283

Sunil Bharti Mittal
Chairman & Managing Director

Akhil Gupta
Director

Place : New Delhi
Date : May 2, 2012

Sanjay Kapoor
CEO (India & South Asia)

Mukesh Bhavnani
Group General Counsel & Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

Consolidated statement of changes in equity

Particulars	Issued capital: Shares (in '000s)	Issued capital: Par value of ₹ 5 each	Treasury shares	Share premium	Retained earnings	Foreign currency translation reserve	Other components of equity (Note 30)	Total	Non Controlling Interest	Total equity
	Attributable to equity holders of the Parent									
				(₹ Millions, except as stated otherwise)						
As of April 1, 2010	**3,797,531**	**18,988**	**(81)**	**56,499**	**301,342**	**824**	**44,368**	**421,940**	**25,285**	**447,225**
Net income/(loss) for the year	—	—	—	—	60,467	—	—	60,467	(1,475)	58,992
Other comprehensive income/(loss)	—	—	—	—	—	13,194	—	13,194	(513)	12,681
Total comprehensive income/(loss)	**—**	**—**	**—**	**—**	**60,467**	**13,194**	**—**	**73,661**	**(1,988)**	**71,673**
Stock based compensation	—	—	—	—	—	—	1,391	1,391	170	1,561
Transferred from Debenture redemption reserve	—	—	—	—	65	—	(65)	—	—	—
Purchase of treasury stock from market	—	—	(402)	—	—	—	—	(402)	—	(402)
Receipt on exercise of treasury stock	—	—	215	—	—	—	(119)	96	—	96
Transaction with Non-Controlling Interest	—	—	—	—	—	—	(4,590)	(4,590)	(1,514)	(6,104)
Non-Controlling interest arising on a business combination (ref note 7)	—	—	—	—	—	—	—	—	6,610	6,610
Dividend	—	—	—	—	(4,428)	—	—	(4,428)	—	(4,428)
As of March 31, 2011	**3,797,531**	**18,988**	**(268)**	**56,499**	**357,446**	**14,018**	**40,985**	**487,668**	**28,563**	**516,231**
Net income/(loss) for the year	—	—	—	—	42,594	—	—	42,594	(13)	42,581
Other comprehensive income/(loss)	—	—	—	—	—	(20,044)	—	(20,044)	(366)	(20,410)
Total comprehensive income/(loss)	**—**	**—**	**—**	**—**	**42,594**	**(20,044)**	**—**	**22,550**	**(379)**	**22,171**
Stock based compensation	—	—	—	—	—	—	884	884	40	924
Reclassification to provision for payment of stock option (ref note 30)	—	—	—	—	—	—	(121)	(121)	(20)	(141)
Transferred from Debenture redemption reserve	—	—	—	—	32	—	(32)	—	—	—
Transferred from Revaluation reserve	—	—	—	—	21	—	(21)	—	—	—
Purchase of treasury stock from market	—	—	(544)	—	—	—	—	(544)	—	(544)
Exercise of treasury stock	—	—	530	—	—	—	(343)	187	—	187
Transaction with Non-Controlling Interest (ref note 7)	—	—	—	—	—	—	(100)	(100)	100	—
Change in Non-Controlling interest arising on a business combination (ref note 7)	—	—	—	—	—	—	—	—	(715)	(715)
Dividend paid to Company's shareholders (refer note 30)	—	—	—	—	(4,411)	—	—	(4,411)	—	(4,411)
Dividend paid to Non-Controlling Interest	—	—	—	—	—	—	—	—	(157)	(157)
Others (ref note 7)	—	—	—	—	—	—	—	—	263	263
As of March 31, 2012	**3,797,531**	**18,988**	**(282)**	**56,499**	**395,682**	**(6,026)**	**41,252**	**506,113**	**27,695**	**533,808**

The accompanying notes form an integral part of these consolidated financial statements

For S. R. Batliboi & Associates
Firm Registration No: 101049W
Chartered Accountants

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman & Managing Director

Akhil Gupta
Director

per Prashant Singhal
Partner
Membership No: 93283

Sanjay Kapoor
CEO (India & South Asia)

Mukesh Bhavnani
Group General Counsel &
Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

Place : New Delhi
Date : May 2, 2012

Consolidated statement of cash flow

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Cash flows from operating activities		
Profit before tax	**65,183**	76,782
Adjustments for -		
Depreciation and amortization	**133,681**	102,066
Finance income	**(2,643)**	(3,536)
Finance cost	**40,828**	25,349
Share of results of associates (post tax)	**74**	57
Amortization of stock based compensation	**783**	1,561
Other non-cash items	**1,534**	480
Operating cash flow before changes in assets and liabilities	**239,440**	202,759
Trade & other receivables and prepayments	**(14,094)**	(9,207)
Inventories	**1,475**	(211)
Trade and other payables	**23,961**	16,987
Provisions	**397**	(160)
Other financial and non financial liabilities	**9,505**	4,282
Other financial and non financial assets	**(6,381)**	(2,114)
Cash generated from operations	**254,303**	212,336
Interest received	**401**	565
Income tax paid	**(29,453)**	(24,388)
Net cash inflow from operating activities	**225,251**	188,513
Cash flows from investing activities		
Purchase of property, plant and equipment	**(144,436)**	(109,952)
Proceeds from sale of property, plant and equipment	**1,074**	783
Purchase of intangible assets	**(6,921)**	(167,925)
Short term investments (net)	**(10,823)**	46,590
Investment in subsidiary, net of cash acquired (refer note 7)	**(24,985)**	(373,991)
Proceeds from disposal of subsidiary (refer note 7)	**2,543**	—
Investment in associates	**(98)**	—
Loan to associates	**(172)**	—
Loan repayment received from associates	**210**	—
Net cash outflow from investing activities	**(183,608)**	(604,495)
Cash flows from financing activities		
Proceeds from issuance of borrowings	**164,864**	564,390
Repayment of borrowings	**(163,343)**	(139,104)
Short term borrowings (net)	**(4,351)**	4,300
Purchase of treasury stock	**(544)**	(402)
Interest paid	**(32,352)**	(21,595)
Proceeds from exercise of stock options	**187**	96
Dividend paid (including tax) to Company's shareholders (refer note 30)	**(4,411)**	(4,428)
Dividend paid (including tax) to non — controlling interests	**(157)**	—
Acquisition of non-controlling interest	**—**	(6,104)
Net cash inflow/(outflow) from financing activities	**(40,107)**	397,153
Net increase/(decrease) in cash and cash equivalents during the year	**1,536**	(18,829)
Effect of exchange rate changes on cash and cash equivalents	**493**	(124)
Add : Balance as at the beginning of the year	**6,008**	24,961
Balance as at the end of the year (refer note 24)	**8,037**	6,008

The accompanying notes form an integral part of these consolidated financial statements

For S. R. Batliboi & Associates
Firm Registration No: 101049W
Chartered Accountants

per Prashant Singhal
Partner
Membership No: 93283

Place : New Delhi
Date : May 2, 2012

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman & Managing Director

Akhil Gupta
Director

Sanjay Kapoor
CEO (India & South Asia)

Mukesh Bhavnani
Group General Counsel & Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

1. Corporate information

Bharti Airtel Limited ("Bharti Airtel" or "the Company" or "the Parent") is domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Bombay Stock Exchange ('BSE'), India. The Registered office of the Company is situated at Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.

Bharti Airtel together with its subsidiaries is hereinafter referred to as 'the Group'. The Group is a leading telecommunication service provider in India and also has strong presence in Africa and South Asia.

The principal activities of the Group, its joint ventures and associates consist of provision of telecommunication systems and services, passive infrastructure services and direct to home services. The principal activities of the subsidiaries, joint ventures and associates are disclosed in Note 40.

The services provided by the Group are disclosed in Note 6 under segment reporting.

The Group's principal shareholders as of March 31, 2012 are Bharti Telecom Limited and Singapore Telecommunication International Pte Limited.

2. Basis of preparation

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

The consolidated financial statements were authorized for issue by the Board of Directors on May 2, 2012.

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

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

3. Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as disclosed in note 43 and for the following new and amended Standards and Interpretations effective from the current financial year:

S. No.	Standards/Interpretations/Amendments	Month of Issue
1	IAS 24, *"Related party disclosures"*	November, 2009
2	Amendment to IFRIC 14, *"IAS 19 — The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"*	November, 2009
3	IFRIC 19, *"Extinguishing Financial Liabilities with Equity Instruments"*	November, 2009
4	Amendment to IFRS 1, "*First time adoption of International Financial Reporting Standards"*	January, 2010
5	Improvement to certain IFRS	May, 2010

The adoption of the Standards and Interpretations mentioned above do not have any impact on the financial position or performance of the Group.

3.1 Basis of measurement

The consolidated financial statements are prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. These consolidated financial statements have been presented in Indian Rupees ('Rupees' or '₹'), which is the Company's functional and presentation currency.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in Note 40.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Non-controlling interests (NCI) have certain rights under shareholders' agreements, the Company evaluates whether these rights are in the nature of participative or protective rights for the purpose of ascertaining the control.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies and accounting period in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

Losses are attributed to the non-controlling interest even if that results in a deficit balance. However, the non-controlling interests share of losses of subsidiary are allocated against the interests of the Group where the non-controlling interest is reduced to zero and the Company has a binding obligation under a contractual arrangement with the holders of non-controlling interest.

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

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

3.3 Business Combinations

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

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

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

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

Acquisition related costs, such as finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees are recognized in profit or loss in the period they are incurred.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability are recognized in accordance with IAS 39, *"Financial Instrument: Recognition and Measurement"*, either in income statement or in other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured and its subsequent settlement is accounted for within equity.

Where the Group increases its interest in an entity such that control is achieved, previously held equity interest in the acquired entity is revalued to fair value as at the date of acquisition, being the date at which the Group obtains control of the acquiree. The change in fair value is recognized in profit or loss.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with IAS 37, *"Provisions, Contingent Liabilities and Contingent Assets",* or amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 "Revenue".

3.4 Interest in joint venture companies

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control). Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group reports its interest in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined with the equivalent items on a line-by-line basis in the consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Company. Adjustments are made where necessary to bring the accounting policies in line with those of the Group. Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of balances, income and expenses and unrealized gains and losses on transactions between the Group and its jointly controlled entities.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

3.5 Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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 investment in associates are accounted using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment. Losses of an associate in excess of the Group's interest in that 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 associate.

The financial statements of the associate are prepared for the same reporting period as the parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

3.6 Intangible assets

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

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

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortization period and the amortization method for an intangible asset (except goodwill) is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

a. Goodwill

Goodwill is initially recognized 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.

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

b. Software

Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of license, generally not exceeding three years. Software up to ₹ 500 thousand is amortized over a period of 1 year.

c. Bandwidth

Payments for bandwidth capacities are classified as pre-payments in service arrangements or under certain conditions as an acquisition of a right. In the latter case it is accounted for as an intangible asset and the cost is amortized over the period of the agreement.

d. Licenses

Acquired licenses (including spectrum) are initially recognized at cost. Licenses acquired in a business combination are initially recognized at fair value at the acquisition date. Subsequently, licenses are measured at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is recognized in profit or loss on a straight-line basis over the unexpired period of the license commencing from the date when the related network is available for intended use in the respective jurisdiction and is disclosed under 'depreciation and amortization'. The amortization period relating to licenses acquired in a business combination is determined primarily by reference to the unexpired license period.

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

e. Other intangible assets

Other intangible assets are initially recognized at cost. Other intangible assets acquired in a business combination comprising brands, customer relationships and distribution networks, are capitalized at fair values on the date of acquisition and are amortized as below:

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: Over estimated useful life

Customer base: Over the estimated life of such relationships

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use.

3.7 Property, plant and equipment ('PPE')

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as separate component of assets with specific useful lives and provides depreciation over their useful life. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

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

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

Particulars	Years
Buildings	20
Network equipment	3-20
Computer equipment	3
Office furniture and equipment	2-5
Vehicles	3-5
Leasehold improvements	Remaining period of the lease or 10/20 years, as applicable, whichever is less
Customer Premises Equipment	5-6

Assets individually costing ₹five thousand or less are fully depreciated over a period of 12 months from the date placed in service.

3.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic environment.

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

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Impairment losses, if any, are recognized in profit or loss as a component of depreciation and amortization expense.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits, and other short term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

3.10 Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Leases

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

a. Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits 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 profit or loss.

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

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

b. Group as a lessor

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 the periodic rate of return on the net investment of the lessor outstanding in respect of the finance lease.

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

c. Indefeasible right to use ('IRU')

As part of the operations, the Group enters into agreement for leasing assets under "Indefeasible right to use" with third parties. Under the arrangement the assets are taken or given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remains with the lessor. Hence, such arrangements are recognized as operating lease. Direct expenditures incurred in connection with agreements are capitalized and expensed over the term of the agreement.

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 as deferred revenue in non-current liabilities and the amount recognizable within one year is disclosed as deferred revenue in current liabilities.

3.12 Financial instruments

Financial assets and financial liabilities are recognized on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities at initial recognition. All financial assets and liabilities are recognized initially at fair value plus directly attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss.

A. Financial Assets

1. Financial assets — Initial recognition

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

2. Financial assets — Subsequent measurement

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

a. Financial assets at fair value through profit or loss

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

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

b. Financial assets measured at amortized cost

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

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

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

3. Financial assets — Derecognition

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

B. Financial liabilities

1. Financial liabilities — Measurement

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

a. Financial liabilities at fair value through profit or loss

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

b. Financial liabilities measured at amortized cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

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

2. Financial liabilities -Derecognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

C. Offsetting financial instruments

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

D. Derivative financial instruments — Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current(or separated into current and non-current portions) consistent with the classification of the underlying item.

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

E. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for log positions and ask price for short positions), without deduction of any transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions

- Reference to the current fair value of another instrument that is substantially the same

- A discounted cash flow analysis or other valuation models.

3.13 Treasury shares

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

3.14 Share-based compensation

The Group issues equity-settled and cash-settled share-based options to certain employees. Equity-settled share-based options are measured on fair value at the date of grant.

The fair value determined on the grant date of the equity settled share based options is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest.

The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period. At the end of the each reporting period, until the liability is settled, and at the date of settlement, the fair value of the liability is recognized, with any changes in fair value pertaining to the vested period recognized immediately in profit or loss.

Fair value is measured using Lattice-based option valuation model, Black-Scholes and Monte Carlo Simulation framework and is recognized as an expense, together with a corresponding increase in equity/liability, as appropriate, over the period in which the options vest using the graded vesting method. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations. The expected volatility and forfeiture assumptions are based on historical information.

Where the terms of a share-based compensation are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it is vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.15 Employee benefits

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

Under the defined benefit retirement plan, the Group provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Group.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognized as an asset or liability in the statement of financial position. Scheme liabilities are calculated using the projected unit funding method and applying the principal actuarial assumptions as at the date of statement of financial position. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

All expenses in respect of defined benefit plans, including actuarial gains and losses, are recognized in the profit or loss as incurred.

The amount charged to the income statement in respect of these plans is included within operating costs or in the Group's share of the results of equity accounted operations as appropriate.

The Group's contributions to defined contribution plans are recognized in profit or loss as they fall due. The Group has no further obligations under these plans beyond its periodic contributions.

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

3.16 Foreign currency transactions

a. Functional and presentation currency

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

b. Transactions and balances

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

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

c. Translation of foreign operations' financial statements

The assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates prevailing during the year. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation (reduction in percentage ownership interest), the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Exchange differences arising on a monetary item that forms part of a 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.

d. Translation of goodwill and fair value adjustments

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

3.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable, excluding discounts, rebates, and VAT, service tax or duty. The Group assesses its revenue arrangements against specific criteria, i.e., whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent.

a. Service revenues

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

Service revenues are recognized as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid cards are recognized based on actual usage. 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. Subscriber acquisition costs are expensed as incurred. On introduction of new prepaid products, processing fees on recharge coupons is being recognized over the estimated customer relationship period or coupon validity period, whichever is lower.

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 their expected customer relationship period of 12 months. Service revenue is recognized from the date of satisfactory installation of equipment and software at the customer site and provisioning of internet and satellite services. Revenue from prepaid dialup packs is recognized on an actual usage basis and is net of sales returns and discounts.

Revenues from national and international long distance operations comprise revenue from provision of voice services which are recognized on provision of services while revenue from provision of bandwidth services is recognized over the period of arrangement.

Unbilled receivables represent revenues recognized from the bill cycle date to the end of each month. These are billed in subsequent periods based on the terms of the billing plans.

Deferred revenue includes amount received in advance on pre-paid cards and advance monthly rentals on post-paid. The related services are expected to be performed within the next operating cycle.

b. Equipment sales

Equipment sales consist primarily of revenues from sale of VSAT and internet equipment (hardware) and related accessories to subscribers. Revenue from such equipment sales are deferred and recognized over the customer relationship period.

c. Capacity Swaps

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

d. Multiple element arrangements

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

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

e. Interest income

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

f. Dividend income

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

3.18 Taxes

a. Current income tax

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. Deferred tax

Deferred tax liability is provided on temporary differences at the reporting date between the tax 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.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

3.19 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. The interest cost incurred for funding a qualifying asset during the construction period is capitalized based on actual investment in the asset at the average interest rate for specific borrowings. All other borrowing costs are expensed in the period they occur.

3.20 Dividends Paid

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

3.21 Earnings per share

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

3.22 Provisions

a. General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

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

b. Contingencies

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

c. Asset Retirement Obligation

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

4. Significant accounting judgments, estimates and assumptions

Under IFRS, the directors are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting fairly the Group's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate.

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

4.1 Critical judgments in applying the entity's accounting policies

a) Arrangement containing lease

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

The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that such contracts are in the nature of operating leases.

b) Revenue recognition and presentation

The Group assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services, in order to determine if it is acting as a principal or as an agent. The Group has concluded that in certain geographies its revenue arrangements are on a principal to principal basis.

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

Where the Group's role in a transaction is that of a principal, revenue comprises amount billed to the customer/distributor, after trade discounts.

c) Multiple element contracts with vendors

The Group has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the significant accounting policies) have been accounted under Property , Plant and Equipment and/or as Intangible assets, since the Group has economic ownership in these assets. The Group believes that the current treatment represents the substance of the arrangement.

d) Determination of functional currency

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

4.2 Critical accounting estimates and assumptions

Significant items subject to estimates and assumptions include the useful lives (other than for goodwill) and the evaluation of impairment of property, plant and equipment and identifiable intangible assets and goodwill, income tax, stock based compensation, the valuation of the assets and liabilities acquired in business combinations, fair value estimates, contingencies and legal reserves, asset retirement obligations, allocation of cost between capital and service agreement, residual value of fixed assets and the allowance for doubtful accounts receivable and advances. Actual results could differ from these estimates.

a) Impairment reviews

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

The Group prepares and internally approves formal five year plans for its businesses and uses these as the basis for its impairment reviews. In certain markets which are forecast to grow ahead of the long term growth rate for the market, further years will be used until the forecast growth rate trends towards the long term growth rate, up to a maximum of ten years.

Since the value in use exceeds the carrying amount of CGU, the fair value less costs to sell is not determined.

The Group tests goodwill for impairment annually on March 31 for Mobile services — Africa CGU and on September 30 for other CGUs and whenever there are indicators of impairment. If some or all of the goodwill, allocated to a CGU, is recognized in a business combination during the year, that unit is tested for impairment before the end of that year.

b) Allowance for uncollectible accounts receivable and advances

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible. The carrying amount of allowance for doubtful debts is ₹ 18,988 Mn and ₹ 13,538 Mn as of March 31, 2012 and March 31, 2011, respectively.

c) Asset Retirement Obligations (ARO)

In determining the fair value of the ARO provision the Group uses technical estimates to determine the expected cost to dismantle and remove the infrastructure equipment from the site and the expected timing of these costs. Discount rates are determined based on the government bond rate of a similar period as the liability. The carrying amount of provision for ARO is ₹ 5,905 Mn and ₹ 4,825 Mn as of March 31, 2012 and March 31, 2011 respectively.

d) Taxes

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

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

e) Assets, liabilities and contingent liabilities acquired in a business combination

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

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

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

Identifiable intangible assets acquired under business combination include licenses, customer bases and brands. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset, where no active market for the assets exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets. The relative size of the Group's intangible assets, excluding goodwill, makes the judgments surrounding the estimated useful lives critical to the Group's financial position and performance.

Further details on purchase price allocation have been disclosed in note 7.

f) Intangible assets

Refer note 3.6 for the estimated useful life of intangible assets. The carrying value of intangible assets has been disclosed in note 13.

g) Property, plant and equipment

Refer note 3.7 for the estimated useful life of property, plant and equipment. The carrying value of property, plant and equipment has been disclosed in note 12.

Property, plant and equipment also represent a significant proportion of the asset base of the Group. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in profit or loss.

The useful lives and residual values of Group assets are determined by management at the time the asset is acquired and reviewed periodically. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Furthermore, network infrastructure is depreciated over a period beyond the expiry of the associated , under which the operator provides telecommunications services, if there is a reasonable expectation of renewal or an alternative future use for the asset. Historically, changes in useful lives and residual values have not resulted in material changes to the Group's depreciation charge.

h) Activation and installation fees

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

5. Standards issued but not yet effective up to the date of issuance of the group's financial statements

a) IFRS 9 Financial Instruments

In November 2009, International Accounting Standards Board issued IFRS 9, *"Financial Instruments",* to reduce complexity of the current rules on financial instruments as mandated in IAS 39, *"Financial Instruments: Recognition and Measurement"*. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. Further it eliminates the rule based requirement of segregating embedded derivatives and tainting rules pertaining to held to maturity investments. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, on an individual share-by-share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognized in other comprehensive income would ever be reclassified to profit or loss. IFRS 9 was further amended in October 2010, and such amendment introduced requirements on accounting for financial liabilities. This amendment addresses the issue of volatility in the profit or loss due to changes in the fair value of an entity's own debt. It requires the entity, which chooses to measure a liability at fair value, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income.

The Company is required to adopt the standard by the financial year commencing April 1, 2015. The Company is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

b) Amendment to IFRS 7 Financial Instruments : Disclosures

In October 2010, International Accounting Standards Board issued amendment to IFRS 7. The IASB introduced enhanced disclosure requirements to IFRS 7 as part of its comprehensive review of off-balance sheet activities. The amendments are designed to ensure that users of financial statements are able to more readily understand transactions involving the transfer of financial assets (for example, securitization), including the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if the total amount of proceeds from transfer activity (that qualifies for derecognition) in a reporting period is not evenly distributed throughout the reporting period.

The Company is required to adopt the amendments by the financial year commencing April 1, 2012. Disclosures are not required for comparative periods before the date of initial application of the amendments. The amendment affects disclosure only and the Company believes that the adoption of the amendments will not have a material effect on the consolidated financial statements.

c) IFRS 10 Consolidated Financial Statements

In May 2011, International Accounting Standards Board issued IFRS 10, "*Consolidated Financial statements*".

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12 Consolidation — Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purposes entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirement that are in IAS 27. For instance, IFRS 10 provides additional guidance for determining of control in case of franchisor franchisee relationship, de facto agent, silos and potential voting rights. The Company is required to adopt IFRS 10 by the financial year commencing April 1, 2013. The Company is currently evaluating the requirements of this standard, and has not yet determined the impact on the consolidated financial statements.

d) IFRS 11 Joint Arrangements

In May 2011, International Accounting Standards Board issued IFRS 11, "*Joint arrangements*".

IFRS 11 replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "*Jointly-controlled Entities-Non-monetary Contributions by Venturers*". IFRS 11 defines joint control as the contractually agreed sharing of control of an arrangement; which exists only when the decisions about the relative activities require the unanimous consent of the parties sharing control. The reference to 'control' in 'joint control' refers to the definition of 'control' under IFRS 10. IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 (jointly controlled operations, jointly controlled assets and jointly controlled entities) to two categories: joint operation and joint ventures. IFRS 11 removes the option to account for jointly controlled entities using the proportionate method, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The Company is required to adopt IFRS 11 by the financial year commencing April 1, 2013.

The application of this new standard will impact the financial position of the Group if the jointly controlled entities (refer note 40 for list of joint ventures) as defined by IAS 31 meet the definition of a joint venture under IFRS11. IFRS 11 requires that the nature and the substance of the contractual rights and obligations arising from arrangement are considered when classifying it as either a joint operation or a joint venture; the legal form or structure of the arrangement is not the most significant factor in classifying the arrangement. Management must analyse whether its interests in joint ventures should be classified as joint ventures or joint operations. The final assessment has not been made. However:

- If the outcome of the analysis is that these are joint ventures under IFRS11, then the transition to IFRS 11 will result in substantial changes to the financial statements of the Group because the Group currently recognises its interests using the proportionate consolidation. This will result in recognizing a single line item investment in a joint venture in the statement of financial position, and a single line item for the proportionate share of net income and changes in equity in the consolidated income statement and in the comprehensive income.

- On the other hand, if the outcome of the analysis is that the jointly controlled entities are classified as joint operations under IFRS 11 there would likely be no difference between the accounting for a joint operation and proportionate consolidation if the Group has rights to a specified percentage of all assets and obligations for a specified percentage of liabilities. However, if the Group has rights to a specified percentage of certain assets and differing rights to other assets, and different obligations for liabilities, the financial statements would look different when accounting for those individual rights and obligations as compared with proportionately consolidating a blended percentage of all assets and liabilities.

The Group has to analyse if the current jointly controlled entities meet the definition of a joint venture or of joint operation under IFRS11. A detailed assessment of the impact is currently in progress.

e) IFRS 12 Disclosure of interests in other entities

In May 2011, International Accounting Standards Board issued IFRS 12, *"Disclosure of interests in other entities"*. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. One of major requirements of IFRS 12 is that an entity needs to disclose the significant judgment and assumptions it has made in determining:

a. Whether it has control, joint control or significant influence over another entity.

b. The type of joint arrangement (i.e. joint operation or joint venture) when the joint arrangement is structured through a separate vehicle

IFRS 12 also expands the disclosure requirements for subsidiaries with Non-controlling interest, joint arrangements and associates that are individually material. IFRS 12 introduces the term — "Structured entity" by replacing the concept of Special Purpose entities that was previously used in SIC 12; and requires enhanced disclosures by way of nature and extent of, and changes in, the risks associated with its interests in both its consolidated and unconsolidated structured entities. The Company is required to adopt IFRS 12 by the financial year commencing April 1, 2013. The Company is currently evaluating the requirements of this standard, and has not yet determined the impact on the consolidated financial statements.

f) IFRS 13 Fair value measurement

In May 2011, the International Accounting Standards Board issued IFRS 13 to provide a specific guidance on fair value measurement and requires enhanced disclosures for all assets and liabilities measured at fair value, not restricting to financial assets and liabilities. The standard introduces a precise definition of fair value and provides guidance on how fair value is measured under IFRS when fair value is required or permitted. IFRS 13 sets out in a single standard a framework to measure the fair value and it also requires disclosures about the fair value measurement. The Company is required to adopt the standard by the financial year commencing April 1, 2013. The Company is currently evaluating the requirements of IFRS 13, and has not yet determined the impact on the consolidated financial statements.

g) IAS 27 (Amended) Consolidated and Separate Financial Statements

In May 2011, International Accounting Standards Board amended IAS 27, *"Consolidated and Separate Financial Statements.* As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

The Company is required to adopt IAS 27 by the financial year commencing April 1, 2013. The Company is currently evaluating the requirements of this standard, and has not yet determined the impact on the consolidated financial statements.

h) IAS 28 (Revised) Investments in Associates and Joint Ventures

In May 2011, International Accounting Standards Board amended IAS 28, *"Investments in Associates and Joint Ventures"*, as a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

The Company is required to adopt IAS 28 by the financial year commencing April 1, 2013. The Company is currently evaluating the requirements of this standard, and has not yet determined the impact on the consolidated financial statements.

i) Amendments to IAS 1 Presentation of Financial instruments

In June 2011, the International Accounting Standards Board issued amendments to IAS 1. The amendments require companies preparing financial statements in accordance with IFRSs to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable to the income statement. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax).

The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. The Company is required to adopt the amendments by the financial year commencing April 1, 2013. The Company has evaluated the requirements of the amendments and the Company does not believe that the adoption of the amendments will have a material effect on the consolidated financial statements.

j) Amendments to IAS 19 Employee Benefits

In June 2011, International Accounting Standards Board issued amendments to IAS 19. The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The most significant changes that will apply are:

- Actuarial gains and losses are to be recognized in OCI when they occur. Amounts recognized in profit or loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). All other changes in the net defined benefit asset/liability are recognized in other comprehensive income with no subsequent recycling to profit and loss.

- The net interest income or expense is the product of the net balance sheet liability or asset and the discount rate used to measure the obligation — both as at the start of the year.

- Objectives for disclosures of defined benefits plans are explicitly stated in the revised IAS 19, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

- Termination benefits will be recognized at the earlier of when the offer of termination cannot be withdrawn, or when the related restructuring costs are recognized under IAS 37, Liabilities.

- The distinction between short-term and long-term employee benefits will be based on expected timing of settlement rather than the employee's entitlement benefits.

The Company is required to adopt the amendments by the financial year commencing April 1, 2013. The amendments need to be adopted retrospectively with certain exceptions. The amendment will impact the accounting of actuarial gains and losses on defined benefit obligations of the Group, which is presently being recognized in the income statement. These would be required to be recognized in the other comprehensive income. A detailed assessment of the impact is currently in progress.

k) Amendments to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures

In December 2011, the International Accounting Standards Board issued amendments to IAS 32 and IFRS 7. The IASB amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities.

Amendments to IAS 32 clarify the meaning of 'currently has a legally enforceable right of set-off' and also clarify the application of IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous.

The amendments to IFRS 7 require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements). The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar arrangement', irrespective of whether they are set-off in accordance with IAS 32.

The Company is required to adopt the amendments to IFRS 7 and IAS 32 by the financial year commencing April 1, 2013 and April 1, 2014, respectively. The Company is currently evaluating the requirements of the amendments, and has not yet determined the impact on the consolidated financial statements.

l) The following Interpretations and amendments to standards have been issued as of March 31, 2012 but not yet effective and have not yet been adopted by the Group. These are not expected to have any impact on the consolidated financial statements:

S.No.	Standards/ Interpretations/ Amendments	Month of Issue	Effective date — annual periods beginning on or after
1.	Amendment to IAS 12, *"Income Taxes"*	December, 2010	January 1, 2012
2.	Amendment to IFRS 1, *"First-time Adoption of International Financial Reporting Standards*"	December, 2010	July 1, 2011
3.	IFRIC Interpretation 20, *"Stripping Costs in the Production Phase of a Surface Mine*"	October, 2011	January 1, 2013

6. Segment reporting

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

Since the start of the commercial operations in October, 2008, 'Direct-to-home' DTH business has been making significant inroads into the overall business performance of the Group, accordingly, during the year ended March 31, 2012, the Group has decided to report its performance as a separate segment, earlier reported as part of 'Others' segment.

In line with the changes in the internal reporting during the year ended March 31,2012, the Group has regrouped corporate headquarter's expenses/results, assets and liabilities relating to the Group's Africa operations with 'Africa mobile services' segment, earlier reported as part of 'Others' segment.

Further, during the year ended March 31, 2012, the Group has revised the presentation of expenses/results, assets and liabilities of corporate headquarter of the Group and other activities not allocated to the operating segments as 'Unallocated', earlier reported as part of 'Others' segment.

Segment comparatives have been restated to reflect the changes described above.

The revised reporting segments of the Group are as below:

Mobile Services India and South Asia (SA): These services cover voice and data telecom services provided through GSM technology in the geographies of India and South Asia (SA). This includes the captive national long distance networks which primarily provide connectivity to the mobile services business in India.

Mobile Services Africa: These services cover provision of voice and data telecom services offered to retail customers in Africa Continent. This also includes corporate headquarter costs of the Group's Africa operations which were earlier reported as part of 'Others' segment.

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

Digital TV Services (formerly known as 'DTH Services'): This includes digital broadcasting services provided under the Direct-to-home platform. The same was earlier reported as part of 'Others' segment.

Airtel Business (formerly known as 'Enterprise Services'): These services cover end-to-end telecom solutions being provided to large Indian and global corporations by serving as a single point of contact for all telecommunication needs across data and voice (domestic as well as international long distance), network integration and managed services.

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

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

The measurement principles for segment reporting are based on IFRSs adopted in the consolidated financial statements. Segment's performance is evaluated based on operating revenue and profit or loss from operations (EBIT).

Operating revenues and expenses related to both third party and inter-segment transactions are included in determining the operating earnings of each respective segment. Re-branding expenditure pertaining to the acquired businesses are included under the related business segment and other re-branding expenditure are presented as 'Unallocated' reconciling item. Finance income earned and finance expense incurred are not allocated to individual segment and the same has been reflected at the Group level for segment reporting. Inter segment revenue are accounted for on terms established by the management on arm's length basis. Inter segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period the change occurs. Segment information prior to the change in terms is not restated. These transactions have been eliminated on consolidation. The total assets disclosed for each segment represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment, intangibles, inventories, operating cash and bank balances, inter segment assets and exclude derivative financial instruments, deferred tax assets and income tax recoverable.

Segment liabilities comprise operating liabilities and exclude external borrowings, provision for taxes, deferred tax liabilities and derivative financial instruments. Segment capital expenditure comprise additions to property, plant and equipment and intangible assets (net of rebates, where applicable).

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

Summary of the segmental information as of and for the year ended March 31, 2012 is as follows:

Description	Mobile Services India & South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Passive Infra Services	Others	Unallocated	Eliminations	Consolidated
	(₹ Millions)									
Revenue from external customers	386,716	197,796	33,694	33,082	12,919	50,301	—	—	—	714,508
Inter segment revenue	16,375	469	3,577	11,459	41	44,808	3,117	—	(79,846)	—
Total revenues	**403,091**	**198,265**	**37,271**	**44,541**	**12,960**	**95,109**	**3,117**	**—**	**(79,846)**	**714,508**
Segment result	82,244	14,147	7,149	2,629	(7,198)	14,641	(416)	(9,792)	38	103,442
Share of profits/(loss) in associates										(74)
Finance income										2,643
Finance costs										(40,828)
Earnings before taxation										**65,183**
Other segment items										
Period capital expenditure	(37,232)	(72,789)	(10,144)	(7,025)	(8,285)	(13,800)	(1,610)	(167)	7,074	(143,978)
Depreciation and amortization	(54,446)	(38,644)	(8,664)	(5,684)	(7,663)	(21,303)	(4)	(521)	3,248	(133,681)
As of March 31, 2012										
Segment assets	677,975	679,350	99,297	102,660	23,397	206,446	1,053	239,085	(458,647)	1,570,616
Segment liabilities	159,656	229,597	64,621	44,194	42,908	43,533	1,428	908,659	(457,788)	1,036,808

Summary of the segmental information as of and for the year ended March 31, 2011 is as follows:

Description	Mobile Services India & South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Passive Infra Services	Others	Unallocated	Eliminations	Consolidated
					(₹ Millions)					
Revenue from external customers	348,490	130,721	33,563	30,202	7,721	44,686	—	—	—	595,383
Inter segment revenue	14,910	113	2,761	11,261	39	40,869	2,741	—	(72,694)	—
Total revenues	**363,400**	**130,834**	**36,324**	**41,463**	**7,760**	**85,555**	**2,741**	**—**	**(72,694)**	**595,383**
Segment result	85,551	2,381	8,334	5,546	(5,181)	11,688	47	(9,714)	—	98,652
Share of profits/(loss) in associates										(57)
Finance Income										3,536
Finance Cost										(25,349)
Earnings before taxation										**76,782**
Other segment items										
Period capital expenditure	(187,857)	(35,236)	(45,216)	(11,426)	(12,074)	(23,622)	—	(1,259)	9,742	(306,948)
Depreciation and amortization	(41,346)	(26,128)	(8,155)	(4,577)	(4,086)	(20,058)	—	(563)	2,847	(102,066)
As of March 31, 2011										
Segment assets	594,629	584,051	97,396	100,630	22,637	203,105	588	144,409	(282,381)	1,465,064
Segment liabilities	155,603	139,369	69,837	46,201	34,581	40,733	1,027	742,853	(281,371)	948,833

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Unallocated Assets comprise of :		
Derivative financial assets	**4,893**	4,680
Deferred tax asset	**51,277**	45,061
Income tax recoverable	**9,049**	5,280
Others	**173,866**	89,388
Total	**239,085**	144,409

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Unallocated Liabilities comprise of :		
Borrowings	**690,232**	616,708
Derivative financial liabilities	**567**	468
Deferred tax liability	**11,621**	12,487
Income tax liabilities	**7,596**	3,642
Others	**198,643**	109,548
Total	**908,659**	742,853

Borrowings include amount borrowed for the acquisition of 3G and BWA Licenses ₹ 61,117 Mn and ₹ 63,765 Mn and for funding the acquisition of Africa operations and other borrowings of Africa operations ₹ 508,113 Mn (USD 9.93 bn) and ₹ 460,966 Mn (USD 10.32 bn) as of March 31, 2012 and March 31, 2011, respectively.

Geographical information:

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

(a) Revenue from external customers:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
India	**499,994**	452,412
Africa	**197,796**	130,721
Rest of the World	**16,718**	12,250
Total	**714,508**	595,383

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

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
India	**678,291**	707,754
Africa	**625,732**	552,765
Rest of the World	**31,798**	28,224
Total	**1,335,821**	1,288,743

7. Business combination/acquisition of non-controlling interest/disposal of subsidiary

a) Acquisition of 100 per cent. interest in Bharti Airtel Africa B.V. (erstwhile Zain Africa B.V. ('Zain'))

The Group entered into a share purchase agreement with Zain International BV to acquire 100 per cent. equity interest in Zain Africa B.V. ('Zain') as of March 30, 2010 for USD 9 bn. The transaction was closed on June 8, 2010. With this acquisition, the Group has made an additional step towards its objective to expand globally and create its presence in the African market.

The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their preliminary fair values as on the acquisition date and the purchase consideration was allocated to the net assets.

The goodwill recognized in the transaction consists largely of the synergies and economies of scale expected from the combined operation of the Group and Zain Africa B.V. and certain intangible assets such as one network arrangement, assembled work force, domain name and co-location agreement which have not been recognized separately as these do not meet the criteria for recognition as intangible assets under IAS 38 "Intangible Assets".

The following table summarizes the fair value of the consideration paid, the amount at which assets acquired and the liabilities assumed are recognized and non-controlling interest in Bharti Airtel Africa B.V. as of the date of acquisition, i.e., June 8, 2010.

Particulars	As determined as of June 7, 2011	As determined as of March 31, 2011	As determined on the date of acquisition
		(₹ Millions)	
Purchase consideration			
Cash	374,091	374,091	374,091
Deferred consideration at fair value	36,565	47,786	47,786
Total (A)	410,656	421,877	421,877
Acquisition related cost (included in Selling, general and administrative expenses in the Group consolidated statement of comprehensive income)	1,417	1,417	1,417

Particulars	As determined as of June 7, 2011	As determined as of March 31, 2011	As determined on the date of acquisition
		(₹ Millions)	
Recognized amount of Identifiable assets acquired and liabilities assumed			
Assets acquired			
Property, plant & equipments	104,925	122,002	126,271
Intangibles assets	97,934	81,036	81,035
Current assets	64,619	63,684	63,312
Liabilities assumed			
Non current liabilities	(76,356)	(76,182)	(75,543)
Current liabilities	(106,581)	(103,871)	(102,126)
Contingent liability (legal & tax cases)	(7,435)	(7,435)	(8,347)
Net identifiable assets (B)	77,106	79,234	84,602
Non controling interest in Zain (C)	**5,858**	**6,610**	**7,418**
Goodwill* (A-B+C)	**339,408**	**349,253**	**344,693**

During the three months period ended June 30, 2011, the end of the measurement period, the Group completed the fair valuation of net assets acquired as at the acquisition date and settled the deferred purchase consideration after adjusting for the claims of ₹ 11,221 Mn identified subsequent to the acquisition date as per the Share Purchase Agreement. The change in the net assets acquired as determined as of March 31, 2011 is primarily on account of decrease in provisional fair valuation of tangible assets by ₹ 17,077 Mn, increase in provisional fair valuation of intangible assets by ₹ 16,898 Mn and balance decrease of ₹ 1,197 Mn is on account of change in fair valuation of other assets and liabilities (including reduction in non controlling interest by ₹ 752 Mn). These have resulted in net reduction in goodwill by ₹ 9,845 Mn. Net depreciation and amortization expense (net of tax and non-controlling interest) of ₹ 429 Mn on account of finalization of fair valuation of tangible and intangible assets has been recognized in profit or loss on completion of the fair value of net assets acquired as at the acquisition date. The Group has assessed the above change as immaterial.

* Subsequent to the completion of the measurement period, the Group has identified certain errors post the acquisition date resulting into further reduction of Goodwill by ₹ 1,708 Mn (including reduction in deferred consideration by ₹ 211 Mn and net of non-controlling interest of ₹ 263 Mn) from ₹ 339,408 Mn to ₹ 337,700 Mn. The group has assessed the above change as immaterial for any restatement considerations.

None of the goodwill recognized is deductible for Income tax purposes.

From the date of acquisition, Bharti Airtel Africa B.V. has contributed revenue of ₹ 130,418 Mn and loss before tax of ₹ 3,843 Mn to the consolidated revenue and net profit before tax of the Group, respectively, for the year ended March 31, 2011.

The details of receivables acquired through business combination are as follows:

Particulars	Fair Value	Gross Contractual amount of Receivable	Best estimate of amount not expected to be collected
		(₹ Millions)	
As determined on the date of acquisition	12,607	17,833	(5,226)
As determined as of March 31, 2011	11,992	17,833	(5,841)
As determined as of June 7, 2011	11,802	17,833	(6,031)

Analysis of cash flows on acquisition

Particulars	Three months period ended June 30, 2011	Year ended March 31, 2011
	(₹ Millions)	
Cash consideration paid (at exchange rate on the date of payment, including foreign exchange gain of ₹ 1,369 Mn for the three months period ended June 30, 2011 & ₹ 464 Mn for the year ended March 31, 2011)	24,985	384,300
Net cash acquired with the subsidiary	—	(13,159)
Investment in subsidiary, net of cash acquired (A) (included in cash flows from investing activities)	24,985	371,141
Transaction costs for the acquisition (B)* (included in cash flows from operating activities)	—	906
Total cash outflow in respect of business combination (A+B)	24,985	372,047

* Additional transaction cost for the acquisition of ₹ 511 Mn was incurred during the year ended March 31, 2010.

b) Acquisition of 70 per cent. effective interest in Airtel Bangladesh limited (erstwhile Warid Telecom International Limited 'Warid')

The Group entered into a share purchase agreement with Warid Telecom international LLC to acquire 70 per cent. equity interest in Airtel Bangladesh Limited on January 12, 2010 for ₹ 13,912 Mn. The transaction was closed on February 25, 2010. With this acquisition, the Group has made an additional step towards its objective to expand its position in the South Asian market.

The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their fair values as on the acquisition date and the purchase consideration has been allocated to the net assets. The goodwill recognized in the transaction consist largely of the synergies and economies of scale expected from the combined operation of the Group and Airtel Bangladesh Limited.

The following table summarizes the fair value of the consideration paid, the amount at which assets acquired and the liabilities assumed are recognized and the non-controlling interest in Airtel Bangladesh Limited as of February 25, 2010.

Particulars	**As determined on the date of acquisition & as of February 24, 2011**
	(₹ Millions)
Purchase consideration	
Cash (A)	13,912
Acquisition related cost (included in Selling, general and administrative expenses in the group Consolidated statement of comprehensive income)	541
Recognized amount of Identifiable assets acquired and liabilities assumed	
Assets Acquired	
Property, plant & equipment	8,923
Intangibles	3,508
Cash and Deposits	14,205
Advances and Prepayments	233
Other Receivables	185
Liabilities assumed	
Non Current liabilities	(8,376)
Current liabilities	(8,548)
Contingent Liabilities	(219)
Net Identifiable assets (B)	9,911
Non Controling Interest in Warid (C)	**2,973**
Goodwill (A-B+C)	**6,974**

None of the goodwill recognized is deductible for Income tax purposes.

As at the acquisition date, the Group fair valued the contingent liabilities and recognized ₹ 219 Mn towards dispute with various tax authorities in Bangladesh.

The details of receivables acquired through business combination are as follows:

As determined as of date of the acquisition & as of February 24, 2011	**Fair Value**	**Gross Contractual amount of Receivable**	**Best estimate of amount not expected to be collected**
		(₹ Millions)	
Accounts Receivable	162	216	54
other Receivable	23	23	—

Analysis of cash flows on acquisition

	(₹ Millions)
Cash consideration paid	13,912
Net cash acquired with the subsidiary	(13,911)
Investment in subsidiary, net of cash acquired (A)	1
Transaction costs of the acquisition	
— During the year ended March 31, 2010 (B)	465
— During the year ended March 31, 2011 (C)	76
Total cash outflow in respect of business combination (A+B+C)	542

c) Acquisition of 100 per cent. interest in Airtel (Seychelles) Limited (erstwhile Telecom Seychelles Limited), Seychelles

The Group entered into a share purchase agreement with Seejay Cellular Limited to acquire 100 per cent. equity interest in Airtel (Seychelles) Limited on August 23, 2010 for ₹ 2,903 Mn. The transaction was closed on August 27, 2010. This acquisition is done for the Group's objective to expand its presence globally.

The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their preliminary fair values as on the acquisition date and the purchase consideration has been allocated to the net assets. The goodwill recognized in the transaction consists largely of the synergies and economies of scale expected from the combined operation of the Group and Airtel (Seychelles) Limited.

During the three months period ended September 30, 2011, the end of the measurement period, the group has completed the fair valuation of net assets acquired as at the acquisition date. There are no changes in the fair valuation subsequent to March 31, 2011.

The following table summarizes the fair value of the consideration paid, the amount at which assets acquired and the liabilities assumed are recognized as of August 27, 2010.

Particulars	As determined on the date of acquisition & as of August 26, 2011
	(₹ Millions)
Purchase consideration	
Cash (A)	2,903

Recognized amount of Identifiable assets acquired and liabilities assumed

Particulars	As determined as of March 31, 2011, and August 26, 2011	As determined on the date of acquisition
	(₹ Millions)	
Assets acquired		
Property, plant & equipments	98	98
Intangibles assets	259	259
Current assets	294	294
Liabilities assumed		
Non current liabilities	(66)	(66)
Current liabilities	(283)	(377)
Net identifiable assets (B)	302	208
Non controling interest (C)	—	—
Goodwill (A-B+C)	**2,601**	**2,695**

None of the goodwill recognized is deductible for Income tax purposes.

From the date of acquisition, Telecom Seychelles Limited has contributed revenue of ₹ 416 Mn and profit before tax of ₹ 176 Mn to the consolidated revenue and net profit before tax of the Group, respectively, for the year ended March 31, 2011.

The details of receivables acquired through business combination are as follows;

As determined as of date of acquisition, March 31, 2011 and August 26, 2011	Fair Value	Gross Contractual amount of Receivable	Best estimate of amount not expected to be collected
		(₹ Millions)	
Accounts Receivable	212	212	—

Analysis of cash flows on acquisition

	(₹ Millions)
Cash consideration paid	2,903
Net cash acquired with the subsidiary	(53)
Investment in subsidiary, net of cash acquired (A) (included in cash flows from investing activities)	2,850
Transaction costs of the acquisition (included in cash flows from operating activities) — for the year ended March 31, 2011 (B)	Nil
Total in respect of business combinations (A+B)	2,850

d) Total consolidated revenue of the Group and its joint ventures and net profit before tax of the Group, its joint ventures and associates would have been ₹ 623,477 Mn and ₹ 74,084 Mn respectively, had all the acquisitions been effective for the full year ended March 31, 2011.

e) Acquisition of additional interest in Celtel Zambia Plc

On December 17, 2010, the Group acquired 17.47 per cent. of the voting shares of Celtel Zambia Plc increasing its ownership to 96.36 per cent. A cash consideration of ₹ 5,601 Mn was paid to the non-controlling interest shareholders. The carrying value of the net assets of Celtel Zambia Plc (excluding Goodwill on the original acquisition) at this date was ₹ 8,479 Mn and the carrying value of the additional interest acquired was ₹ 1,481 Mn. The difference of ₹ 4,120 Mn between the consideration and the carrying value of the interest acquired has been recognized in 'Other components of equity'.

On completion of the fair value allocation to the identifiable assets (tangible and intangible) and liabilities of Zain Africa B.V. (Refer note 7(a)), the consequential decrease of ₹ 193 Mn in the carrying value of interest acquired in Celtel Zambia Plc has been recognized in 'Other components of equity' during the period.

f) Acquisition of additional interest in Airtel Networks Kenya Limited

On February 24, 2011, the Group acquired 5 per cent. of the voting shares of Airtel Networks Kenya Limited increasing its ownership to 100 per cent. A cash consideration of ₹ 503 Mn was paid to the non-controlling interest shareholders. The carrying value of the net assets of Airtel Networks Kenya Limited (excluding Goodwill on the original acquisition) at this date was ₹ 662 Mn and the carrying value of the additional interest acquired was ₹ 33 Mn. The difference of ₹ 470 Mn between the consideration and the carrying value of the interest acquired has been recognized in 'Other components of equity'.

On completion of the fair value allocation to the identifiable assets (tangible and intangible) and liabilities of Zain Africa B.V. (Refer note 7(a)), the consequential increase of ₹ 93 Mn in the carrying value of interest acquired in Airtel Networks Kenya Limited has been recognized in 'Other components of equity' during the period.

g) Disposal of controlling interest in Aero Ventures Limited, Mauritius

On July 08, 2011, Aero Ventures Limited, Mauritius ('AVL') was incorporated as a wholly owned subsidiary of Network i2i Limited, a wholly owned subsidiary of the Company. The consideration for the issue of shares was satisfied through transfer of pre-delivery payment of USD 30.21 Mn, conversion of interest receivable of USD 0.12 Mn and payment of USD 19.64 Mn in cash.

On March 20, 2012, the entire holding in AVL was sold for ₹ 2,543 Mn (USD 50.60 Mn) resulting in gain of ₹ 13 Mn (USD 0.27 Mn), (net of transaction costs of ₹ 25 Mn (USD 0.49 Mn)), that has been recognized in the income statement. AVL has not started the commercial operations till the date of sale.

AVL had a capital advance of ₹ 2,505 Mn (USD 49.84 Mn) and cash and cash equivalents of ₹ 18 thousands (USD 0.36 thousands) on the date of disposal.

8. Operating expenses

Particulars	Notes	Year ended March 31, 2012	Year ended March 31, 2011
		(₹ Millions)	
Access charges		**97,361**	74,718
Licence fees, revenue share and spectrum charges		**61,099**	52,600
Network operations cost		**157,598**	127,163
Employee costs	**8.1**	**35,159**	32,784
Selling, general and adminstrative expenses		**126,310**	107,743
Charity & donations		**408**	292
		477,935	395,300

Selling, general and administrative expenses include followings:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Trading inventory consumption	**9,389**	8,169
Dimunition in value of inventory	**584**	342
Provision for doubtful debts	**3,863**	2,613

8.1 Employee costs

Particulars	Notes	Year ended March 31, 2012	Year ended March 31, 2011
		(₹ Millions)	
Salaries, allowances & others		**31,657**	29,230
Defined contribution plan		**1,667**	797
Defined benefit plan/other long term benefits		**846**	1,196
Share based compensation	**8.2**	**989**	1,561
		35,159	32,784

8.2 Share based compensation plans

The following table provides an overview of all existing share option plans of the Group and its joint ventures:

Entity	Scheme	Plan	Year of issuance of plan	Share options granted (thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price (₹)	Classification/ accounting treatment
Bharti Airtel	Scheme I	2001 Plan	2002	30,893	1-4	7	21.25	Equity settled
Bharti Airtel	Scheme I	2004 Plan	2004	4,380	1-4	7	35.00	Equity settled
Bharti Airtel	Scheme I	Superpot	2004	143	1-3	7	—	Equity settled
Bharti Airtel	Scheme I	2006 Plan	2006	5,052	1-5	7	5.52	Equity settled
Bharti Airtel	Scheme 2005	2005 Plan	2005	11,260	1-4	7	237.06	Equity settled
Bharti Airtel	Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	2008	8,817	1-3	7	352.13	Equity settled
Bharti Airtel	Scheme 2005	Performance Share Plan (PSP) 2009	2009	1,691	3-4	7	5.00	Equity settled
Bharti Airtel	Scheme 2005	Special ESOP & Restricted Share Units (RSU)	2010	3,616	1-5	7	5.00	Equity settled
Bharti Airtel	Scheme 2005	Long term incentive plan (LTIP)	2011	422	1-3	7	5.00	Equity settled
Bharti Airtel	Scheme 2005	LTIP Africa	2011	418	1-3	3	5.00	Cash settled
Bharti Infratel	Infratel plan	2008 Plan	2008	3,748	1-5	7	329.00	Equity settled
Indus Towers Ltd# (Refer note 30)	Indus Plan	2009 Plan	2009	1.28	1-4	7	249,300.00	Cash settled

The following table exhibits the net compensation expense under respective schemes:

Entity	Scheme	Plan	Year ended March, 2012	Year ended March, 2011
			(₹ Millions)	
Bharti Airtel	Scheme I	2001 Plan	**—**	—
Bharti Airtel	Scheme I	2004 Plan	**—**	—
Bharti Airtel	Scheme I	Superpot	**—**	—
Bharti Airtel	Scheme I	2006 Plan	**109**	176
Bharti Airtel	Scheme 2005	2005 Plan	**(14)**	84
Bharti Airtel	Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	**43**	295
Bharti Airtel	Scheme 2005	Performance Share Plan (PSP) 2009 Plan	**136**	120
Bharti Airtel	Scheme 2005	Special ESOP & Restricted Share Units (RSU)	**304**	420
Bharti Airtel	Scheme 2005	LTIP Plan	**59**	—
Bharti Airtel	Scheme 2005	LTIP Africa	**56**	—
Bharti Infratel	Infratel plan	2008 Plan	**249**	371
Indus Towers Ltd#	Indus Plan	2009 Plan	**47**	95
			989	1,561

Represents 42 per cent. of the total number of shares, under the option plan of the Joint Venture Company.

The total carrying value of cash settled share based compensation liability is ₹ 105 Mn and ₹ Nil as of March 31, 2012 and March 31, 2011, respectively.

Information concerning the share options issued to directors, officers and employees is presented below:

Particulars	As of March 31, 2012		As of March 31, 2011	
	Number of share options (Shares in Thousands)	Weighted average exercise price(₹)	Number of share options (Shares in Thousands)	Weighted average exercise price(₹)
Scheme I — 2001 plan				
Number of shares under option:				
Outstanding at beginning of year	**—**	**—**	16	60.00
Granted	**—**	**—**	—	—
Exercised	**—**	**—**	(16)	60.00
Expired	**—**	**—**	—	—
Forfeited	**—**	**—**	—	—
Outstanding at year end	**—**	**—**	—	—
Exercisable at end of year	**—**	**—**	—	—
Scheme I — 2004 plan				
Number of shares under option:				
Outstanding at beginning of year	**—**	**—**	170	35.00
Granted	**—**	**—**	—	—
Exercised	**—**	**—**	(170)	35.00
Expired	**—**	**—**	—	—
Forfeited	**—**	**—**	—	—
Outstanding at year end	**—**	**—**	—	—
Exercisable at end of year	**—**	**—**	—	—

Contd

Particulars	As of March 31, 2012		As of March 31, 2011	
	Number of share options (Shares in Thousands)	Weighted average exercise price(₹)	Number of share options (Shares in Thousands)	Weighted average exercise price(₹)
Scheme I — superpot				
Number of shares under option:				
Outstanding at beginning of year	**—**	**—**	12	—
Granted	**—**	**—**	—	—
Exercised	**—**	**—**	(4)	—
Expired	**—**	**—**	—	—
Forfeited	**—**	**—**	(8)	—
Outstanding at year end	**—**	**—**	—	—
Exercisable at end of year	**—**	**—**	—	—
Scheme I — 2006 plan				
Number of shares under option:				
Outstanding at beginning of year	**2,057**	**5.51**	2,096	5.50
Granted	**239**	**5.00**	867	5.00
Exercised	**(594)**	**5.00**	(554)	5.00
Expired	**—**	**—**	—	—
Forfeited	**(257)**	**5.00**	(352)	5.00
Outstanding at year end	**1,445**	**5.73**	2,057	5.51
Exercisable at end of year	**521**	**6.97**	832	6.27
Scheme 2005 — 2005 plan				
Number of shares under option:				
Outstanding at beginning of year	**3,468**	**309.34**	4,515	292.34
Granted	**28**	**156.50**	—	—
Exercised	**(597)**	**166.80**	(568)	148.73
Expired	**—**	**—**	—	—
Forfeited	**(297)**	**388.72**	(479)	339.29
Outstanding at year end	**2,602**	**331.48**	3,468	309.34
Exercisable at end of year	**2,578**	**333.38**	2,816	280.68
Scheme 2005 — 2008 plan and AGP				
Number of shares under option:				
Outstanding at beginning of year	**5,915**	**355.16**	7,031	354.94
Granted	**34**	**373.38**	—	—
Exercised	**(246)**	**329.61**	(11)	336.50
Expired	**—**	**—**	—	—
Forfeited	**(868)**	**359.35**	(1,105)	353.96
Outstanding at year end	**4,835**	**355.84**	5,915	355.16
Exercisable at end of year	**4,224**	**349.26**	3,043	345.70
Scheme 2005 — PSP 2009 plan				
Number of shares under option:				
Outstanding at beginning of year	**1,456**	**5.00**	1,282	5.00
Granted	**40**	**5.00**	328	5.00
Exercised	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(240)**	**5.00**	(154)	5.00
Outstanding at year end	**1,256**	**5.00**	1,456	5.00
Exercisable at end of year	**—**	**—**	—	—

Particulars	As of March 31, 2012		As of March 31, 2011	
	Number of share options (Shares in Thousands)	Weighted average exercise price(₹)	Number of share options (Shares in Thousands)	Weighted average exercise price(₹)
Scheme 2005 — LTIP Plan				
Number of shares under option:				
Outstanding at beginning of year	**—**	**—**	—	—
Granted	**422**	**5.00**	—	—
Exercised	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(16)**	**5.00**	—	—
Outstanding at year end	**406**	**5.00**	—	—
Exercisable at end of year	**—**	**—**	—	—
Scheme 2005 — Special ESOP & RSU Plan				
Number of shares under option:				
Outstanding at beginning of year	**2,975**	**5.00**	—	—
Granted	**361**	**5.00**	3,255	5.00
Exercised	**(578)**	**5.00**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(396)**	**5.00**	(280)	5.00
Outstanding at year end	**2,362**	**5.00**	2,975	5.00
Exercisable at end of year	**418**	**5.00**	—	—
Scheme 2005 — LTIP Plan Africa				
Number of shares under option:				
Outstanding at beginning of year	**—**	**—**	—	—
Granted	**418**	**5.00**	—	—
Exercised	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Forfeited	**—**	**—**	—	—
Outstanding at year end	**418**	**5.00**	—	—
Exercisable at end of year	**—**	**—**	—	—
Infratel Options				
Number of shares under option:				
Outstanding at beginning of year	**3,336**	**329.00**	2,898	329.00
Granted	**80**	**329.00**	654	329.00
Exercised	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(83)**	**329.00**	(216)	329.00
Outstanding at year end	**3,333**	**329.00**	3,336	329.00
Exercisable at end of year	**1,631**	**329.00**	988	329.00
Indus Options#				
Number of shares under option:				
Outstanding at beginning of year	**1.00**	**249,300.00**	0.84	249,300.00
Granted	**0.08**	**249,300.00**	0.30	249,300.00
Exercised	**—**	**—**	—	—
Expired	**—**	**—**	—	—
Forfeited	**(0.17)**	**249,300.00**	(0.14)	249,300.00
Outstanding at year end	**0.91**	**249,300.00**	1.00	249,300.00
Exercisable at end of year	**0.21**	**249,300.00**	0.10	249,300.00

Represents 42 per cent. of the total number of shares, under the option plan of the Joint Venture Company.

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

Entity	Plan	Options Outstanding (thousands)	Remaining Contractual term(years)	Options Granted		Options Excercised	
				Options	Wtd Avg Fair Value	Options	Wtd Avg Share Price
Bharti Airtel	2001 Plan	—	—	—	—	—	—
Bharti Airtel	2004 Plan	—	—	—	—	—	—
Bharti Airtel	Superpot	—	—	—	—	—	—
Bharti Airtel	2006 Plan	1,445	1.17 to 6.86	239	347.40	594	376.35
Bharti Airtel	2005 Plan	2,602	0.44 to 6.10	28	246.98	597	376.88
Bharti Airtel	2008 Plan and Annual grant plan	4,835	3.25 to 6.17	34	170.18	246	378.51
Bharti Airtel	PSP 2009 Plan	1,256	4.34 to 6.34	40	432.50	—	—
Bharti Airtel	LTIP Plan	406	6.35	422	415.47	—	—
Bharti Airtel	LTIP Africa	418	2.35	418	330.91	—	—
Bharti Airtel	Special ESOP & RSU	2,362	5.01 to 6.10	361	355.13	578	386.44
Bharti Infratel	2008 Plan	3,333	3.42 to 6.33	80	475.00	—	—
Indus Towers Ltd#	2009 Plan	0.91	4.42 to 6.75	0.08	273,703	—	—

Represents 42 per cent. of the total number of shares, under the option plan of the Joint Venture Company.

The fair value of options granted was estimated on the date of grant using the Black-Scholes/Lattice/Monte Carlo Simulation valuation model with the following assumptions:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Risk free interest rates	**7.76 to 9.05%**	7.14% to 8.84%
Expected life	**27 to 60 months**	48 to 72 months
Volatility	**41.00 to 52.43%**	37.26% to 58%
Dividend yield	**0 to 0.30%**	0 to 0.39%
Wtd average share price on the date of grant exluding Infratel and Indus	**361.83 to 424.11**	256.95 to 368.00
Wtd average share price on the date of grant — Infratel	**658**	658
Wtd average share price on the date of grant — Indus	**422,650**	422,650

The expected life of the share option is based on historical data & current expectation and not necessarily indicative of exercise pattern that may occur.

The volatility of the options is based on the historical volatility of the share price since the Group's equity shares became publicly traded.

During the years ended March 31, 2012 and March 31, 2011, Bharti Airtel Employee Welfare Trust ('trust') (a trust set up for administration of ESOP Schemes of the Company) has acquired 1,507,000 and 1,157,025 Bharti Airtel equity shares from the open market at an average price of ₹ 360.94 and ₹ 347.44 per share and has transferred 1,420,932 and 578,726 shares to the employees of the Company upon exercise of stock options, under ESOP Scheme 2005, respectively.

9. Depreciation and amortization

Particulars	Notes	Year ended March 31, 2012	Year ended March 31, 2011
		(₹ Millions)	
Depreciation	**12**	**105,426**	86,980
Amortization	**13**	**28,255**	15,086
		133,681	102,066

10. Finance income and costs

	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Finance income		
Interest Income on securities held for trading	**2**	10
Interest Income on deposits	**445**	475
Interest Income on loans to joint ventures	**49**	23
Interest Income on others	**423**	398
Net gain on securities held for trading	**1,639**	1,196
Net gain on derivative financial instruments	**85**	1,434
	2,643	3,536
Finance costs		
Interest on borrowings	**30,608**	20,378
Unwinding of discount on provisions	**446**	176
Net exchange loss	**5,233**	3,112
Other finance charges	**4,541**	1,683
	40,828	25,349

"Interest income on others" include ₹ 340 Mn and ₹ 259 Mn towards unwinding of discount on other financial assets for the years ended March 31, 2012 and March 31, 2011, respectively.

"Other finance charges" comprise bank charges, trade finance charges, charges relating to derivative instruments and interest charges towards sub judice matters and also includes ₹ 246 Mn and ₹ 175 Mn towards unwinding of discount on other financial liabilities for years ended March 31, 2012 and March 31, 2011, respectively.

11. Income taxes

The major components of the income tax expense are:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Current Income Tax		
— India	**18,303**	20,177
— Overseas	**8,140**	3,642
	26,443	23,819
Deferred Tax*		
— Relating to origination & reversal of temporary differences	**(1,015)**	(5,644)
Tax expense attributable to current year's profit	**25,428**	18,175
Adjustments in respect of income tax of previous year		
— Current Income Tax	**333**	142
— Deferred Tax*	**(3,159)**	(527)
	(2,826)	(385)
Income tax expense recorded in the Consolidated income statement	**22,602**	17,790

* Includes minimum alternate tax (MAT) credit of ₹ 5,220 Mn and ₹ 14,140 Mn during years ended March 31, 2012 and March 31, 2011, respectively.

During the years ended March 31, 2012 and March 31, 2011, the Company recognized additional income tax charge of ₹ 70 Mn and ₹ 2,980 Mn under 'current income tax' and additional MAT credit of ₹ 70 Mn and ₹ 2,980 Mn under 'deferred tax', respectively on account of change in effective MAT rate from 19.9305 per cent. to 20.00775 per cent. during the financial year 2011-12 and from 16.995 per cent. to 19.9305 per cent. during the financial year 2010-11.

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

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Net Income before taxes	**65,183**	76,782
Enacted tax rates in India	**32.45%**	33.22%
Computed tax expense	**21,149**	25,505
Increase/(reduction) in taxes on account of:		
Share of losses in associates	**24**	19
Benefit claimed under tax holiday provisions of Income Tax Act	**(8,890)**	(19,679)
Temporary differences reversed during the tax holiday period	**1,027**	726
Effect of Changes in tax rate	**4**	(118)
Adjustment in respect to current income tax of previous years	**333**	142
Adjustment in respect to MAT credit of previous years	**(361)**	(345)
Deferred tax recognized in respect of previous years (including carry forward losses)	**(2,798)**	(182)
Tax for which no credit is allowed	**1,393**	60
Effect of different tax rate in other countries	**1,497**	1,635
Losses and deductible temporary difference against which no deferred tax asset recognized	**9,504**	9,052
(Income)/Expenses (net) not taxable/deductible	**(1,046)**	484
Reversal of previously recognized Deferred tax asset	**—**	129
Others	**766**	362
Income tax expense recorded in the Consolidated income statement	**22,602**	17,790

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

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Deferred Tax Asset/(Liabilities)		
Provision for Impairment of Debtors & Advances	**7,432**	7,058
Losses available for offset against future taxable income	**5,300**	1,977
Employee Stock Options	**1,177**	1,001
License Fees	**537**	648
Post employment benefits and other provisions	**526**	380
Minimum Tax Credit	**33,402**	28,543
Lease Rent Equalization — Expense	**4,719**	3,707
Fair valuation of Derivative Instruments and unrealized exchange fluctuation	**616**	1,247
Accelerated depreciation for tax purposes	**(7,356)**	(8,222)
Fair valuation of intangibles/property plant & equipments on business combination	**(221)**	1,548
Lease Rent Equalization — Income	**(3,618)**	(2,749)
Deferred tax liability on undistributed retained earnings of foreign subsidiaries	**(2,961)**	(2,545)
Others	**103**	(19)
Net Deferred Tax Asset/(Liabilities)	**39,656**	32,574

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Deferred Tax (Expenses)/Income		
Provision for Impairment of Debtors & Advances	**255**	(949)
Losses available for offset against future taxable income	**2,297**	(732)
Employee Stock Options	**176**	162
License Fees	**(110)**	(200)
Post employment benefits	**146**	38
Minimum Tax Credit	**5,220**	14,140
Lease Rent Equalization — Expense	**1,012**	1,002
Fair valuation of Derivative Instruments and unrealized exchange fluctuation	**(753)**	403
Accelerated depreciation for tax purposes	**(1,352)**	(4,393)
Fair valuation of intangibles/property plant & equipments on business combination	**(1,891)**	(2,692)
Lease Rent Equalization — Income	**(869)**	(953)
Deferred tax liability on undistributed retained earnings of foreign subsidiaries	**(42)**	—
Others	**85**	345
Net Deferred Tax (Expenses)/Income	**4,174**	6,171

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Reflected in the statement of financial position as follows:		
Deferred Tax Asset	**51,277**	45,061
Deferred Tax Liabilities	**(11,621)**	(12,487)
Deferred Tax Asset (Net)	**39,656**	32,574

The reconciliation of deferred tax assets net is as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Opening Balance	**32,574**	**8,752**
Tax Income/(expense) during the year recognized in profit & loss	**4,174**	6,171
Deferred taxes acquired in business combination	**239**	18,434
Translation adjustment	**2,470**	(783)
Others*	**199**	—
Closing Balance	**39,656**	32,574

* During the year ended March 31, 2012, the passive infrastructure assets in some of telecom circles of one of the subsidiary of the Company, have been demerged into another indirect subsidiary of the Company. The Scheme has accordingly been given effect to in these Consolidated Financial Statements. Consequently, there has been a decrease in the deferred tax liability with a corresponding increase in the provision for income tax.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. Accordingly, the Group has not recognized deferred tax assets in respect of deductible temporary differences, carry forward of unused tax credits and unused tax losses of ₹ 90,936 Mn and ₹ 77,846 Mn as of March 31, 2012 and March 31, 2011, respectively as it is not probable that taxable profits will be available in future.

The tax rates applicable to these unused losses and deductible temporary differences vary from 3 per cent. to 45 per cent. depending on the jurisdiction in which the respective Group entity operates. Of the above balance as of March 31, 2012, losses and deductible temporary differences to the extent of ₹ 37,032 Mn have an indefinite carry forward period and the balance amount expires unutilized as follows:

March 31,	(₹ Millions)
2013	6,148
2014	5,827
2015	9,321
2016	10,903
2017	3,336
Thereafter	18,369
	53,904

The Group has not recognized deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve of Group subsidiaries and joint ventures as the Group is in a position to control the timing of the distribution of profits and it is probable that the subsidiaries and joint ventures will not distribute the profits in the foreseeable future. The taxable temporary difference associated with respect to unremitted retained earnings and associated foreign currency translation reserve is ₹ 56,405 Mn and ₹ 38,021 Mn as of March 31, 2012 and March 31, 2011, respectively. The distribution of the same is expected to attract tax in the range of NIL to 15 per cent. depending on the tax rates applicable as of March 31, 2012 in the jurisdiction in which the respective Group entity operates.

During the years ended March 31, 2012 and March 31, 2011, the Group has recognized deferred tax asset of ₹ 2,455 Mn and ₹ Nil, respectively, on carry forward unused tax losses in respect of its subsidiaries. This recognition is based on current performance and the confidence/convincing evidence that management has, to generate sufficient taxable profits in future, which will be utilized to offset such carried forward tax losses.

During the year ended March 31, 2012, the Group has changed the trigger date for earlier years for certain business units enjoying Income tax holiday under the Indian Income tax laws. Accordingly, Income tax credit of ₹ 903 Mn pertaining to earlier years has been recognized during the year ended March 31, 2012.

12. Property, plant and equipment

Particulars	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total
			(₹ Millions)		
Cost					
As of April 1, 2010	**10,810**	**614,415**	**28,220**	**24,677**	**678,122**
Additions	1,711	—	8,292	130,976	140,979
Acquisition through Business Combinations	5,620	95,600	8,886	11,994	122,100
Disposals	(82)	(3,369)	(1,068)	(1)	(4,520)
Currency translation	(25)	(2,334)	(241)	(874)	(3,474)
Reclassification/adjustment*	(141)	118,693	(1,348)	(118,538)	(1,334)
As of March 31, 2011	**17,893**	**823,005**	**42,741**	**48,234**	**931,873**
Additions	1,178	—	8,434	126,029	135,641
Adjustments relating to Fair value remeasurement^	—	(16,723)	—	(354)	(17,077)
Disposals	(1,359)	(6,912)	(1,188)	(2,505)#	(11,964)
Currency translation	416	8,212	626	5,285	14,539
Reclassification/adjustment	(344)	133,596	(702)	(132,550)	—
As of March 31, 2012	**17,784**	**941,178**	**49,911**	**44,139**	**1,053,012**
Accumulated Depreciation					
As of April 1, 2010	**2,478**	**173,003**	**20,012**	**—**	**195,493**
Charge	1,050	77,471	8,459	—	86,980
Disposals	(57)	(1,911)	(785)	—	(2,753)
Currency translation	99	518	124	—	741
Reclassification/adjustment*	(6)	21	(29)	—	(14)
As of March 31, 2011	**3,564**	**249,102**	**27,781**	**—**	**280,447**
Charge	4,680	91,993	8,753	—	105,426
Disposals	(297)	(4,868)	(1,083)	—	(6,248)
Currency translation	3,526	(5,067)	(4)	—	(1,545)
Reclassification/adjustment	(3,682)	4,982	(1,300)	—	—
As of March 31, 2012	**7,791**	**336,142**	**34,147**	**—**	**378,080**
Net Carrying Amount					
As of April 1, 2010	8,332	441,412	8,208	24,677	482,629
As of March 31, 2011	14,329	573,903	14,960	48,234	651,426
As of March 31, 2012	9,993	605,036	15,764	44,139	674,932

* ₹ 1,334 Mn and ₹ 14 Mn gross block and accumulated depreciation respectively, has been reclassified from property, plant and equipment — 'other equipments, operating and office equipments' to 'software'.

^ Refer note 7(a).

Refer note 7 (g).

"Other equipment, operating and office equipment" include gross block of assets capitalized under finance lease ₹ Nil and ₹ 48 Mn as of March 31, 2012 and March 31, 2011 respectively and the corresponding accumulated depreciation for the respective periods ₹ Nil and ₹ 15 Mn.

"Land and Building" include gross block of assets capitalized under finance lease ₹ Nil and ₹ 914 Mn as of March 31, 2012 and March 31, 2011 respectively and the corresponding accumulated depreciation for the respective periods ₹ Nil and ₹ 67 Mn.

The "advance payments and construction in progress" includes ₹ 42,987 Mn and ₹ 46,988 Mn (including ₹ Nil and 268 Mn due from a related party) towards technical equipment and machinery and ₹ 1,152 Mn and ₹ 1,246 Mn towards other assets as of March 31, 2012 and March 31, 2011 respectively.

The Group and its joint ventures have taken borrowings from banks and financial institutions (refer note 25 for details towards security and pledge).

13. Intangible assets

Particulars	Goodwill	Software	Bandwidth	License	Other acquired intangibles	Total
			(₹ Millions)			
Cost						
As of April 1, 2010	**44,877**	**3,485**	**3,576**	**21,397**	**5,091**	**78,426**
Additions	—	2,010	1,984	161,426	549	165,969
Acquisition through Business Combinations	351,854	48	—	71,696	9,551	433,149
Currency translation	(6,044)	(54)	515	(2,526)	(39)	(8,148)
Reclassification/adjustment*	—	1,334	—	—	—	1,334
As of March 31, 2011	**390,687**	**6,823**	**6,075**	**251,993**	**15,152**	**670,730**
Additions	—	2,533	2,734	3,024	46	8,337
Adjustments relating to Fair value remeasurement^	(11,553)	—	—	12,902	3,996	5,345
Disposals	—	(12)	—	—	(48)	(60)
Currency translation	31,063	14	628	(6,813)	14,099	38,991
Reclassification/adjustment	—	(21)	3	13,478	(13,460)	—
As of March 31, 2012	**410,197**	**9,337**	**9,440**	**274,584**	**19,785**	**723,343**
Accumulated amortization						
As of April 1, 2010		**1,351**	**567**	**9,303**	**4,678**	**15,899**
Charge	—	1,464	299	7,348	5,975	15,086
Currency translation	—	(22)	(25)	(229)	53	(223)
Reclassification/adjustment*	—	14	—	—	—	14
As of March 31, 2011	**—**	**2,807**	**841**	**16,422**	**10,706**	**30,776**
Charge	—	2,255	471	18,668	6,861	28,255
Disposals	—	(3)	—	—	(38)	(41)
Currency translation	—	13	63	(4,319)	5,070	827
Reclassification/adjustment	—	(11)	—	5,939	(5,928)	—
As of March 31, 2012	**—**	**5,061**	**1,375**	**36,710**	**16,671**	**59,817**
Accumulated impairment						
As of April 1, 2010	**2,637**					**2,637**
As of March 31, 2011	**2,637**	**—**	**—**	**—**	**—**	**2,637**
As of March 31, 2012	**2,637**	**—**	**—**	**—**	**—**	**2,637**
Net Carrying Amount						
As of April 1, 2010	42,240	2,134	3,009	12,094	413	59,890
As of March 31, 2011	388,050	4,016	5,234	235,571	4,446	637,317
As of March 31, 2012	407,560	4,276	8,065	237,874	3,114	660,889

* ₹ 1,334 Mn and ₹ 14 Mn gross block and accumulated depreciation respectively, has been reclassified from property, plant and equipment—'other equipments, operating and office equipments' to 'software'.

^ Refer note 7(a).

None of the intangible assets reported above are under pledge or held as security for any liability of the Group and its joint ventures.

During the year ended March 31, 2011, the Company successfully bid for "Third Generation" (3G) for a sum of ₹ 122,982 Mn and "Broadband & Wireless Access" (BWA) for a sum of ₹ 33,144 Mn. License fee includes ₹ 35,437 Mn and ₹ 50,896 Mn, for which services have not been launched as of March 31, 2012 and March 31, 2011, respectively and are therefore not amortized.

During the years ended March 31, 2012 and March 31, 2011, the Group and its joint ventures have capitalized borrowing cost of ₹ 1,565 Mn and ₹ 4,314 Mn, respectively.

Weighted average remaining amortization period of license as of March 31, 2012 is 14.30 years.

14. Impairment reviews

The Group tests goodwill for impairment annually on March 31 for Mobile services — Africa CGU and on September 30 for other CGUs and whenever there are indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. The impairment assessment is based on value in use calculations.

During current financial year, the testing didn't result in any impairment in the carrying amount of goodwill.

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

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Mobile Services — India & South Asia	37,813	37,789
Airtel business	4,611	4,050
Mobile Services — Africa	365,136	346,211
Total	**407,560**	**388,050**

The measurement of the cash generating units are founded on projections that are based on five to ten years, as applicable, financial plans that have been approved by management and are also used for internal purposes. The Group has used ten year plans for Mobile Services India & South Asia and Airtel business CGU's in view of the reasonable visibility of 10 years of Indian telecom market and consistent use of such robust ten year information for management reporting purpose. The planning horizon reflects the assumptions for short-to-mid term market developments. Cash flows beyond the planning period are extrapolated using appropriate growth rates. The terminal growth rates used do not exceed the long term average growth rates of the respective industry and country in which the entity operates and are consistent with forecasts included in industry reports.

Key assumptions used in value-in-use calculations

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

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

Discount rate: Discount rate reflects the current market assessment of the risks specific to a CGU. The discount rate was estimated based on the average percentage of weighted average cost of capital for each CGU. Pre-tax discount rate used ranged from 10 per cent. to 20 per cent. (higher rate used for CGU 'Mobile Services — Africa').

Growth rates: The growth rates used are in line with the long term average growth rates of the respective industry and country in which the entity operates and are consistent with the forecasts included in the industry reports. The average growth rates used to extrapolate cash flows beyond the planning period ranged from 3 per cent. to 4.5 per cent. (higher rate used for CGU 'Mobile Services — Africa').

Capital expenditures: The cash flow forecasts of capital expenditure are based on past experience coupled with additional capital expenditure required for roll out of incremental coverage requirements and to provide enhanced voice and data services.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use for Mobile Services — India & South Asia and Airtel Business, no reasonably possible change in any of the above key assumptions would cause the carrying amount of these units to exceed their recoverable amount. For Mobile Services — Africa CGU, the recoverable amount exceeds the carrying amount by approximately 4.5 per cent. An increase of 0.52 per cent. in discount rate or reduction of 0.87 per cent. in growth rate shall equate the recoverable amount with the carrying amount of the Mobile Services — Africa CGU.

15. Investment in associates and joint ventures

15.1 Investment in associates

The details of associates are set out in Note 40.

The Group's interest in certain items in the consolidated income statement and the statement of financial position of the associates are as follows:

Share of associates revenue & profit:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Revenue	**2,041**	1,642
Total Expense	**(2,472)**	(1,962)
Net Finance cost	**(76)**	(61)
Profit before income tax	**(507)**	(381)
Income tax expense	**—**	—
Profit/(Loss)	**(507)**	(381)
Unrecognised Losses	**(461)**	(324)
Recognized Losses *	**(74)**	(57)
Carrying Value of Investment	**24**	—

* including ₹28 Mn and ₹ nil unrecognised losses pertaining to the previous year(s) recognized during the year ended March 31, 2012 and March 31, 2011, respectively.

Cumulative unrecognised loss is ₹ 757 Mn and ₹ 324 Mn as of March 31, 2012 and March 31, 2011, respectively.

Share in associates statement of financial position:

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Assets	**2,032**	2,289
Liabilities	**2,532**	2,196
Equity	**(500)**	93

As of March 31, 2012 and March 31, 2011, the equity shares of associates are unquoted.

15.2 Investment in joint ventures

The financial summary of joint ventures proportionately consolidated in the statement of financial position and consolidated income statement before elimination is as below:-

Share in joint ventures' revenue & profit:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Revenue	**50,923**	45,243
Total expense	**(42,430)**	(38,092)
Net finance cost	**(4,161)**	(4,112)
Profit before income tax	**4,332**	3,039
Income tax expense	**(1,392)**	(1,011)
Profit for the year	**2,940**	2,028

Share in joint ventures' statement of financial position:

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Current assets	**14,357**	13,308
Non-current assets	**53,746**	51,636
Current liabilities	**30,454**	17,646
Non-current liabilities	**32,816**	45,313
Equity	**4,833**	1,985

The details of joint ventures are set out in Note 40.

Share of joint ventures' commitments and contingencies is disclosed in note 35.

16. Derivative financial instruments

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

The details of derivative financial instruments are as follows:-

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Assets		
Currency swaps and forward contracts	**1,586**	3,979
Embedded derivatives	**3,307**	701
	4,893	4,680
Liabilities		
Currency swaps and forward contracts	**54**	308
Interest rate swaps	**30**	103
Embedded derivatives	**483**	57
	567	468
Bifurcation of above derivative instruments into current and non current		
Non-current derivative financial assets	**2,756**	1,998
Current derivative financial assets	**2,137**	2,682
Non-current derivative financial liabilities	**(401)**	(151)
Current derivative financial liabilities	**(166)**	(317)
	4,326	4,212

Embedded derivative

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

17. Other financial assets, non current

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Security deposits	**6,266**	5,428
Restricted cash	**417**	653
Trade receivables (non-current)	**1,052**	—
Others	**9,351**	1,849
	17,086	7,930

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

The Group and its joint ventures have taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under Note 25.

Restricted cash represents amount given as security against various borrowing facilities and legal cases.

"Others" include claim recoverable of ₹ 5,198 Mn (₹ Nil as of March 31, 2011) and rent equalization asset of ₹ 2,623 Mn (₹ 1,799 Mn as of March 31, 2011) as of March 31, 2012.

18. Other non-financial assets, non current

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Fair valuation adjustments — financial assets	**3,605**	3,301
Advances	**11,963**	5,954
Total	**15,568**	9,255

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

Advances represent payments made to various Government authorities under protest and are disclosed net of provision of ₹ 12,900 Mn and ₹ 7,820 Mn as of March 31, 2012 and March 31, 2011, respectively.

19. Inventories

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Transmission equipment	**402**	516
SIM cards	**143**	257
Handsets	**751**	1,356
Others	**12**	10
Total	**1,308**	2,139

The Group and its joint ventures have taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under Note 25.

20. Trade and other receivables

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Trade receivable*	**74,130**	60,156
Less: Allowance for doubtful debts	**(18,988)**	(13,538)
Total Trade receivables	**55,142**	46,618
Other receivables		
Due from related party	**1,045**	1,670
Receivables from joint ventures	**7,508**	6,500
Interest accrued on investments	**40**	141
Total	**63,735**	54,929

Movement in allowances for doubtful debts

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Balance, beginning of the year	**13,538**	12,460
Additions —		
Provision for the year	**3,863**	2,613
Currency translation adjustment	**4,433**	1,442
Application —		
Write off of bad debts	**(2,846)**	(2,977)
Balance, end of the period	**18,988**	13,538

* Trade receivables include unbilled receivables.

The Group and its joint ventures have taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under Note 25.

Refer note 37 on credit risk of trade receivables.

21. Prepayments and other assets

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Prepaid expenses	**11,826**	12,024
Employee receivables	**349**	277
Advances to Suppliers	**10,429**	8,083
Other taxes receivable	**7,881**	8,088
Others	**2,136**	2,032
	32,621	30,504

Others include advance rentals of ₹ 1,038 Mn and ₹ 783 Mn as of March 31, 2012 and March 31, 2011, respectively.

Employee receivables principally consist of advances given for business purposes.

Other taxes receivables include customs duty, excise duty, service tax, sales tax and other recoverable and are disclosed net of provision of ₹ 1,590 Mn and ₹ 986 Mn as of March 31, 2012 and March 31, 2011, respectively.

22. Short term investments

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Held for trading securities — quoted	**16,141**	6,125
Loans and receivables — fixed deposits with banks	**1,991**	99
	18,132	6,224

The market values of quoted investments were assessed on the basis of the quoted prices as at the date of statement of financial position. Held for trading investments primarily comprises debt linked mutual funds and quoted certificate of deposits in which the Group and its joint ventures invests surplus funds to manage liquidity and working capital requirements.

The Group and its joint ventures have taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under Note 25.

23. Other financial assets, current

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Restricted Cash	**802**	744
	802	744

Restricted cash represents amount given as security against various borrowing facilities and legal cases.

24. Cash and cash equivalents

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Cash and bank balances	**11,581**	8,839
Fixed deposits with banks	**8,719**	736
	20,300	9,575

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

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Cash and bank balances	**11,581**	8,839
Fixed deposits with banks	**8,719**	736
Less :- Bank overdraft (refer note 25.2)	**(12,263)**	(3,567)
	8,037	6,008

25. Borrowings

25.1 Long term debts

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Secured		
Term loans	**109,928**	112,141
Non convertible debentures (NCDs)	**—**	125
Others	**31**	89
Total	**109,959**	112,355
Less: Current portion	**(13,964)**	(35,650)
Total secured loans, net of current portion	**95,995**	76,705
Unsecured		
Term Loans	**501,201**	475,137
Total	**501,201**	475,137
Less: Current portion	**(100,042)**	(19,504)
Total unsecured loans, net of current portion	**401,159**	455,633
Total	**497,154**	532,338

25.2 Short term debts and current portion of long term debts

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Secured		
Term loans	**6,036**	—
Bank overdraft	**4,898**	1,805
Total	**10,934**	1,805
Add: Current portion of long term debts	**13,964**	35,650
Total secured loans, including current portion	**24,898**	37,455
Unsecured		
Term Loans	**60,773**	25,649
Bank overdraft	**7,365**	1,762
Total	**68,138**	27,411
Add: Current portion of long term debts	**100,042**	19,504
Total unsecured loans, including current portion	**168,180**	46,915
Total	**193,078**	84,370

25.3 Analysis of Borrowings

25.3.1 Maturity of borrowings

The table below summarizes the maturity profile of the Group's and its joint ventures' borrowings based on contractual undiscounted payments. The details given below are gross of debt origination cost.

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Within one year	**193,210**	84,370
Between one and two years	**81,927**	112,213
Between two and five years	**406,009**	327,706
over five years	**11,820**	96,492
Total	**692,966**	620,781

25.3.2 Interest rate & currency of borrowings

Particulars	Total borrowings	Floating rate borrowings	Fixed rate borrowings
		(₹ Millions)	
INR	133,822	99,437	34,385
USD	483,661	481,774	1,887
JPY	5,026	5,026	—
NGN	48,301	44,355	3,946
XAF	10,008	—	10,008
XOF	5,345	—	5,345
Others	6,803	2,343	4,460
March 31, 2012	**692,966**	**632,935**	**60,031**
INR	100,803	90,897	9,906
USD	454,332	454,332	—
JPY	16,626	16,626	—
NGN	35,178	35,178	—
XAF	5,399	1,107	4,292
XOF	2,192	1,390	802
Others	6,251	6,037	214
March 31, 2011	**620,781**	**605,567**	**15,214**

The above details are gross of debt origination cost and does not necessarily represents foreign currency exposure to the income statement. For foreign currency sensitivity refer note 37.

25.4 Non-convertible debenture

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
11.70%, 5 redeemable non-convertible debentures for ₹ 10 each repayable in 4 equated half yearly installments beginning December 2009	—	13
11.70%, 45 redeemable non-convertible debentures for ₹ 10 each repayable in 4 equated half yearly installments beginning December 2009	—	112
Total	—	125

25.5 Other loans

Others include vehicle loans taken from banks which were secured by the hypothecation of the vehicles ₹ 31 Mn and ₹ 89 Mn as of March 31, 2012 and March 31, 2011, respectively.

The amounts payable for the capital lease obligations, excluding interest expense is ₹ 20 Mn, ₹ 10 Mn and ₹for the years ending on March 31, 2013, 2014 and 2015, respectively.

25.6 Security details

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

Entity	Relation	Outstanding loan amount As of March 31, 2012	As of March 31, 2011	Security Detail
		(₹ Millions)		
Bharti Airtel Ltd	Parent	**65**	218	(i) against hypothecation of vehicles (for secured loans as of March 31, 2012 and as of March 31, 2011); (ii) first ranking pari passu charge on all present and future tangible movable and freehold immovable properties including plant and machinery, office equipment, furniture and fixtures fittings, spares, tools and accessories (for secured loans as of March 31, 2011); (iii) all rights, titles, interests in the accounts, and monies deposited and investments made there from and in project documents, book debts and insurance policies (for secured loans as of March 31, 2011);

Entity	Relation	Outstanding loan amount As of March 31, 2012	Outstanding loan amount As of March 31, 2011	Security Detail
		(₹ Millions)		
Indus Towers Ltd	Joint Venture	**27,301**	37,170	(i) a mortgage and first charge of all the Joint Venture's freehold immovable properties, present and future; (ii) a first charge by way of hypothecation of the Joint Venture company's entire movable plant and machinery, including tower assets, related equipment and spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future; (iii) a charge on Joint Venture company's cash flows, receivables, book debts, revenues of whatsoever nature and wherever arising, present and future subject to prior charge in favor of working capital facilities with working capital facility limits not exceeding ₹ 4,200 Mn (proportionate share of the Group) including funded facilities not exceeding ₹ 2,100 Mn (proportionate share of the Group); (iv) an assignment and first charge of (a) all the rights, title, interest, benefits, claims and demands whatsoever of the Joint Venture company in the documents related to telecom tower rollout and upgradation of existing towers (except the Master Services Agreement), duly acknowledged and consented to by the relevant counter-parties to such documents, all as amended, varied or supplemented from time to time. (b) subject to Applicable Law, all the rights, title, interest, benefits, claims and demands whatsoever of the company in the Clearances and (c) all the rights, title, interest, benefits, claims and demands whatsoever of the company in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the project documents. (v) a first charge of all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in the Master Services Agreements together with the Service Contracts, all as amended, varied or supplemented from time to time: (vi) a first and exclusive charge over the amount in the Debt Service Reserve Account and the Debt Service Account opened and maintained in accordance with the terms of this Agreement and the Debt Service Account Agreement.

Entity	Relation	Outstanding loan amount As of March 31, 2012	As of March 31, 2011	Security Detail
		(₹ Millions)		
Airtel Bangladesh Ltd	Subsidiary	**9,246**	5,852	(i) Deed of Hypothecation by way of fixed charge creating a first-ranking pari passu fixed charge over listed machinery and equipment of the company, favoring the Bank/FIIs investors and the Offshore Security Agent and filed with the Registrar of Joint Stock Companies. (ii) Deed of Hypothecation by way of floating charge creating a first-ranking pari passu floating charge over plant, machinery and equipment, both present and future, excluding machinery and equipment covered under the foregoing Deed of Hypothecation by way of fixed charge and a first-ranking pari passu floating charge over all current assets of the company, both present and future, including but not limited to stock, book debts, receivables and accounts of the company, entered into or to be entered into by the company, favoring the Bank/ FIIs Facility Investors and Offshore Security Agent and filed with the Registrar of Joint Stock Companies. (iii) Irrevocable General Power of Attorney dated entered into or to be entered into by the company in favor of the Bank/ FIIs Investors and the Offshore Security Agent.
Bharti Airtel Africa BV and its subsidiaries	Subsidiary	**84,617**	71,806	The countrywise security details are as follows: (i) Pledge on Assets — Kenya, Tanzania, Nigeria and Congo B (ii) Pledge on specific shares and assets — DRC and Madagascar (iii) Pledge on business assets and shares — Malawi (iv) Pledge on equipments — Niger (v) Pledge on specific fixed assets — Chad (vi) Pledge on specific assets — Burkina Faso (vii) Pledge on assets and shares — Ghana

BAABV (erstwhile ZAIN) acquisition related borrowing:

Bharti Airtel acquired operations of 15 countries in Africa from ZAIN BV through its subsidiary Bharti Airtel International Netherlands BV with effect from June 8, 2010. The above acquisition was financed through loans taken from various banks. The loan agreements contain a negative pledge covenant that prevents the Group (excluding Bharti Airtel Africa B.V, Bharti Infratel Limited, and their respective subsidiaries) to create or allow to exit any security interest on any of its assets without prior written consent of the majority lenders except in certain agreed circumstances.

The Company's 3G/BWA borrowings:

The loan agreements with respect to 3G/BWA borrowings contain a negative pledge covenant that prevents the Company to create or allow to exit any security interest on any of its assets without prior written consent of the lenders except in certain agreed circumstances.

25.7 Borrowings

Total borrowings disclosed at note 25.1 and 25.2 above includes,

- unsecured borrowings represented by ₹ 7,705 Mn as of March 31, 2012 (₹ 5,468 Mn as of March 31, 2011) and secured borrowings represented by ₹ 27,112 Mn as of March 31, 2012 (₹ 36,816 Mn as of March 31, 2011) pertaining to joint ventures; and

- unsecured borrowings represented by ₹ 561,634 Mn as of March 31, 2012 (₹ 497,080 Mn as of March 31, 2011) and secured borrowings represented by ₹ 93,781 Mn as of March 31, 2012 (₹ 77,344 Mn as of March 31, 2011) pertaining to Group excluding joint ventures.

25.8 Unused lines of credit

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Secured	**10,473**	10,189
Unsecured	**37,814**	20,528
Total Unused lines of credit	**48,287**	30,717

25.9 During the year ended March 31, 2012, the Group has fallen short of meeting certain financial covenants with respect to loan agreements in one of its African subsidiaries. An irrevocable prepayment notice has been issued by the Subsidiary and has been duly acknowledged by the lender. Accordingly, it has reclassified the non-current portion of the outstanding amount of ₹ 4,279 Mn as of March 31, 2012, from non-current borrowing to current borrowing and expensed the entire unamortized debt origination cost of ₹ 192 Mn during the year ended March 31, 2012. The total outstanding balance of the loan is ₹ 6,477 Mn as of March 31, 2012.

26. Provisions

Particulars	Employee benefits	Asset retirement obligation*	Total
		(₹ Millions)	
As of March 2010	**2,600**	**2,053**	**4,653**
Of which: current	874	—	874
Provision during the period	1,196	341	1,537
Payment during the period	(1,356)	—	(1,356)
Acquisition through Business Combinations	—	2,501	2,501
Adjustment during the period	—	(246)	(246)
Interest charge	—	176	176
As of March 2011	**2,440**	**4,825**	**7,265**
Of which: current	1,180	—	1,180
Provision during the year	846	730	1,576
Payment during the year	(661)	—	(661)
Interest charge	—	350	350
As of March 2012	**2,625**	**5,905**	**8,530**
Of which: current	1,290	—	1,290

* Refer Note 3.22 (c), summary of significant accounting policies — Provisions (Asset Retirement Obligation).

During the year ended March 31, 2011, a jointly controlled entity has revised its estimate for ARO and consequently reversed provisions amounting to ₹ 246 Mn with corresponding reduction in gross block of assets. The impact of such change in estimates is not material with respect to the results for the year ended March 31, 2011. The impact of the above change in the future periods is not calculated as the same is impracticable having regard to the voluminous data and complexities involved in the computation of expected future liability and the related unwinding of interest cost in future periods.

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

27. Other financial liabilities, non current

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Equipment Suppy Payable — Non Current	**4,475**	—
Security deposits	**9,471**	6,792
Others	**9,130**	7,064
	23,076	13,856

"Others" include rent equalization liability of ₹ 8,028 Mn and ₹ 6,125 Mn as of March 31, 2012 and March 31, 2011, respectively.

28. Other non-financial liabilities

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Non-current		
Fair valuation adjustments — financial liabilities*	**2,741**	2,561
Others	**2,810**	2,810
	5,551	5,371
Current		
Other taxes payable	**10,811**	10,053
	10,811	10,053
Total	**16,362**	15,424

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

'Other' represents amount due to one of the jointly controlled entity of the Group, which will be settled at the time of merger of a subsidiary with the jointly controlled entity, and has been classified as a non-financial liability.

29. Employee benefits

The following table sets forth the changes in the projected benefit obligation and plan assets and amounts recognized in the consolidated statement of financial position as of March 31, 2012 and March 31, 2011, being the respective measurement dates:

Movement in Projected Benefit Obligation

Particulars	Gratuity	Compensated absence
	(₹ Millions)	
Projected benefit obligation — April 1, 2010	997	712
Current service cost	255	215
Interest cost	75	53
Benefits paid	(159)	(271)
Actuarial loss	168	163
Projected benefit obligation — March 31, 2011	**1,336**	**872**
Projected benefit obligation — April 1, 2011	1,336	872
Current service cost	270	208
Interest cost	107	70
Benefits paid	(255)	(165)
Actuarial loss/(gain)	76	(20)
Projected benefit obligation — March 31, 2012	**1,534**	**965**

Movement in Plan Assets — Gratuity

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	(₹ Millions)	
Fair value of plan assets at beginning of year	**81**	81
Expected return on plan assets	**6**	6
Actuarial gain/(loss)	**(6)**	(6)
Employer contribution	**—**	—
Fair value of plan assets at end of year	**81**	81
Net funded status of plan	**(1,453)**	(1,255)
Actual return on plan assets	**—**	—

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

(Recognized in employee costs)

Particulars	Gratuity	Compensated absence
	(₹ Millions)	
Current service cost	270	208
Interest cost	107	70
Expected return on plan assets	(6)	—
Recognized actuarial loss/(gain)	82	(20)
For the year ended March 31,2012	**453**	**258**
Current service cost	255	215
Interest cost	75	53
Expected return on plan assets	(6)	—
Recognized actuarial loss/(gain)	174	163
For the year ended March 31, 2011	**498**	**431**

The principal actuarial assumptions used for estimating the Group's and its joint ventures' Defined benefit obligations are set out below:

Weighted average actuarial assumptions

Particulars	As of March 31, 2012	As of March 31, 2011
Discount Rate	**8.00%**	7.50%
Expected Rate of increase in Compensation levels	**9.00%**	9.00%
Expected Rate of Return on Plan Assets	**8.00%**	7.50%
Expected Average remaining working lives of employees (years)	**25.60 years**	26.15 years

The expected rate of return on the plan assets was based on the average long-term rate of return expected to prevail over the next 15 to 20 years. This is based on the historical returns suitably adjusted for the movements in long-term government bond interest rates. The discount rate is based on the average yield on government bonds of 20 years.

Actuarial gains and losses are recognized in profit or loss as and when incurred. The annuity plan is self funded.

History of experience adjustments is as follows:

Particulars	Gratuity	Compensated absence
	(₹ Millions)	
March 31, 2012		
Plan Liabilities — (loss)/gain	51	143
Plan Assets — (loss)/gain	(6)	—
March 31, 2011		
Plan Liabilities — (loss)/gain	(149)	(69)
Plan Assets — (loss)/gain	(6)	—

Disclosure of other long term employee benefits:

Deferred incentive plan

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
	(₹ Millions)	
Opening Balance	**162**	807
Addition	**41**	228
Utilization	**(186)**	(873)
Closing Balance	**17**	162

Long term service award

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Estimated liability	**173**	145

Statement of Employee benefit provision

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Gratuity	**1,453**	1,255
Leave encashment	**965**	872
Other employee benefits	**207**	313
Total	**2,625**	2,440

30. Equity

(i) Shares

Particulars	As of March 31, 2012 (‘000s)	As of March 31, 2011 (‘000s)
	(₹ Millions)	
Authorized shares		
Equity shares of ₹ 5 each	**5,000,000**	5,000,000
Issued, Subscribed and fully paid-up shares		
Equity shares of ₹ 5 each	**3,797,531**	3,797,531
Treasury shares		
Equity shares of ₹ 5 each	**2,457**	2,965

(ii) Other components of equity

a) Share-based payment transactions

The share-based payment transactions reserve comprise the value of equity-settled share-based payment transactions provided to employees including key management personnel, as part of their remuneration. The carrying value of the reserve as of March 31, 2012 and March 31, 2011 is ₹ 5,196 Mn and ₹ 4,776 Mn, respectively.

A jointly controlled entity of the Group not yet listed by March 31, 2012 will, subject to statutory provisions and rules, buy back the shares pursuant to exercise of options in the manner specified in the share option plan. Hence, in accordance with the terms of the Employee Share Option Plan, the jointly controlled entity has classified share based payment award from equity settled to cash settled and recognized a liability of ₹ 141 Mn, based on fair value of the options determined using Black Scholes Option Pricing Model by an external independent valuer determined on the date of reclassification.

b) Revaluation reserve

The increase in fair valuation of property, plant and equipment is recorded under revaluation reserve and the same is utilized towards diminution in value of those assets which were previously revalued. The carrying value of the reserve as of March 31, 2012 and March 31, 2011 is ₹ Nil and ₹ 21 Mn, respectively.

c) Debenture redemption reserve

As required under the corporate laws of the jurisdiction under which the Company is registered, the Company appropriated as debenture redemption reserve an amount equal to 25 per cent. of the total debentures and bonds outstanding at each date of statement of financial position. Entire outstanding amount of debentures has been redeemed during the year ended March 31, 2012. The carrying value of the reserve as of March 31, 2012 and March 31, 2011 is ₹ Nil and ₹ 32 Mn, respectively.

d) Reserves arising on transactions with equity owners of the Group or Reserve arising on dilution.

The transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. Gains or losses on transaction with holders of non-controlling interests which does not result in the change of control are recorded in equity. The carrying value of the reserve as of March 31, 2012 and March 31, 2011 is ₹ 36,056 Mn and ₹ 36,156 Mn, respectively.

(iii) Dividends paid and proposed

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Declared and paid during the period: (including dividend distribution tax)		
Final dividend for 2010-11 and 2009-10: ₹ 1 per share of ₹ 5 each	**4,411**	4,428
Dividend on treasury shares	**3**	—
Proposed for approval at the annual general meeting (not recognized as a liability):		
Proposed dividend for 2011-12 and 2010-11: ₹ 1 per share of ₹ 5 each	**3,798**	3,798
Dividend distribution tax	**616**	616
	4,414	4,414

(iv) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries.

During the year ended March 31, 2012, with respect to loan to its certain foreign subsidiaries, the Group has re-assessed the funding requirements of these subsidiaries and accordingly amended the loan terms and re-designated these as permanent funding. Accordingly, these have been treated as part of its net investment in foreign operations in accordance with IAS 21 for recognition of foreign exchange differences. The exchange gain/loss arising on these loans from the date of such re-assessment has been recognized in other comprehensive income in the consolidated financial statements. Exchange loss of ₹ 24 Mn has been recognized in profit or loss for the year ended March 31, 2012 (Exchange loss of ₹ 771 Mn for the year ended March 31, 2011). Exchange loss of ₹ 1,617 Mn have been recognized in other comprehensive income for the year ended March 31, 2012 (Exchange loss of ₹ Nil for the year ended March 31, 2011).

31. Trade and other payables

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Trade creditors	**64,715**	55,919
Equipment supply payables	**66,024**	65,277
Dues to employees	**3,297**	3,109
Accrued expenses	**94,282**	74,843
Interest accrued but not due	**968**	1,271
Due to related parties	**1,196**	837
Others	**2,168**	38,428
	232,650	239,684

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

"Others" also include ₹ Nil (USD Nil) as of March 31, 2012 and ₹ 35,763 Mn (USD 801 Mn) as of March 31, 2011 towards the amount payable to Zain International B.V. for acquisition of 100 per cent. interest in Bharti Airtel Africa B.V. (erstwhile Zain Africa B.V.).

Trade creditors and accrued expenses include provision of ₹ 31,290 Mn as of March 31, 2012 and ₹ 19,576 Mn as of March 31, 2011 towards sub judice matters.

32. Fair values of financial assets and liabilities

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

Particulars	Carrying Amount		Fair Value	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	(₹ Millions)			
Financial Assets				
Assets carried at fair value through profit or loss				
Currency swaps, forward and option contracts	**1,586**	3,979	**1,586**	3,979
Embedded derivatives	**3,307**	701	**3,307**	701
Held for trading securities — quoted - mutual funds	**16,141**	6,125	**16,141**	6,125
Assets carried at amortized cost				
Fixed deposits with banks	**10,710**	835	**10,710**	835
Cash and bank balances	**11,581**	8,839	**11,581**	8,839
Trade and other receivables	**63,735**	54,929	**63,735**	54,929
Other financial assets	**17,888**	8,674	**17,199**	8,402
	124,948	84,082	**124,259**	83,810
Financial Liabilities				
Liabilities carried at fair value through profit or loss				
Currency swaps, forward and option contracts	**54**	308	**54**	308
Interest rate swaps	**30**	103	**30**	103
Embedded derivatives	**483**	57	**483**	57
Liabilities carried at amortized cost				
Borrowing — Floating rate	**630,201**	601,494	**630,201**	601,494
Borrowing — Fixed rate	**60,031**	15,214	**59,563**	15,172
Trade & other payables	**232,650**	239,684	**232,650**	239,684
Other financial liabilities	**23,076**	13,856	**22,659**	13,681
	946,525	870,716	**945,640**	870,499

Fair Values

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

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

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

ii. Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group and its joint ventures based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of March 31, 2012, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

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

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

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

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 as described below:

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

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

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

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

Particulars	**Level 1**	**Level 2** (₹ Millions)	**Level 3**
March 31, 2012			
Financial assets			
Derivative financial assets	—	4,893	—
Held for trading securities — quoted	16,141	—	—
Financial liabilities			
Derivative financial Liabilities	—	567	—
March 31, 2011			
Financial assets			
Derivative financial assets	—	4,680	—
Held for trading securities — quoted	6,125	—	—
Financial liabilities			
Derivative financial Liabilities	—	468	—

During the year ended March 31, 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33. Related party transactions

Related party transactions represent transactions entered into by the Group with entities having significant influence over the Group, associates, joint ventures and other related parties. The transactions and balances with the following related parties for the years ended March 31, 2012 and March 31, 2011, respectively, are described below:

	Year ended March 31, 2012			Year ended March 31, 2011		
Relationship	**Significant influence entities**	**Associates**	**Other related parties**	**Significant influence entities**	**Associates**	**Other related parties**
			(₹ Millions)			
Purchase of assets	**—**	**(3,010)**	**(1,907)**	—	(3,577)	(1,508)
Sale/transfer of assets	**—**	**0**	**—**	—	6	—
Sale of Investment	**—**	**—**	**—**	—	—	224
Sale/Rendering of Services	**1,049**	**9,081**	**88**	1,096	39	162
Purchase/Receiving of Services	**(582)**	**(2,274)**	**(3,259)**	(719)	(1,875)	(2,264)
Loans to related party	**—**	**172**	**—**	—	200	—
Expenses incurred by the group on behalf of Related Party	**—**	**23**	**16**	—	46	19
Expenses incurred by Related Party for the group	**(25)**	**—**	**(619)**	—	—	(736)
Security deposit paid	**—**	**—**	**82**	—	—	522
Security deposit received	**—**	**—**	**(8)**	—	—	(352)
Interest Income on Loan	**—**	**46**	**—**	—	22	—
Dividend Paid	**(2,319)**	**—**	**(266)**	(2,317)	—	(259)
Closing Balances	**351**	**(664)**	**969**	413	(511)	1,199
Due from related parties	**351**	**258**	**1,243**	413	210	1,315
Due to related parties	**—**	**(922)**	**(274)**	—	(721)	(116)

Summary of transactions with Joint Ventures (JVs)*:

Particulars	**Year ended March 31, 2012**	**Year ended March 31, 2011**
	(₹ Millions)	
Sale of fixed assets/retirement of bandwidth	**654**	244
Rendering of services	**5,319**	5,354
Receiving of services	**(26,876)**	(24,748)
Reimbursement of energy expenses	**(15,058)**	(12,215)
Security deposit/Advances paid	**173**	29
Security deposit/Advances received	**—**	(2,360)
Loan given	**1,206**	4,822
Closing balance*	**11,085**	6,307
Due from JVs	**18,002**	17,018
Due to JVs	**(6,917)**	(10,711)

*Transactions above have not been proportionated based on the equity holding in the respective JVs. Amount due from and due to JVs are included in the respective line items in the financial statements

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

(2) The above information does not include ₹124 Mn and ₹107 Mn on account of donation given to Bharti Foundation and Satya Electoral Trust during the years ended March 31, 2012 and March 31, 2011 respectively.

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

Expenses incurred by/for the Group — include expenses in general and administrative nature.

Sale of services — represents billing for broadband, international long distance services, mobile, access and roaming services.

Purchase of services — includes primarily billing for broadband, international long distance services, management service charges, billing for passive infrastructure services and maintenance charges towards network equipments.

Payments made to key management personnel/non executive directors were as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Short-Term employee benefits	**307**	356
Post-Employment benefits		
Defined Contribution Scheme	**13**	16
Defined Benefit Scheme*	**—**	—
Share-based payment**	**—**	221
	320	593

*As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to directors are not included above.

**It represents fair value of options granted during the year which has been considered for amortization over the vesting periods.

34. Lease disclosure

Operating Lease

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

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

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Obligations on non-cancellable leases :		
Not later than one year	**22,132**	28,936
Later than one year but not later than five years	**70,494**	64,258
Later than five years	**82,909**	92,308
Total	**175,535**	185,502
Lease Rentals (Excluding Lease Equalization Adjustment of ₹ 1,307 Mn and ₹ 1,627 Mn for the year ended March 31, 2012 and March 31, 2011)	**36,164**	29,160

The escalation clause includes escalation ranging from 0 to 50 per cent., includes option of renewal from 1 to 99 years and there are no restrictions imposed on lease arrangements.

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

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

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Receivables on non-cancellable leases :		
Not later than one year	**18,931**	16,836
Later than one year but not later than five years	**60,490**	54,912
Later than five years	**44,908**	50,833
Total	**124,329**	122,581

Finance Lease — As a Lessee

(i) Finance lease obligation of the Group as of March 31, 2012 is as follows

Particulars	Future minimum lease payments	Interest	Present value
		(₹ Millions)	
Not later than one year	0	0	0
Later than one year but not later than five years	1	0	1
Later than five years	—	—	—
Total	**1**	**0**	**1**

(ii) Finance lease obligation of the Group as of March 31, 2011 is as follows:

Particulars	Future minimum lease payments	Interest	Present value
		(₹ Millions)	
Not later than one year	130	68	62
Later than one year but not later than five years	444	228	216
Later than five years	979	209	770
Total	**1,553**	**505**	**1,048**

35. Commitments and contingencies

(i) Commitments

a. Capital commitments

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Contracts placed for future capital expenditure not provided for in the financial statements	**157,179**	191,905

The above includes ₹ 67,322 Mn as of March 31, 2012 (₹ 70,908 Mn as of March 31, 2011), pertaining to certain outsourcing agreements, under which the vendor supplies assets as well as services to the Group. The amount represents total minimum commitment over the unexpired period of the contracts i.e. between 2-10 years, since it is not possible for the Group to determine the extent of assets and services under the contract over the unexpired period. However, the actual charges/ payments may exceed the above mentioned minimum commitment based on the terms of the agreements.

The above also includes ₹ 912 Mn as of March 31, 2012, (₹ 3,833 Mn as of March 31, 2011), pertaining to Joint Ventures.

b. Guarantees

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Financial bank guarantees*	**36,015**	28,233
Guarantees to third parties	**2,558**	2,233

** The above includes corporate guarantees issued by the Company of ₹ 2,385 Mn and ₹ 2,425 Mn as of March 31, 2012 and March, 31, 2011 respectively, to banks and financial institutions for issuing bank guarantees on behalf of the Group companies.*

(ii) Contingencies

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Taxes, Duties and Other demands (under adjudication/appeal/dispute)		
— Sales Tax and Service Tax	**10,495**	6,491
— Income Tax	**23,489**	9,182
— Access Charges/Port Charges	**4,821**	3,941
— Customs Duty	**3,083**	2,642
— Entry Tax	**4,293**	3,872
— Stamp Duty	**620**	579
— Municipal Taxes	**923**	493
— DoT demands	**3,370**	1,073
— Other miscellaneous demands	**1,410**	1,869
— Claims under legal cases including arbitration matters	**3,025**	591
Total	**55,529**	30,733

The above also includes ₹ 1,537 Mn as of March 31, 2012, (₹ 108 Mn as of March 31, 2011), pertaining to Joint Ventures.

Post the Hon'ble Supreme Court Judgment on October 11, 2011 on components of Adjusted Gross Revenue for computation of license fee, based on the legal advice, the Company believes that the realized and unrealized foreign exchange gain should not be included in Adjusted Gross Revenue (AGR) for computation of license fee thereon. Accordingly, the license fee on such foreign exchange gain has not been provided in these financial statements. Also, due to ambiguity of interpretation of 'foreign exchange differences', the license fee impact on such exchange differences is not quantifiable and has not been included in the table above.

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

a) Sales and Service Tax

The claims for sales tax as of March 31, 2012 and as of March 31, 2011 comprised of cases relating to the appropriateness of declarations made by the Company under relevant sales tax legislation which was primarily procedural in nature and the applicable sales tax on disposals of certain property and equipment items. Pending final decisions, the Company has deposited amounts with statutory authorities for certain cases. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

Further, in the State of J&K, the Company has disputed the levy of General Sales Tax on its telecom services and towards which the Company has received a stay from the Hon'ble J&K High Court. The demands received to date have been disclosed under contingent liabilities. Based on the Company's evaluation, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

The service tax demands as at March 31, 2012 relate to cenvat claimed on tower and related material, levy of service tax on SIM cards, cenvat credit disallowed for procedural lapses and inadmissibility of credit, disallowance of cenvat credit used in excess of 20 per cent. limit and service tax demand on employee talk time.

b) Income Tax demand

Income tax demands under appeal mainly included the appeals filed by the Group before various appellate authorities against the disallowance of certain expenses being claimed under tax by income tax authorities, non-deduction of tax at source with respect to dealers/distributor's margin and non-deduction of tax on payments to international operators for access charges, etc. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialize and therefore, no provision has been recognized.

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

Interconnect charges are based on the Interconnect Usage Charges (IUC) agreements between the operators although the IUC rates are governed by the IUC guidelines issued by TRAI. BSNL has raised a demand requiring the Company to pay the interconnect charges at the rates contrary to the guidelines issued by TRAI. The Company filed a petition against that demand with the Telecom Disputes Settlement and Appellate Tribunal ('TDSAT') which passed a status quo order, stating that only the admitted amounts based on the guidelines would need to be paid by the Company.

Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialise and therefore, no provision has been recognized. Accordingly, no amounts have been accrued although some have been paid under protest.

In another proceeding with respect to Distance Based Carriage Charges, the Hon'ble TDSAT in its order dated May 21, 2010, allowed BSNL appeal praying to recover distance based carriage charges. On filing of appeal by the Telecom Operators, Hon'ble Supreme Court asked the Telecom Operators to furnish details of distance-based carriage charges owed by them to BSNL. Further, in a subsequent hearing held on Aug 30, 2010, Hon'ble Supreme Court sought the quantum of amount in dispute from all the operators as well as BSNL and directed both BSNL and Private telecom operators to furnish Call Data Records (CDRs) to TRAI. The CDRs have been furnished to TRAI. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialise and therefore, no provision has been recognized.

In another issue with respect to Port Charges, in 2001, TRAI had prescribed slab based rate of port charges payable by private operators which were subsequently reduced in the year 2007 by TRAI. On BSNL's appeal, TDSAT passed it's judgment in favor of BSNL, and held that the pre-2007 rates shall be applicable prospectively from 29th May 2010. Based on the Company's evaluation and legal advice, it believes that it is not probable that the claim will materialise and therefore, no provision has been recognized.

d) Customs Duty

The custom authorities, in some states, demanded ₹ 3,083 Mn as of March 31, 2012 (₹ 2,642 Mn as of March 31, 2011) for the imports of special software on the ground that this would form part of the hardware along with which the same has been imported. The view of the Company is that such imports should not be subject to any custom duty as it would be operating software exempt from any custom duty. Based on the Company's evaluation, it believes that it is not probable that the claim will materialise and therefore, no provision has been recognized.

e) Entry Tax

In certain states, an entry tax is levied on receipt of material from outside the state. This position has been challenged by the Company in the respective states, on the grounds that the specific entry tax is ultra vires the Constitution. Classification issues have been raised, whereby, in view of the Company, the material proposed to be taxed is not covered under the specific category. Based on the Company's evaluation, it believes that it is not probable that the claim will materialise and therefore, no provision has been recognized. The amount under dispute as of March 31, 2012 is ₹ 4,293 Mn (₹ 3,872 Mn as of March 31, 2011).

f) DoT Demands

i. The Company has not been able to meet its roll out obligations fully due to certain non-controllable factors like Telecommunication Engineering Center testing, Standing Advisory Committee of Radio Frequency Allocations clearance, non availability of spectrum, etc. The Company has received show cause notices from DoT for 14 of its circles for non-fulfillment of its roll out obligations and these have been replied to. DoT has reviewed and revised the criteria and there has been no further development on this matter since then.

ii. DoT demands include demands raised for contentious matters relating to computation of license fees and spectrum charges.

iii. DoT demands also include the following contentious matters:-

   a. In respect of subscriber verification norms and regulations including validity of certain documents allowed as Proof of Address/Identity in a mobility circle.

   b. In respect of invalid calling line identification (CLI) appearing in calls made to BSNL for certain promotional business calls in a mobility Circle.

   c. In respect of alleged non compliance to certain license conditions related to renting/transfer of sim cards in a mobility circle.

   d. In respect of provision of IPLC services to a non-licensed entity which has directly sold the same to a customer located in India in Airtel Business.

The above stated matters are being contested by the Company and the Company, based on legal advice, believes that it has complied with all license related regulations as and when prescribed and does not expect any loss relating to these matters.

During January, 2012, DoT has issued a show cause notice to the Company for alleged short payment of Licence Fee of ₹ 3,019 Mn including interest for the year 2006-07 and 2007-08. The company has submitted its reply against the same and is confident that there will be no amounts payable in this regard.

g) Airtel Networks Limited — Ownership

Airtel Networks Limited (formerly known as Celtel Nigeria Limited), an indirect subsidiary of the Company, is a defendant in several cases filed by Econet Wireless Limited (EWL) where EWL is claiming, amongst others, a breach of its alleged pre-emption rights against erstwhile and current shareholders.

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

On December 22, 2011, the Tribunal in the Arbitration commenced by EWL issued a Partial Final Award stating, amongst others, that the Shareholders Agreement had been breached by the erstwhile shareholders and, accordingly, the acquisition was null and void. However, the Tribunal has rejected EWL's claim for reversal of the 2006 transaction. The Tribunal has ordered a damages hearing, however, no date has been set. On February 3, 2012, Bharti Airtel Nigeria BV filed an application before the Lagos State High Court to set aside the Partial Final Award. In addition, Bharti Airtel Nigeria BV has filed an application for an injunction to restrain the parties to the Arbitration from further convening the arbitration for the purposes of considering the quantum of damages that could be awarded to EWL until the conclusion of the matter to set aside the Partial Final Award has been determined. This application to set aside the Partial Final Award is to be heard by the Lagos State High Court on June 4, 2012.

Given the low probability of any material adverse effect to the Company's consolidated financial position and the indemnities in the share sale agreement concluded with the Zain Group in 2010, the Company determined that it was appropriate not to provide for this matter in the financial statements. Further, the estimate of the realistic financial impact of any damages, if any, cannot be made at this time.

In addition, Airtel Networks Limited is a defendant in an action where EWL is claiming entitlement to 5 per cent. of the issued share capital of Airtel Networks Limited. This case was commenced by EWL in 2004 (prior to the Vee Networks Limited acquisition in 2006). The court of first instance has recently held that EWL should be reinstated as a 5 per cent. shareholder in Airtel Networks Limited. Despite the fact that the 5 per cent. shares claimed by EWL had been set aside in escrow since 2006 and therefore will not impact the 65.7 percent held by Bharti Airtel on a fully diluted basis in Airtel Networks Limited, the Company believes that there are good grounds to appeal the first instance judgment. The Company has already filed a Notice of Appeal and made two further applications before the Federal High Court for a stay of execution of judgment pending appeal and a motion for injunction, both applications were heard on March 13, 2012 and the Ruling is reserved for May 7, 2012.

36. Earnings per share

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

Particulars	**Year ended March 31, 2012**	**Year ended March 31, 2011**
	(Shares in Millions)	
Weighted average shares outstanding — Basic	**3,795**	3,795
Effect of dilutive securities on account of ESOP	**1**	0
Weighted average shares outstanding — diluted	**3,796**	3,795

Income available to common stockholders of the Group used in the basic and diluted earnings per share were determined as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
	(₹ Millions)	
Net profit available to common stockholders of the Group	**42,594**	60,467
Effect on account of ESOP on earnings for the year	**—**	—
Net profit available for computing diluted earnings per share	**42,594**	60,467
Basic Earnings per Share	**11.22**	15.93
Diluted Earnings per Share	**11.22**	15.93

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

37. Financial risk management objectives and policies

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

The Group and its joint ventures are exposed to market risk, credit risk and liquidity risk.

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

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

• Market risk

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

The sensitivity analysis in the following sections relate to the position as of March 31, 2012 and March 31, 2011.

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

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

The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2012 and March 31, 2011.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage its exposures to foreign exchange fluctuations and interest rate.

• Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group primarily transacts business in U.S. dollars with parties of other countries. The Group has obtained foreign currency loans and has imported equipment and is therefore, exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States dollar and Japanese yen. The Group may use foreign exchange option contracts, swap contracts or forward contracts towards operational exposures resulting from changes in foreign currency exchange rates exposure. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirement.

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

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD, Lankan Rupee, Japanese Yen and other currencies, with all other variables held constant. The impact on the Group's and its joint ventures' profit before tax is due to changes in the fair value of monetary assets and liabilities including non designated foreign currency derivatives. The impact on Group's and joint venture's equity is due to change in the fair value of intra-group monetary items that form part of net investment in foreign operation.

Particulars	Change in currency exchange rate	Effect on profit before tax	Effect on equity (OCI)
		(₹ Millions)	
For the year ended March 31, 2012			
US Dollars	+5%	(4,574)	(1,805)
	-5%	4,574	1,805
Lankan Rupee	+5%	—	552
	-5%	—	(552)
Japanese Yen	+5%	(189)	—
	-5%	189	—
Others	+5%	25	—
	-5%	(25)	—
For the year ended March 31, 2011			
US Dollars	+5%	(5,196)	—
	-5%	5,196	—
Japanese Yen	+5%	(1,027)	—
	-5%	1,027	—

• Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and its joint ventures' exposure to the risk of changes in market interest rates relates primarily to the Group's and its joint ventures' long-term debt obligations with floating interest rates. To manage this, the Group and its joint ventures enters into interest rate swaps, whereby it agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between the fixed contract rate interest amounts and the floating rate interest amounts calculated by reference to the agreed notional principal amounts. These swaps are undertaken to hedge underlying debt obligations. At March 31, 2012, after taking into account the effect of interest rate swaps, approximately 8.85 per cent. of the Group's and its joint ventures' borrowings are at a fixed rate of interest (March 31, 2011: 3.78 per cent.).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings, after the impact of interest rate swaps, with all other variables held constant, the Group's and its joint ventures' profit before tax is affected through the impact of floating rate borrowings as follows.

Interest rate sensitivity	Increase/decrease in basis points	Effect on profit before tax
	(₹ Millions)	
For the year ended March 31, 2012		
INR — borrowings	+100	(994)
	-100	994
Japanese Yen — borrowings	+100	(50)
	-100	50
US Dollar — borrowings	+100	(4,805)
	-100	4,805
Nigerian Naira — borrowings	+100	(444)
	-100	444
Other Currency — borrowings	+100	(23)
	-100	23
For the year ended March 31, 2011		
INR — borrowings	+100	(910)
	-100	910
Japanese Yen — borrowings	+100	(94)
	-100	94
US Dollar — borrowings	+100	(3,765)
	-100	3,765
Nigerian Naira — borrowings	+100	(352)
	-100	352
Other Currency — borrowings	+100	(4)
	-100	4

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

• Price risk

The Group's and its joint ventures' investments, mainly, in debt mutual funds and bonds are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group and its joint ventures are not exposed to any significant price risk.

• Credit risk

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

1) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 14-day to 30-day terms except in case of balances due from trade receivables in Airtel Business Segment which are generally on credit terms upto 60 days. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. The Group and its joint venture has no concentration of credit risk as the customer base is widely distributed both economically and geographically. The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired (including unbilled)	Past due but not impaired				
		Less Than 30 days	30 to 60 days	60 to 90 days	Above 90 days	Total
	(₹ Millions)					
Trade Receivables March 31, 2012	21,018	13,354	5,751	3,746	11,273	55,142
Trade Receivables March 31, 2011	20,034	10,977	6,609	3,929	5,069	46,618

The requirement for impairment is analyzed at each reporting date. Additionally, a large number of minor receivables is grouped into homogenous groups and assessed for impairment collectively. Refer note 20 for details on the impairment of trade receivables.

2) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Group monitors ratings, credit spreads and financial strength on at least a quarterly basis. Based on its on-going assessment of counterparty risk, the Group adjusts its exposure to various counterparties. The Group's and its joint ventures' maximum exposure to credit risk for the components of the statement of financial position as of March 31, 2012 and March 31, 2011 is the carrying amounts as disclosed in Note 32 except for financial guarantees. The Group's and its joint ventures' maximum exposure for financial guarantees is given in Note 35.

• Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and debentures as also keeps a constant effort to continue to diversify its sources of financing including bilateral financing or market based, both in loan and bond markets.

The table below summarizes the maturity profile of the Group's and its joint ventures' financial liabilities based on contractual undiscounted payments:-

Particulars	As of March 31, 2012						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
	(₹ Millions)						
Interest bearing borrowings*	690,232	512	102,142	118,513	105,955	455,481	**782,603**
Financial derivatives	567	—	82	84	80	321	**567**
Other liabilities	23,076	—	—	—	10,893	12,183	**23,076**
Trade and other payables	232,650	—	232,650	—	—	—	**232,650**
	946,525	**512**	**334,874**	**118,597**	**116,928**	**467,985**	**1,038,896**

Particulars	As of March 31, 2011 Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
	(₹ Millions)						
Interest bearing borrowings*	616,708	—	80,891	25,045	131,504	461,971	**699,411**
Financial derivatives	468	—	260	57	104	47	**468**
Other liabilities	13,856	—	—	—	3,294	10,562	**13,856**
Trade and other payables	239,684	—	239,684	—	—	—	**239,684**
	870,716	**—**	**320,835**	**25,102**	**134,902**	**472,580**	**953,419**

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

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

• Capital management

Capital includes equity attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

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

No changes were made in the objectives, policies or processes during the year ended March 31, 2012 and March 31, 2011.

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

Particulars	As of March 31, 2012	As of March 31, 2011
	(₹ Millions)	
Loans & Borrowings	**690,232**	616,708
Less: Cash and Cash Equivalents	**20,300**	9,575
Net Debt	**669,932**	607,133
Equity	**506,113**	487,668
Total Capital	**506,113**	487,668
Capital and Net Debt	**1,176,045**	1,094,801
Gearing Ratio	**57.0%**	55.5%

38. New companies/operations

a) On April 5, 2011, Airtel DTH Services Congo (RDC) S.p.r.l. had been incorporated as a wholly owned subsidiary of Bharti Airtel DTH Holdings B.V. (a wholly-owned subsidiary of Bharti Airtel Africa B.V.).

b) On April 5, 2011, Airtel Mobile Commerce Madagascar S.A. had been incorporated as a wholly owned subsidiary of Airtel Mobile Commerce B.V. (formerly known as Zap Mobile commerce B.V) (a wholly owned subsidiary of Bharti Airtel International (Netherlands) B.V.). Airtel Mobile Commerce B.V. had invested ₹ 0.05 Mn in the newly incorporated company.

c) On April 5, 2011, Congo RDC Towers S.p.r.l. had been incorporated as a wholly owned subsidiary of Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) B.V.).

d) On May 17, 2011, Gabon Towers S.A. had been incorporated as a wholly owned subsidiary of Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) B.V.). Africa Towers N.V. had invested ₹ 1 Mn in the newly incorporated company.

e) On May 26, 2011, Airtel DTH Services Gabon S.A. had been incorporated as a wholly owned subsidiary of Bharti Airtel DTH Holdings N.V. (a wholly-owned subsidiary of Bharti Airtel Africa B.V.). Bharti Airtel DTH Holdings N.V. had invested ₹ 0.7 Mn in the newly incorporated company.

f) On June 26, 2011, Bangladesh Infratel Networks Limited had been incorporated as the wholly owned subsidiary of Airtel Bangladesh Limited (a subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd). Airtel Bangladesh Limited had invested ₹ 0.06 Mn in the newly incorporated company.

g) On July 8, 2011, Aero Ventures Limited, Mauritius had been incorporated as a wholly owned subsidiary of Network i2i Limited (a wholly owned subsidiary of Bharti Airtel Limited). Network i2i Limited had invested ₹ 48.93 towards subscription of 1 share of USD 1 in the newly incorporated company. During the year Network i2i Limited had made further investment of ₹ 2,410 Mn. On March 20, 2012, Network i2i Limited sold its entire equity stake in Aero Ventures Limited to Malaysian Jet Services Sdn. Bhd., Malaysia for a total consideration of ₹ 2,543 Mn (USD 50.6 Mn).

h) On August 15, 2011, Bharti Airtel Cameroon B.V (formerly known as Bharti Airtel Rwanda Holdings B.V.) had been incorporated as a wholly owned subsidiary of Bharti Airtel Africa B.V. (a wholly-owned subsidiary of Bharti Airtel International (Netherlands) B.V.). Bharti Airtel Africa B.V. had invested ₹ 1.15 Mn in the newly incorporated company.

i) On September 2, 2011, Airtel Rwanda Limited had been incorporated as a wholly owned subsidiary of Bharti Airtel Cameroon B.V (formerly known as Bharti Airtel Rwanda Holdings B.V., a wholly-owned subsidiary of Bharti Airtel Africa B.V.). Subsequently, on September 15, 2011, Bharti Airtel Cameroon B.V. had transferred 100 per cent. of its holdings in the newly incorporated company to Zebrano (Mauritius) Limited (formerly known as Zain (IP) Mauritius Limited) (a wholly- owned subsidiary of Bharti Airtel Africa B.V.).

j) On September 8, 2011, Africa Towers Services Limited had been incorporated as the jointly owned entity of Africa Towers N.V. (a wholly-owned subsidiary of Bharti Airtel International (Netherlands) B.V.) and Bharti Airtel International (Netherlands) B.V.

k) On September 12, 2011, Rwanda Towers Limited had been incorporated as a wholly owned subsidiary of Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) B.V.).

l) During the year ended March 31, 2012, the Group has completed the launch of 3G services in all its eligible licensed circles in India and launched Airtel Money at Pan India level. In respect of Africa operations, 3G services were commenced in select countries and commercial operations were launched in Rwanda, newly acquired license.

39. Additional investment in subsidiaries and associates

a) The Company had invested ₹ 201 Mn in Bharti Airtel International (Mauritius) Limited during the year ended March 31, 2012 and holds 100 per cent. shareholding as of March 31, 2012.

b) The Company had invested ₹ 211 Mn in Bharti International (Singapore) Pte Limited during the year ended March 31, 2012 and the Group holds 100 per cent. shareholding as of March 31, 2012.

c) The Company had invested ₹ 480 Mn in Airtel M Commerce Services Limited during the year ended March 31, 2012, out of which equity shares of ₹ 20 Mn were acquired from Bharti Airtel Services Limited and ₹ 280 Mn have been invested during the quarter ended March 31, 2012.

The Company holds 100 per cent. shareholding as of March 31, 2012.

d) The Company has invested ₹ 98 Mn for its proportionate share in Bharti Teleports Limited, during the year ended March 31, 2012 and continues to hold 49 per cent. of the total shareholding as of March 31, 2012.

40. Companies in the group, joint ventures and associates

The Group conducts its business through Bharti Airtel and its directly and indirectly held subsidiaries , joint ventures and associates, which are as follows:-

S. no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group	
				As of March 31, 2012	As of March 31, 2011
				%	%
1 .	Bharti Airtel Services Limited	India	Administrative support to Bharti Group and trading activities	**100**	100
2 .	Network i2i Limited	Mauritius	Submarine Cable System	**100**	100
3 .	Bharti Airtel (USA) Limited	United States of America	Telecommunication services	**100**	100
4 .	Bharti Airtel (UK) Limited	United Kingdom	Telecommunication services	**100**	100
5 .	Bharti Airtel (Canada) Limited	Canada	Telecommunication services	**100**	100
6 .	Bharti Airtel (Hongkong) Limited	Hongkong	Telecommunication services	**100**	100
7 .	Bharti Airtel Holdings (Singapore) Pte Ltd	Singapore	Investment Company	**100**	100
8 .	Bharti Airtel Lanka (Pvt) Limited	Sri Lanka	Telecommunication services	**100**	100
9 .	Bharti Infratel Lanka (Pvt) Limited	Sri Lanka	Passive infrastructure Services	**100**	100
10	Bharti Hexacom Limited	India	Telecommunication services	**70**	70
11	Bharti Infratel Limited (“BIL”)	India	Passive infrastructure Services	**86.09**	86.09
12	Bharti Infratel Ventures Limited(“BIVL”)	India	Passive infrastructure Services	**86.09**	86.09
13	Bharti Telemedia Limited	India	Direct To Home services	**95**	95
14	Airtel Bangladesh Limited (formerly Warid Telecom International Limited)	Bangladesh	Telecommunication services	**70**	70
15	Bharti International (Singapore) Pte. Ltd	Singapore	Telecommunication services	**100**	100
16	Bharti Airtel International (Netherlands) B.V	Netherlands	Investment Company	**100**	100
17	Airtel M Commerce Services Limited	India	Mobile commerce services	**100**	100
18	Bharti Airtel International (Mauritius) Ltd	Mauritius	Investment Company	**100**	100
19	Bharti Airtel Japan Kabushiki Kaisha	Japan	Telecommunication services	**100**	100
20	Bharti Airtel France SAS	France	Telecommunication services	**100**	100

S. no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group	
				As of March 31, 2012	As of March 31, 2011
				%	%
21	Aero Ventures Limited#	Mauritius	Aviation Management Services	**—**	—
22	Bangladesh Infratel Networks Limited	Bangladesh	Passive infrastructure Services	**100**	—
23	Bharti Airtel Africa B.V.	Netherlands	Investment Company	**100**	100
24	Bharti Airtel Burkina Faso Holdings B.V.	Netherlands	Investment Company	**100**	100
25	Airtel Burkina Faso S.A. (Formerly known as Celtel Burkina Faso S.A.)	Burkina Faso	Telecommunication services	**100**	100
26	Bharti Airtel Chad Holdings B.V.	Netherlands	Investment Company	**100**	100
27	Celtel Tchad S.A.	Chad	Telecommunication services	**100**	100
28	Bharti Airtel Gabon Holdings B.V.	Netherlands	Investment Company	**100**	100
29	Celtel Gabon S.A.	Gabon	Telecommunication services	**90**	90
30	Bharti Airtel Cameroon Holdings B.V.	Netherlands	Investment Company	**100**	100
31	Celtel Cameroon S.A.	Cameroon	Telecommunication services	**100**	100
32	Bharti Airtel Congo Holdings B.V.	Netherlands	Investment Company	**100**	100
33	Airtel Congo S.A. (Formerly known as Celtel Congo S.A.)	Congo Brazzavile	Telecommunication services	**90**	90
34	Bharti Airtel RDC Holdings B.V.	Netherlands	Investment Company	**100**	100
35	Partnership Investments Sprl	Democratic Republic of Congo	Investment Company	**100**	100
36	Celtel Congo (RDC) S.a.r.l.	Democratic Republic of Congo	Telecommunication services	**98.5**	98.5
37	Bharti Airtel Mali Holdings B.V.	Netherlands	Investment Company	**100**	100
38	Bharti Airtel Kenya Holdings B.V.	Netherlands	Investment Company	**100**	100
39	Bharti Airtel Kenya B.V.	Netherlands	Investment Company	**100**	100
40	Airtel Networks Kenya Limited (Formerly known as Celtel Kenya Ltd.)	Kenya	Telecommunication services	**100**	100
41	Bharti Airtel Malawi Holdings B.V.	Netherlands	Investment Company	**100**	100
42	Airtel Malawi Limited (Formerly known as Celtel Malawi Ltd)	Malawi	Telecommunication services	**100**	100
43	Bharti Airtel Niger Holdings B.V.	Netherlands	Investment Company	**100**	100
44	Celtel Niger S.A.	Niger	Telecommunication services	**90**	90
45	Bharti Airtel Sierra Leone Holdings B.V.	Netherlands	Investment Company	**100**	100
46	Airtel (SL) Limited	Sierra Leone	Telecommunication services	**100**	100
47	Celtel Zambia Plc	Zambia	Telecommunication services	**96.36**	96.36
48	Bharti Airtel Uganda Holdings B.V.	Netherlands	Investment Company	**100**	100

S. no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group	
				As of March 31, 2012	As of March 31, 2011
				%	%
49	Airtel Uganda Limited (Formerly known as Celtel Uganda Ltd.)	Uganda	Telecommunication services	**100**	100
50	Bharti Airtel Tanzania B.V.	Netherlands	Investment Company	**100**	100
51	Airtel Tanzania Limited (Formerly known as Celtel Tanzania Ltd.)	Tanzania	Telecommunication services	**60**	60
52	Bharti Airtel Madagascar Holdings B.V.	Netherlands	Investment Company	**100**	100
53	Channel Sea Management Company Mauritius Limited	Mauritius	Investment Company	**100**	100
54	Zebrano (Mauritius) Limited (Formerly known as Zain (IP) Mauritius Limited)	Mauritius	Investment Company	**100**	100
55	Montana International S.A	Mauritius	Investment Company	**100**	100
56	Airtel Madagascar S.A. (Formerly Celtel Madagascar S.A.)	Madagascar	Telecommunication services	**100**	100
57	Bharti Airtel Nigeria Holdings B.V.	Netherlands	Investment Company	**100**	100
58	MSI-Celtel Nigeria Limited	Nigeria	Investment Company	**100**	100
59	Bharti Airtel Nigeria Holdings II B.V.	Netherlands	Investment Company	**100**	100
60	Bharti Airtel Nigeria B.V.	Netherlands	Investment Company	**100**	100
61	Bharti Airtel Ghana Holdings B.V.	Netherlands	Investment Company	**100**	100
62	Airtel Ghana Limited (Formerly known as Bharti Airtel Ghana Ltd.)	Ghana	Telecommunication services	**75**	75
63	Bharti Airtel Acquisition Holdings B.V.	Netherlands	Investment Company	**100**	100
64	Bharti Airtel Services B.V.	Netherlands	Investment Company	**100**	100
65	Airtel Networks Limited (Formerly known as Celtel Nigeria Ltd.)	Nigeria	Telecommunication services	**65.7**	65.7
66	Bharti Airtel Zambia Holdings B.V.	Netherlands	Investment Company	**100**	100
67	Airtel Mobile Commerce Limited (formely known as Zap Trust Company Ltd. (Malawi))	Malawi	Mobile commerce services	**100**	100
68	Airtel Mobile Commerce (Kenya) Limited (formely known as Zap Trust Company Ltd. (Kenya))	Kenya	Mobile commerce services	**100**	100
69	Airtel Mobile Commerce (Ghana) Limited (formely known as Zap Trust Company Ltd. (Ghana))	Ghana	Mobile commerce services	**100**	100
70	Celtel (Mauritius) Holdings Limited	Mauritius	Investment Company	**100**	100
71	ZMP Limited	Zambia	Mobile commerce services	**100**	100
72	Airtel Mobile Commerce (SL) Limited (formely known as Zap Trust Company (SL) Ltd.)	Sierra Leone	Mobile commerce services	**100**	100
73	Airtel Mobile Commerce Tchad S.a.r.l. (formely known as Zap Mobile Commerce Tchad S.a.r.l.)	Chad	Mobile commerce services	**100**	100

S. no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group	
				As of March 31, 2012	As of March 31, 2011
				%	%
74 .	Airtel Mobile Commerce B.V. (formerly known Zap Mobile Commerce B.V.)	Netherlands	Investment Company	**100**	100
75 .	Mobile Commerce Gabon S.A.	Gabon	Mobile commerce services	**100**	100
76 .	Malawi Towers Limited	Malawi	Infrastructure sharing services	**100**	100
77 .	Airtel Money Niger S.A. (formerly known Zap Niger S.A. (Niger))	Niger	Mobile commerce services	**100**	100
78 .	Société Malgache de Téléphone Cellulaire S.A.	Mauritius	Investment Company	**100**	100
79 .	Airtel Mobile Commerce Holdings B.V. (formerly known as Zap Holdings B.V.)	Netherlands	Investment Company	**100**	100
80 .	Zap Trust Company Nigeria Ltd.	Nigeria	Mobile commerce services	**100**	100
81 .	Indian Ocean Telecom Limited	Jersey	Investment Company	**100**	100
82 .	Airtel (Seychelles) Limited (formerly known as Telecom (Seychelles) Limited)	Seychelles	Telecommunication services	**100**	100
83 .	Airtel Mobile Commerce Tanzania Limited (formely known as Zap Trust Company Tanzania Ltd.)	Tanzania	Mobile commerce services	**100**	100
84 .	Airtel Mobile Commerce Uganda Limited (formerly known as Zap Trust Company Uganda Ltd.)	Uganda	Mobile commerce services	**100**	100
85 .	Uganda Towers Limited	Uganda	Infrastructure sharing services	**100**	100
86 .	Airtel DTH Services Ghana Limited	Ghana	Direct To Home services	**100**	100
87 .	Airtel DTH Services Malawi Limited	Malawi	Direct To Home services	**100**	100
88 .	Airtel DTH Services Uganda Limited	Uganda	Direct To Home services	**100**	100
89 .	Africa Towers N.V.	Netherlands	Investment Company	**100**	100
90 .	Airtel Towers (Ghana) Limited	Ghana	Infrastructure sharing services	**100**	100
91 .	Bharti Airtel DTH Holdings B.V.	Netherlands	Investment Company	**100**	100
92 .	Airtel Direct-to-Home Services (Kenya) Limited (formely known as Airtel DTH Services (Kenya) Limited)	Kenya	Direct To Home services	**100**	100
93	Airtel DTH Services (SL) Limited	Sierra Leone	Direct To Home services	**100**	100

S. no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group	
				As of March 31, 2012	As of March 31, 2011
				%	%
94	Airtel DTH Service Burkina Faso S.A.	Burkina Faso	Direct To Home services	**100**	100
95	Airtel DTH Services Congo S.A.	Congo Brazzavile	Direct To Home services	**100**	100
96	Airtel DTH Services Madagascar S.A.	Madagascar	Direct To Home services	**100**	100
97	Airtel DTH Services Niger S.A.	Niger	Direct To Home services	**100**	100
98	Airtel DTH Services Nigeria Limited	Nigeria	Direct To Home services	**100**	100
99	Airtel DTH Services Tchad S.A.	Chad	Direct To Home services	**100**	100
100	Airtel DTH Services Tanzania Limited	Tanzania	Direct To Home services	**100**	100
101	Bharti DTH Services Zambia Limited	Zambia	Direct To Home services	**100**	100
102	Airtel Towers (SL) Company Limited	Sierra Leone	Infrastructure sharing services	**100**	100
103	Burkina Faso Towers S.A.	Burkina Faso	Infrastructure sharing services	**100**	100
104	Congo Towers S.A.	Congo Brazzavile	Infrastructure sharing services	**100**	100
105	Kenya Towers Limited	Kenya	Infrastructure sharing services	**100**	100
106	Madagascar Towers S.A.	Madagascar	Infrastructure sharing services	**100**	100
107	Mobile Commerce Congo S.A.	Congo Brazzavile	Mobile commerce services	**100**	100
108	Niger Towers S.A.	Niger	Infrastructure sharing services	**100**	100
109	Tanzania Towers Limited	Tanzania	Infrastructure sharing services	**100**	100
110	Tchad Towers S.A.	Chad	Infrastructure sharing services	**100**	100
111	Towers Support Nigeria Limited	Nigeria	Infrastructure sharing services	**100**	100
112	Bharti Airtel Developers Forum Limited (formely known as Zain Developers Forum)	Zambia	Investment Company	**100**	100
113	Zambian Towers Limited	Zambia	Infrastructure sharing services	**100**	100

S. no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group	
				As of March 31, 2012	As of March 31, 2011
				%	%
114	Airtel Money (RDC) S.p.r.l.	Democratic Republic of Congo	Mobile commerce services	**100**	100
115	Airtel Mobile Commerce Burkina Faso S.A. (formerly known as Zap Trust Burkina Faso S.A.)	Burkina Faso	Mobile commerce services	**100**	100
116	Airtel DTH Services Congo (RDC) S.p.r.l.	Democratic Republic of Congo	Direct to Home Services	**100**	—
117	Airtel DTH Services Gabon S.A.	Gabon	Direct to Home Services	**100**	—
118	Congo RDC Towers S.p.r.l.	Democratic Republic of Congo	Infrastructure sharing services	**100**	—
119	Gabon Towers S.A.	Gabon	Infrastructure sharing services	**100**	—
120	Airtel Mobile Commerce Madagascar S.A.	Madagascar	Mobile commerce services	**100**	—
121	Bharti Airtel Cameroon B.V. (formerly known as Bharti Airtel Rwanda Holdings B.V.)	Netherlands	Investment Company	**100**	—
122	Airtel Rwanda Limited	Rwanda	Telecommunications company	**100**	—
123	Africa Towers Services Limited	Kenya	Infrastructure sharing services	**100**	—
124	Rwanda Towers Limited	Rwanda	Infrastructure sharing services	**100**	—

Please refer note 38 (g)

S. no	Name of associates	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group	
				As of March 31, 2012	As of March 31, 2011
				%	%
1	Bharti Teleports Limited	India	Uplinking channels for broadcasters	**49**	49
2	Alcatel Lucent Network Management Services India Ltd	India	Telecommunication services	**26**	26
3	Tanzania Telecommunications Company Limited	Tanzania	Telecommunication services	**35**	35

S. no	Name of joint ventures	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group	
				As of March 31, 2012	As of March 31, 2011
				%	%
1	Indus Towers Limited*	India	Passive infrastructure services	**36.16***	36.16*
2	Bridge Mobile Pte Limited	Singapore	Provision of regional mobile services	**10**	10
3	Forum I Aviation Ltd	India	Aircraft chartering services	**14.28**	14.28

* Bharti Infratel Limited ("BIL"), in which the Group has 86.09 per cent. equity interest, owns 42 per cent. of Indus Towers Limited.

41. During the year ended March 31, 2012, a fire incident had occurred at one of the premises of the Company. The insurance company has been notified about the loss and a preliminary survey has been carried out. The Company is in the process of completing the necessary documentation for claiming the insurance amount. The Company is confident of recovering the full value of the loss amount from the insurer.

42. Bharti Infratel Limited ('BIL') demerged its undertaking comprising passive telecom infrastructure in 12 circles and merged the same with Bharti Infratel Ventures Limited (wholly owned subsidiary) through scheme of arrangement approved by the Hon'ble High court of Delhi. The Scheme did not have any impact on the consolidated financial results of the Group prepared in accordance with the IFRS.

On May 31, 2011, the Subsidiary Company "Bharti Infratel Ventures Limited" filed a scheme of merger before Hon'ble High Court of Delhi whereby the Subsidiary Company will merge with Indus Towers Limited, a joint venture company of the Group, with appointed date as April 1, 2009. The carrying value of assets and liabilities of the subsidiary company as of March 31, 2012 is ₹ 53,518 Mn and ₹ 9,983 Mn respectively. Similarly, under the respective merger scheme, the other joint venturers will also contribute in proportion to their shareholding.

43. The following accounting policies have been changed and corresponding comparative figures have been reclassified where appropriate to conform to the current year's presentation in these financial statements:

(i) During the year ended March 31, 2012, considering the practice followed by global telecom companies and significant volatility in foreign currency exchange rates, the Group has changed the presentation of statement of comprehensive income from a single statement to two statements to improve the understandability of the effect of foreign currency translation on the Group's financial performance.

(ii) Short term borrowings having a maturity period of three months or less were presented on a gross basis under proceeds from issuance of borrowings ₹ 13,900 Mn and repayment of borrowings ₹ 9,600 Mn in the statement of cash flows during the comparative previous year ended March 31, 2011. During the year ended March 31, 2012, the Group has reassessed the presentation and have presented the same on a net basis in a separate line item as short term borrowings (net) to improve the understandability of the effect of short term borrowings.

(iii) During the comparative previous year ended March 31, 2011, 'other income' and 'non-operating expenses' were presented after 'Profit/(Loss) from operating activities' in the income statement. The Group has reassessed the presentation and reclassified these as 'other operating income'/'revenue' and to 'operating expenses', respectively. The amounts involved are not material.

Further previous year's figures in the notes to consolidated financial statements have been reclassified/restated, wherever required to confirm to the current year's presentation.

The above do not affect previously reported net profit or shareholders' equity.

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