

Bharti Airtel Limited

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

CIN: L74899DL1995PLC070609

T: +91-11-4666 6100, F: +91-11-4166 6137, Email id: compliance.officer@bharti.in

Statement of Audited Consolidated Ind AS Financial Results for the quarter ended June 30, 2016

(Rs Million except per share data)

S.No.	Particulars	Quarter ended June 30, 2016	Quarter ended March 31, 2016	Quarter ended June 30, 2015	Year ended March 31, 2016
		Audited	Audited	Audited	Audited
1	Income from operations				
	(a) Net Sales / Income from operations	255,465	249,596	236,709	965,321
	(b) Other Operating Income	264	235	99	871
	Total income from operations	255,729	249,831	236,808	966,192
2	Expenses				
	(a) Access charges	27,041	26,948	27,419	109,423
	(b) Network operations expense	66,786	63,743	61,733	211,891
	(c) License fees and spectrum charges (revenue share)	25,499	25,049	23,101	94,928
	(d) Depreciation and amortisation	50,402	48,163	40,404	174,498
	(e) Employee benefits	11,144	12,404	12,068	49,106
	(f) Sales and marketing expenses	22,923	23,358	23,684	94,861
	(g) Other expenses	16,591	16,972	16,460	65,268
	Total expenses	210,386	206,637	194,869	799,977
3	Profit from operations before other income, net finance costs (including exchange fluctuation and related expenses), share of profit in joint ventures / associates, exceptional items and tax (1-2)	45,343	43,194	41,939	166,215
4	Other income	-	-	-	-
5	Profit before net finance costs (including exchange fluctuation and related expenses), share of profit in joint ventures / associates, exceptional items and tax (3+4)	45,343	43,194	41,939	166,215
6	Net finance costs (including exchange fluctuation and related expenses)	19,424	17,031	19,291	70,159
7	Share of profit in joint ventures / associates	(2,548)	(2,915)	(2,405)	(10,666)
8	Profit after net finance costs (including exchange fluctuation and related expenses), share of profit in joint ventures / associates but before exceptional items and tax (5-6-7)	28,467	29,078	25,053	106,722
9	Exceptional items - net charge / (credit) (Refer Note 11 below)	3,536	2,999	(21,384)	(21,741)
10	Profit from ordinary activities before tax (8-9)	24,931	26,079	46,437	128,463
11	Tax expense (including benefit of Rs. 2,241 Mn for the quarter ended June 16, benefit of Rs. 623 Mn and expense of Rs. 6,169 Mn for the quarter and year ended Mar'16 respectively, expense of Rs. 8,399 Mn for the quarter ended June 15 on exceptional items)	10,089	10,789	21,827	59,533
12	Net profit from ordinary activities after tax (10-11)	14,842	15,290	24,610	68,930
13	Extraordinary items (net of tax expenses)	-	-	-	-
14	Profit for the period / year (12-13)	14,842	15,290	24,610	68,930
15	Minority interest (including impact of Rs. 2,113 Mn for the quarter ended June 16, Rs. 124 Mn for the quarter and Rs. 1,220 Mn for the year ended March 16 respectively, Rs. 2,839 Mn for the quarter ended June 15, on exceptional items)	222	2,095	3,478	8,163
16	Net profit for the period / year after tax and minority interest (14-15)	14,620	13,195	21,132	60,767
17	Other comprehensive (loss) / income (net of minority interest)	(39,172)	2,140	(1,385)	(11,977)
18	Total comprehensive (loss) / income (16+17)	(24,552)	15,335	19,747	48,790
19	Paid-up equity share capital (Face value Rs.5/- each)	19,987	19,987	19,987	19,987
20	Reserves excluding revaluation reserves	622,899	647,706	630,096	647,706
21	Earnings per share before / after extraordinary items (Face value Rs.5/- each)				
	i) Basic	3.66	3.30	5.29	15.21
	ii) Diluted	3.66	3.30	5.29	15.21



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Audited Consolidated Segment-wise Revenue, Result, Segment assets and Segment liabilities for the quarter ended June 30, 2016.

(Rs. Million)

Particulars	Quarter ended June 30, 2016	Quarter ended March 31, 2016	Quarter ended June 30, 2015	Year ended March 31, 2016
	Audited	Audited	Audited	Audited
1. Segment Revenue				
a) Mobile Services India	150,526	146,525	137,987	560,818
b) Mobile Services Africa	62,493	64,511	61,595	251,333
c) Mobile Services South Asia	4,143	4,388	3,886	16,454
d) Airtel Business	26,793	23,666	24,280	96,993
e) Tower Infrastructure Services	14,557	14,148	13,737	55,588
f) Homes Services	6,644	6,586	5,985	25,066
g) Digital TV Services	8,369	7,840	6,848	29,178
h) Others	772	786	799	3,051
i) Unallocated	-	-	-	-
Total	274,297	268,450	255,117	1,038,481
Less: Inter-segment revenue *	18,832	18,854	18,408	73,160
Net sales / income from operations	255,465	249,596	236,709	965,321
2. Segment Results **				
Profit / (loss) before net finance costs (including exchange fluctuation and related expenses), exceptional items and tax	-	-	-	-
a) Mobile Services India	34,439	32,434	33,684	127,787
b) Mobile Services Africa	1,975	985	761	4,909
c) Mobile Services South Asia	(1,580)	(1,085)	(1,829)	(6,394)
d) Airtel Business	4,695	5,105	4,069	18,853
e) Tower Infrastructure Services	6,371	6,841	5,972	25,089
f) Homes Services	1,614	1,532	1,367	5,682
g) Digital TV Services	1,219	720	415	1,843
h) Others	2	(31)	12	(23)
i) Unallocated	(475)	(450)	(501)	(1,546)
Total	48,260	46,051	43,950	176,200
Less: Inter-segment eliminations *	369	(58)	(394)	(581)
Total profit before net finance costs (including exchange fluctuation and related expenses), exceptional items and tax	47,891	46,109	44,344	176,881
Less:				
Net finance costs (including exchange fluctuation and related expenses)	19,424	17,031	19,291	70,159
Exceptional items - net charge / (credit)	3,536	2,999	(21,384)	(21,741)
Total profit before tax	24,931	26,079	46,437	128,463
3. Segment Assets				
a) Mobile Services India	1,560,638	1,492,965	1,337,805	1,492,965
b) Mobile Services Africa	623,602	710,446	753,967	710,446
c) Mobile Services South Asia	46,937	47,038	47,713	47,038
d) Airtel Business	249,121	229,437	184,742	229,437
e) Tower Infrastructure Services	214,872	209,382	208,722	209,382
f) Homes Services	206,850	168,010	118,108	168,010
g) Digital TV Services	23,838	22,756	19,495	22,756
h) Others	1,275	1,037	778	1,037
i) Unallocated (net of eliminations)	(675,861)	(623,840)	(498,136)	(623,840)
Total	2,251,272	2,257,231	2,173,194	2,257,231
4. Segment Liabilities				
a) Mobile Services India	681,505	627,121	528,190	627,121
b) Mobile Services Africa	262,923	278,878	259,649	278,878
c) Mobile Services South Asia	33,045	31,499	30,146	31,499
d) Airtel Business	144,420	129,797	100,210	129,797
e) Tower Infrastructure Services	20,911	19,806	20,858	19,806
f) Homes Services	147,301	110,033	62,160	110,033
g) Digital TV Services	44,328	46,958	54,683	46,958
h) Others	1,692	1,439	1,108	1,439
i) Unallocated (net of eliminations)***	219,965	289,026	410,745	289,026
Total	1,556,090	1,534,557	1,467,749	1,534,557

* includes accounting policy alignment

** Segment results include share of results of the joint ventures and associates.

*** Comprises borrowings, including borrowings for acquisition of Africa operations and other borrowings of Africa operations of Rs.405,880 Mn (USD 6.01 Bn), Rs. 442,204 Mn (USD 6.67 Bn) and Rs.535,430 Mn (USD 8.4 Bn), for 3G and BWA licenses (including spectrum) of Rs. 24,520 Mn, Rs. 8,907 Mn and Rs. 31,580 Mn as of June 30, 2016, March 31, 2016 and June 30, 2015 respectively, provision for taxes, deferred tax asset / liabilities and fair value of derivative financial instruments.



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Notes to the Financial Results

1. The financial results for the quarter ended June 30, 2016 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors in their respective meetings held on July 27, 2016.
2. The above financial results is extracted from the condensed interim audited consolidated financial statements of the company, which are prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Sec 133 of the Companies Act, 2013 read with relevant rules issued there under. The consolidated interim financial results represents results of the Group, its subsidiaries, and it's share in the joint ventures.
3. The Company has transitioned to Ind AS with effect from April 1, 2016 with transition date being April 1, 2015. The transition is carried out from Indian Accounting Principles generally accepted in India ('IGAAP') being the previous GAAP. Accordingly, the impact of transition has been provided in the opening equity as at April 1, 2015 and figures for the previous quarters/year have been restated to comply with Ind AS. Please refer note 12 for reconciliation of net profit and equity for the previous quarters/year between IGAAP and Ind AS.

Ertwhile in terms of clause 41 of the listing agreement, the Group have been voluntarily reporting its consolidated financial results under IFRS since April 01, 2010 till March 31, 2016. The historical periods have been restated as per Ind-AS to make them comparable. Reconciliation of Net profits and Equity between IFRS and Ind AS for the preious quarters/year have been restated to comply with Ind AS. Please refer to <http://www.airtel.in/wps/wcm/connect/about-bharti/equity/results> for audited reconciation of net profits and equity for the previous quarters / year between IFRS and Ind AS.
4. Effective April 1, 2016, the company has realigned the reporting of its Corporate data and Fixed line business with Airtel business and accordingly renamed Telemedia Service to Homes Services. The historical periods have been restated for the above mention segmental changes to make them comparable.
5. During the quarter ended June 30, 2016, the Group has received the requisite approvals for the transfer of right to use spectrum under the 1800 MHZ band for the six circles from Videocon Telecommunications Limited and accordingly the transaction has been consummated.
6. During the quarter ended June 30, 2016, the Group has entered into a definitive agreement with Aircel Limited and its subsidiaries Dishnet Wireless Limited and Aircel Cellular Limited, to acquire rights to use spectrum in the 2300 Mhz band for eight circles. Subsequent to the balance sheet date, transaction for six circles has been consummated.
7. Subsequent to the balance sheet date, based on the fulfillment of the regulatory and other closing conditions the Group has consummated the divestment of its subsidiary in Sierra Leone.
8. During the quarter ended June 30, 2016, as the closing conditions have been fulfilled the transaction for the purchase of 100% equity stake in Augere Wireless Broadband India Pvt. Ltd has been consummated. Further, an application under sections 391 of the Companies Act, 1956 has been filed in the Hon'ble High Court of Delhi for the merger.
9. During the quarter ended June 30, 2016, the Company's subsidiary in Democratic Republic of Congo (DRC) and HT DRC Infraco Sarl and its subsidiaries (Helios) have entered into an agreement for the sale of telecom towers in DRC. The Company's subsidiary will have access to a dedicated portion of the towers from Helios under long term lease contracts, which will be considered as finance lease. As the criteria for being classified as Held for Sale are met during the quarter, assets and associated liabilities that are part of this transaction and will not be leased back have been reclassified as assets and liabilities of disposal group classified as held for sale.
10. On January 8, 2013, the Department of Telecommunications ('DoT') issued a demand on the Company and one of its subsidiaries for Rs. 52,013 Mn towards levy of one time spectrum charge. Based on a petition filed by the Company, the Hon'ble High Court of Bombay, through its order dated January 28, 2013, has directed DoT to respond and not to take any coercive action until the next date of hearing. The Company, based on independent legal opinions, till date has not given any effect to the above demand.



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

A. Net Profit reconciliation:

Particulars	Quarter ended				Year ended
	30-Jun-15	30-Sep-15	31-Dec-15	31-Mar-16	31-Mar-16
Net Profit as per IGAAP	25,883	5,815	8,952	3,916	44,566
Reinstatement of previously amortised goodwill and effect of reinstatement of past business combinations in accordance with Ind AS 103	6,865	6,513	6,881	6,841	27,100
Effect of measuring financial instruments at fair value	(4,224)	964	(796)	249	(3,807)
Translation differences as to foreign operations	2,650	(10,317)	(2,357)	5,121	(4,903)
Tax and non-controlling interests impact on Ind-AS transition adjustments	(12,544)	3,065	(730)	783	(9,426)
Others	1,117	(3,614)	(668)	(1,575)	(4,740)
Total comprehensive income as per Ind AS	19,747	2,426	11,282	15,335	48,790

B. Equity reconciliation

Particulars	(Rs. Million)	
	Year ended 31-Mar-16	Year ended 31-Mar-15
Equity as per IGAAP	497,441	466,676
Reinstatement of previously amortised goodwill and effect of reinstatement of past business combinations in accordance with Ind AS 103	208,468	188,876
Effect of measuring financial instruments at fair value	9,353	12,469
Proposed dividend to be recognised as liability post shareholders approval including dividend distribution tax thereon	6,543	11,465
Others (Includes tax adjustment on above)	869	2,717
Equity as per Ind AS	722,674	682,203



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13. The figures for the quarter ended March 31, 2016 are calculated as the difference between the audited figures in respect of the full financial year and the audited year to date figures up to the third quarter of the financial year 2015-16.

For Bharti Airtel Limited



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



New Delhi
July 27, 2016

Notes:

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

