IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS UNDER RULE 144A OR (2) PERSONS OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to this offering memorandum, and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of this offering memorandum. In accessing this offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES 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 AND APPLICABLE STATE OR LOCAL SECURITIES LAW.

THIS OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAW OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of Your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers ("QIBs") (within the meaning of Rule 144A under the Securities Act) or (2) outside of the United States and to the extent you purchase securities described in the attached offering memorandum, you will be doing so pursuant to Rule 144A or Regulation S under the Securities Act. This offering memorandum is being sent at your request and by accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to Barclays Bank PLC, BNP Paribas Securities Corp., Citigroup Global Markets Inc., Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, UBS AG, Singapore Branch and Banca IMI S.p.A. (together the "Initial Purchasers") that (1) you and any customers you represent are either (a) QIBs or (b) that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of this offering memorandum by electronic transmission.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. If this is not the case, you must return this offering memorandum to us immediately. You may not, nor are you authorized to, deliver or disclose (whether orally or in writing), in whole or in part, the contents of this offering memorandum to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that this offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, this offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of Bharti Airtel International (Netherlands) B.V. in such jurisdiction.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Bharti Airtel Limited, Bharti Airtel International (Netherlands) B.V., and the Initial Purchasers nor any person who controls any of them nor any director, officer, official, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum received by you in electronic format and the electronic version initially distributed.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The information in this offering memorandum is not complete and may be changed. Any investment decision should be made on the basis of the final terms and conditions of the securities and the information contained in this offering memorandum. This offering memorandum is not an offer to sell these securities, nor a solicitation to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Bharti Airtel International (Netherlands) B.V.

(Incorporated with limited liability in the Netherlands)

U.S.$1,000,000,000 5.125% Guaranteed Senior Notes Due 2023

guaranteed by

Bharti Airtel Limited

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

This Canadian offering memorandum (this "Canadian Offering Memorandum") constitutes an offering of the securities described herein only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such securities. This Canadian Offering Memorandum is not, and under no circumstances is it to be construed as, a prospectus, an advertisement or a public offering in Canada of the securities referred to within this document. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offering of the securities described within this Canadian Offering Memorandum. In addition, no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Canadian Offering Memorandum or the merits of the securities described herein and any representation to the contrary is an offence.

This Canadian Offering Memorandum is not, and under no circumstances is it to be construed as, an offer to sell the securities described herein or a solicitation of an offer to buy the securities described herein in any jurisdiction where the offer or sale of these securities is prohibited.

Canadian investors are advised that all references to dollars contained within this Canadian Offering Memorandum are to U.S. dollars, unless otherwise indicated. Canadian investors are further advised that the Notes are denominated in U.S. dollars. Accordingly, the Canadian dollar value of the Notes will fluctuate with changes in the rate of exchange between the Canadian dollar and the U.S. dollar. The official daily noon rate of exchange between the U.S. dollar and the Canadian dollar as reported by the Bank of Canada on February 22, 2013, the latest practicable date, was approximately U.S. $0.98 = C$1.00.

The Issuer (as defined herein) may use some or all of the net proceeds from the sale of Notes pursuant to this Canadian Offering Memorandum for the full or partial repayment of certain of the Bharti Airtel Limited group's foreign currency loans to its lenders, some of which include certain Initial Purchasers (as defined herein) or their affiliates. Accordingly, the Issuer may be a "connected issuer" with such Initial Purchasers, as such term is defined in National Instrument 33-105 "*Underwriting Conflicts*" and Canadian investor are referred to "Plan Of Distribution —other relationships" contained in the Offering Memorandum (as defined herein) for more information.

Joint Lead Managers and Joint Bookrunners

Barclays **BNP PARIBAS** **Citigroup** **Deutsche Bank** **HSBC** **Standard Chartered Bank** **UBS**

Co-Manager

Banca IMI

The date of this Canadian Offering Memorandum is March 4, 2013.

CANADIAN OFFERING MEMORANDUM
(British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland)

This Canadian Offering Memorandum relates to an offering by Bharti Airtel International (Netherlands) B.V. (the "**Issuer**") of U.S.$1,000,000,000 5.125% Guaranteed Senior Notes due 2023 (the "**Notes**"). The Notes will be the unsecured senior obligations of the Issuer and will be irrevocably guaranteed on an unsecured basis (the "**Guarantee**") by Bharti Airtel Limited (the "**Guarantor**") provided that, at all times, the Guarantee shall be in respect of an amount not exceeding 200% of the initial aggregate principal amount of the Notes being U.S.$2,000,000,000 (the "Guaranteed Amount"). The Guaranteed Amount will be reduced by any amounts paid by the Guarantor under the Guarantee from time to time. See "Description of the Notes and Guarantee — The Guarantee" in the Offering Memorandum. The Notes will bear interest at a rate of 5.125% per year. Interest will be paid on the Notes semi-annually in arrears on March 11 and September 11 of each year, beginning on September 11, 2013. Unless previously repurchases, cancelled or redeemed, the Notes will mature on March 11, 2023.

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 any U.S. state securities laws. Accordingly, the Notes and the Guarantee are being offered and sold only (i) in the United States to qualified institutional buyers as defined in Rule 144A under the Securities Act and (ii) to persons outside the United States in compliance with Regulation S under the Securities Act. The offering of the Notes in Canada is being made on a private placement basis and only to certain investors in Canada resident in one of the Placement Provinces (as defined below) identified by the Initial Purchasers who are permitted to purchase the Notes under applicable Canadian securities laws (see "Representations of Purchasers" herein). Canadian investors should refer to the sections entitled "The Offering", "Description of the Notes and Guarantee" and "Plan of Distribution" contained within the Offering Memorandum for additional information pertaining to the Notes, the Guarantee and the Guarantor and the terms of the offering, including, but not limited to, interest and interest payment, ranking and events of default. Canadian investors are advised to carefully review the Offering Memorandum in its entirety and to consult with their own legal, financial and tax advisers prior to investing in the Notes.

Attached hereto and forming part of this Canadian Offering Memorandum is an offering memorandum dated March 4, 2013 (the "**Offering Memorandum**") regarding the offer for sale of the Notes. Except as otherwise provided herein, capitalized and other terms used within this Canadian Offering Memorandum without definition have the meanings assigned to them within the Offering Memorandum. The offering of the Notes in Canada is being made solely by this Canadian Offering Memorandum and certain other information in respect of the Notes approved for distribution to investors by the Issuer and the Initial Purchasers, as applicable, and any decision to purchase the Notes should be based solely on information contained within such documents. No person has been authorized to give any information or to make any representations concerning this offering other than as contained herein and, if given or made, any such information or representation may not be relied upon. Statements made within this Canadian Offering Memorandum are as of the date of this Canadian Offering Memorandum unless expressly stated otherwise. Neither the delivery of this Canadian Offering Memorandum at any time, nor any other action with respect hereto, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to such date.

Canadian investors are advised that the information contained within the Offering Memorandum has not been prepared with regard to matters that may be of particular concern to Canadian investors.

Accordingly, Canadian investors should consult with their own legal, financial and tax advisers concerning the information contained within the Offering Memorandum therein and as to the suitability of an investment in the Notes in their particular circumstances prior to investing in the Notes.

Investing in the Notes involves risks. Canadian investors should refer to the section entitled "Risk Factors" contained within the Offering Memorandum for additional information and should review "Transfer Restrictions" contained in the Offering Memorandum for details as to restrictions on the transfer of the Notes.

This Canadian Offering Memorandum constitutes an offering of the Notes in the Canadian provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "**Placement Provinces**") only and is for the confidential use of only those persons to whom it is delivered by the Initial Purchasers in connection with the offering of the Notes therein. The Initial Purchasers reserve the right to reject all or part of any offer to purchase the Notes for any reason and to allocate to any purchaser less than all of the Notes for which it has subscribed.

DISTRIBUTION RESTRICTIONS

This Canadian Offering Memorandum is being delivered solely to enable prospective Canadian investors resident in the Placement Provinces identified by the Initial Purchasers to evaluate the Issuer and an investment in the Notes. The information contained within this Canadian Offering Memorandum does not constitute an offer in Canada to any other person, or a general offer to the public, or a general solicitation from the public, to subscribe for or purchase the Notes. The distribution of this Canadian Offering Memorandum and the offer and sale of the Notes in the Placement Provinces may be restricted by law. Persons into whose possession this Canadian Offering Memorandum comes must inform themselves about and observe any such restrictions.

The distribution of this Canadian Offering Memorandum or any information contained herein to any person other than a prospective Canadian investor resident in any of the Placement Provinces identified by the Initial Purchasers, or those persons, if any, retained to advise such prospective Canadian investor in connection with the transactions contemplated herein, is unauthorized. Any disclosure, reproduction and/or redistribution of the information contained within this Canadian Offering Memorandum without the prior written consent of the Issuer or the Initial Purchasers, as applicable, is prohibited. Each Canadian investor, by accepting delivery of this Canadian Offering Memorandum, will be deemed to have agreed to the foregoing.

RESPONSIBILITY

Except as otherwise expressly required by applicable law or as agreed to in the Purchase Agreement, no representation, warranty or undertaking (express or implied) is made and no responsibilities or liabilities of any kind or nature whatsoever are accepted by the Initial Purchasers or any dealer as to the accuracy or completeness of the information contained within this Canadian Offering Memorandum or any other information provided by the Issuer or the Guarantor in connection with the offering of the Notes.

RESALE RESTRICTIONS

The distribution of the Notes in the Placement Provinces is being made on a private placement basis only and is exempt from the requirement that the Issuer prepares and files a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Notes must be made in accordance with applicable Canadian securities laws, which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with prospectus and registration requirements, statutory exemptions from the prospectus and registration requirements or under a discretionary exemption from the prospectus and registration requirements granted by the applicable Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Notes outside of Canada.

The Issuer is not presently, nor does it intend to become, a "reporting issuer", as such term is defined under applicable Canadian securities laws, in any province or territory of Canada. Canadian investors are advised that the Notes are not presently listed, and will not be listed, on any stock exchange in Canada and that no public market for the Notes presently exists for the Notes, or is expected to exist for the Notes, in Canada following this offering. Canadian investors are further advised that the Issuer is not required to file, and currently does not intend to file, a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Notes to the public in any province or territory of Canada in connection with this offering. Accordingly, the Notes may be subject to an indefinite hold period under applicable Canadian securities laws unless resales are made in accordance with applicable prospectus requirements or pursuant to an available exemption from such prospectus requirements.

Canadian investors are advised to consult with their own legal advisers for additional information pertaining to Canadian resale restrictions prior to any resale of the Notes, both within and outside of Canada and are referred to the section entitled "Transfer Restrictions" in the Offering Memorandum which sets forth certain representations and agreements Canadian investors will be deemed to have made with respect to United States securities laws.

REPRESENTATIONS OF PURCHASERS

Each Canadian investor who purchases the Notes will be deemed to have represented to the Issuer, the Guarantor, the Initial Purchasers and each dealer participating in the offer and sale of the Notes that:

(a) the investor is resident in one of the Placement Provinces and is basing its investment decision on this Canadian Offering Memorandum and certain other information in respect of the Notes approved for distribution to investors by the Issuer, the Guarantor and the Initial Purchasers, as applicable, and not on any other information concerning the Issuer or the offer or sale of the Notes other than final pricing information distributed by the Initial Purchasers;

(b) to the knowledge of the investor, the offer and sale of the Notes in the Placement Provinces is being made exclusively through the final version of the Canadian Offering Memorandum and certain other information in respect of the Notes approved for distribution to investors by the Issuer, the Guarantor and the Initial Purchasers, as applicable, and is not being made through an

advertisement of the Notes in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;

(c) the investor has reviewed and acknowledges the terms referred to above under the section entitled "Resale Restrictions" and agrees not to resell the Notes except in compliance with applicable Canadian resale restrictions and in accordance with their terms and each investor has reviewed and acknowledges the representations required to be made by each purchaser of Notes set forth in the section entitled "Transfer Restrictions" contained within the Offering Memorandum and hereby makes such representations;

(d) where required by law, the investor is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the province in which the investor is resident, for its own account and not as agent for the benefit of another person;

(e) the investor, or any ultimate purchaser for which the investor is acting as agent, is entitled under applicable Canadian securities laws to purchase the Notes without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing is (i) an "accredited investor" as defined in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions (*"**NI 45-106**") (ii) a "permitted client" or "Canadian permitted client", as applicable, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**"), and (iii) is purchasing the Notes from a dealer registered as an "investment dealer" or "exempt market dealer" in the relevant Placement Provinces or from a dealer permitted to rely on the "international dealer exemption" in the relevant Placement Province contained in, and has received the notice from such dealer referred to in, section 8.18 of NI 31-103;

(f) the investor is not a person created or used solely to purchase or hold securities as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

(g) none of the funds being used to purchase the Notes are, to the best of the investor's knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities and:

  (i) the funds being used to purchase the Notes and advanced by or on behalf of the investor to the Initial Purchasers do not represent proceeds of crime for the purpose of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLTFA**");

  (ii) the investor is not a person or entity identified on a list established under section 83.05 of the *Criminal Code* (Canada) or in the *Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism* (the "**RIUNRST**"), the *United Nations Al-Qaida and Taliban Regulations* (the "**UNAQTR**"), the *Regulations Implementing the United Nations Resolution on the Democratic People's Republic of Korea* (the "**UNRDPRK**"), the *Regulations Implementing the United Nations Resolution on Iran* (the "**RIUNRI**"), the *United Nations Côte d'Ivoire Regulations* (the "**Côte d'Ivoire Regulations**"), the *United Nations Democratic Republic of the Congo Regulations* (the "**Congo Regulations**"), the *United Nations Liberia Regulations* (the "**Liberia**

Regulations"), the *United Nations Sudan Regulations* (the "**Sudan Regulations**"), the *Regulations Implementing the United Nations Resolutions on Somalia* (the "**RIUNRS**"), the *Special Economic Measures (Burma) Regulations* (the "**Burma Regulations**"), the *Special Economic Measures (Zimbabwe) Regulations* (the "**Zimbabwe Regulations**"), the *Special Economic Measures (Iran) Regulations* (the "**Iran Regulations**"), the *Regulations Implementing the United Nations Resolution on Eritrea* (the "**RIUNRE**"), the *Regulations Amending the Regulations Implementing the United Nations Resolution on Libya and Taking Special Economic Measures* (the "**Libya Regulations**"), the *Freezing Assets of Corrupt Foreign Officials (Tunisia and Egypt) Regulations* (the "**FACPA Tunisia and Egypt Regulations**") or the *Special Economic Measures (Syria) Regulations* (the "**SEMA Syria Regulations**") or other similar applicable laws, regulations or rules, as may be amended from time to time (the "**Similar Laws**");

(iii) the Issuer and the Initial Purchasers, as applicable, may in the future be required by law to disclose the investor's name and other information relating to the investor and any purchase of the Notes, on a confidential basis, pursuant to the PCMLTFA, the *Criminal Code* (Canada), the RIUNRST, the UNAQTR, the UNRDPRK, the RIUNRI, the Côte d'Ivoire Regulations, the Congo Regulations, the Liberia Regulations, the Sudan Regulations, the RIUNRS, the Burma Regulations, the Zimbabwe Regulations, the Iran Regulations, the RIUNRE, the Libya Regulations, the FACPA Tunisia and Egypt Regulations, the SEMA Syria Regulations or other Similar Laws or as otherwise may be required by applicable laws, regulations or rules, and by accepting delivery of this Canadian Offering Memorandum, the investor is deemed to have agreed to the foregoing;

(iv) to the best of the investor's knowledge, none of the funds to be provided by or on behalf of the investor to the Initial Purchasers are being tendered on behalf of a person or entity who has not been identified to the investor; and

(v) the investor shall promptly notify the Issuer and the Initial Purchasers, as applicable, if the investor discovers that any such representations cease to be true, and shall provide the Issuer and the Initial Purchasers, as applicable, with appropriate information in connection therewith; and

(h) where required by applicable securities laws, regulations or rules, including applicable stock exchange rules, the investor will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the Notes by the investor as may be required by such laws, regulations and rules, or assist the Issuer and the Initial Purchasers, as applicable, in obtaining and filing such reports, undertakings and other documents.

In addition, each resident of Ontario who purchases the Notes will be deemed to have represented to the Issuer, the Guarantor, the Initial Purchasers and each dealer from whom a purchase confirmation is received, that such purchaser:

(a) has been notified by the Issuer and the Initial Purchasers that:

(i) the Issuer may be required to provide certain personal information pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106

(including its name, address, telephone number and the aggregate purchase price paid by the purchaser for the Notes) ("personal information"), which Form 45-106F1 may be required to be filed by the Issuer under NI 45-106;

(ii) such personal information may be delivered to the Ontario Securities Commission (the "OSC") in accordance with NI 45-106;

(iii) such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario;

(iv) such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and

(v) the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684; and

(b) has authorized the indirect collection of the personal information by the OSC.

Furthermore, each Canadian purchaser of the Notes acknowledges that its name, address, telephone number and other specified information, including the aggregate purchase price paid by the purchaser, may be collected, used and disclosed for purposes of meeting legal and/or regulatory requirements. Such information may be disclosed to Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable laws and regulations. By purchasing the Notes, each Canadian purchaser consents to the disclosure of such information. In addition, by purchasing the Notes, each Canadian purchaser will be deemed to have agreed to provide the Issuer and the Initial Purchasers, as applicable, with any and all information about the Canadian purchaser necessary to permit the Issuer and the Initial Purchasers, as applicable, to properly complete and file Form 45-106F1 and other similar forms in the Placement Provinces.

FINANCIAL STATEMENTS AND EXCHANGE RATE INFORMATION

Financial Statements

The consolidated financial data for the Guarantor as of and for each of the fiscal years ended March 31, 2010, 2011 and 2012 and as of and for the nine months ended December 1, 2011 and 2012 contained in the Offering Memorandum has been prepared in accordance with international financial reporting standards ("**IFRS**"). Canadian investors are advised that IFRS differs in certain material respects from generally accepted accounting principles in Canada ("**Canadian GAAP**") which remains applicable to certain entities. The Issuer and the Guarantor will not provide Canadian investors with any reconciliation to Canadian GAAP of the financial statements or other financial information contained within the Offering Memorandum. Canadian investors should consult with their own legal, financial and tax advisers for additional information regarding the Guarantor's financial statements and such other financial information and as to the material differences between IFRS and Canadian GAAP prior to investing in the Notes.

Foreign Exchange Regulations and Risk

Canadian investors should consult with their own legal, financial and tax advisers for information pertaining to foreign exchange regulations which may impact on a decision to invest in the Notes. Canadian investors are advised that the Guarantor's operations are conducted worldwide and its results of operations are subject to currency translation risk and to currency transaction list and are referred to "Risk Factors — Risks Relating to the Guarantor's Business" contained in the Offering Memorandum.

Historical Exchange Rate Information

The Offering Memorandum contains financial information that is presented in Indian Rupees, the official currency of exchange in India. The following tables set forth, for the periods indicated, certain information pertaining to the official average daily noon rate of exchange between the Rupee and the Canadian dollar as reported by the Bank of Canada. Such exchange rates were not used by the Company in the preparation of its financial statements or any other financial information included within the Offering Memorandum and the following tables should not be construed as a representation that the Rupee has been or could be converted into the Canadian dollar at the rate indicated for the periods or at the dates indicated.

Rs. = C$1.00

Year	Year-end Rate	Average Rate[1]
2008	39.70	40.68
2009	44.35	42.37
2010	44.96	44.34
2011	52.13	47.03
2012	55.16	53.28

Note:

1. The average of the official daily noon rate on the working days of the relevant year.

The official daily noon rate of exchange between the Rupee and the Canadian dollar, as reported by the Bank of Canada on February 22, 2013, the latest practicable date, was Rs. 53.11 = C$1.00.

The Offering Memorandum contains financial information relating to the Company as of and for the fiscal years ended March 31, 2012, March 31, 2011 and March 31, 2010. The official daily noon rate of exchange between the Indian Rupee and the Canadian dollar, as reported by the Bank of Canada, on March 31, 2012, March 31, 2011, March 31, 2010 was approximately Rs. 50.94 = C$1.00, Rs. 45.85 = C$1.00, Rs. 44.29 = C$1.00, respectively.

TAXATION AND ELIGIBILITY FOR INVESTMENT

Any discussion of taxation and related matters contained in this Canadian Offering Memorandum does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes and, in particular, does not address Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident of Canada of an investment in the Notes. Canadian investors should consult with their own legal, financial and tax

advisers with respect to the tax consequences of an investment in the Notes in their particular circumstances and with respect to the eligibility of the Notes for investment by the investor under applicable Canadian federal and provincial legislation and regulations and should review the section entitled "Taxation" contained within the Offering Memorandum for additional general information for Canadian investors with respect to taxation consequences of an investment in the Notes.

RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum (such as this Canadian Offering Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto contains a "misrepresentation", as defined in the applicable securities legislation. A "misrepresentation" is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation and are subject to limitations and defences under applicable securities legislation.

The following is a summary of the relevant rights of action for damages or rescission, or both, available to certain purchasers resident in certain of the provinces of Canada.

Saskatchewan

The right of action for damages or rescission described herein is conferred by section 138 of *The Securities Act, 1988* (Saskatchewan) (the "Saskatchewan Act"). The Saskatchewan Act provides, in relevant part, that where an offering memorandum (such as this Canadian Offering Memorandum), or any amendment thereto, is sent or delivered to a purchaser and it contains a misrepresentation, as defined in the Saskatchewan Act, a purchaser who purchases a security covered by the offering memorandum or any amendment thereto has, without regard to whether the purchaser relied on the misrepresentation, a right of action for rescission against the issuer or a selling security holder on whose behalf the distribution is made or a right of action for damages against:

(a) the issuer or the selling security holder on whose behalf the distribution is made;

(b) every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment thereto was sent or delivered;

(c) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them;

(d) every person or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or any amendment thereto; and

(e) every person or company that sells securities on behalf of the issuer or the selling security holder under the offering memorandum or any amendment thereto.

Such rights of action for damages or rescission are subject to certain limitations including the following:

(a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;

(b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;

(c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment thereto not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;

(d) in no case shall the amount recoverable exceed the price at which the securities were offered; and

(e) no person or company is liable in an action for damages or rescission if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

All or any one or more of the persons or companies referred to above are jointly and severally liable, and every person who or company that becomes liable to make any payment pursuant to section 138 of the Saskatchewan Act may recover a contribution from any person who or company that, if sued separately, would have been liable to make the same payment. Notwithstanding the foregoing, a court may deny such right to recover contribution where, in the circumstances of the case, it is satisfied that to permit recovery of a contribution would not be just and equitable.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

(a) the offering memorandum or any amendment thereto was sent or delivered without the person's or company's knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company immediately gave reasonable general notice that it was so sent or delivered; or

(b) with respect to any part of the offering memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of the offering memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which an issuer, selling security holder or other person may rely are described herein. Canadian investors should refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold by a vendor who is trading in Saskatchewan in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Saskatchewan Financial Services Commission.

Section 141(2) of the Saskatchewan Act also provides a right of action for damages or rescission to a purchaser of securities to whom an offering memorandum or any amendment thereto was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by section 80.1 of the Saskatchewan Act.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of any other action, other than an action for rescission, the earlier of:

  (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or

  (ii) six years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act with a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

Manitoba

The right of action for damages or rescission described herein is conferred by section 141.1 of the *Securities Act* (Manitoba) (the "Manitoba Act"). The Manitoba Act provides, in relevant part, that in the event that an offering memorandum (such as this Canadian Offering Memorandum) contains a misrepresentation, as defined in the Manitoba Act, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase. Such purchaser has a statutory right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum and every person or company who signed the offering memorandum or, alternatively, while still an owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer, the directors or every person or company who signed the offering memorandum. No such action may be commenced to enforce the right of action for rescission or damages more than (a) 180 days after the day of the transaction that gave rise to the cause of action, in the case of an action for rescission, or (b) the earlier of (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) two years after the day of the transaction that gave rise to the cause of action, in any other case.

The Manitoba Act provides a number of limitations and defences, including the following:

(a) no person or company is liable if the person or company proves that the purchaser purchased the security having knowledge of the misrepresentation;

(b) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and

(c) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

In addition, a person or company, other than the issuer, will not be liable:

(a) if such person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;

(b) if such person or company proves that after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, if the person or company proves that it did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion or statement, or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or

(d) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, an offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum.

Ontario

The right of action for damages or rescission described herein is conferred by section 130.1 of the Ontario Act. The Ontario Act provides, in relevant part, that every purchaser of securities pursuant to an offering memorandum (such as this Canadian Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation, as defined in the Ontario Act. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a statutory right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that:

(a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;

(b) the issuer and the selling security holders, if any, will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;

(d) the issuer and the selling security holders, if any, will not be liable for a misrepresentation in FLI if it proves that:

  (i) the offering memorandum contains, proximate to the FLI, reasonable cautionary language identifying the FLI as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection set out in the FLI, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the FLI; and

  (ii) the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the FLI; and

(e) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of:

  (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or

  (ii) three years after the date of the transaction that gave rise to the cause of action.

This Canadian Offering Memorandum is being delivered in reliance on the "accredited investor exemption" from the prospectus requirements contained under section 2.3 of NI 45-106. The rights referred to in section 130.1 of the Ontario Act do not apply in respect of an offering memorandum (such as this Canadian Offering Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the accredited investor exemption if the prospective purchaser is:

(a) a Canadian financial institution or a Schedule III bank (each as defined in section 1.1 of NI 45-106);

(b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

(c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

New Brunswick

The right of action for damages or rescission described herein is conferred by section 150 of the *Securities Act* (New Brunswick) (the "New Brunswick Act"). Section 2.1 of New Brunswick Securities Commission Rule 45-802 *Prospectus and Registration Exemptions* provides that the statutory rights of action for damages or rescission referred to in section 150 of the New Brunswick Act apply to information relating to an offering memorandum (such as this Canadian Offering Memorandum) that is provided to a purchaser of securities in connection with a distribution made in reliance on the "accredited investor" prospectus exemption in section 2.3 of NI 45-106. The New Brunswick Act provides, in relevant part, that where an offering memorandum (such as this Canadian Offering Memorandum) contains a misrepresentation, as defined in the New Brunswick Act, a purchaser who purchases securities offered by the offering memorandum shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and:

(a) the purchaser has a right of action for damages against the issuer and any selling security holder(s) on whose behalf the distribution is made; or

(b) where the purchaser purchased the securities from a person referred to in paragraph (a), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchasers relied on the misrepresentation. However, there are various defences available to the issuer and the selling security holder(s). In particular, no person will be liable for a misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action for rescission within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

(a) one year after the purchaser first had knowledge of the facts giving rise to the cause of action; or

(b) six years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) (the "Nova Scotia Act"). The Nova Scotia Act provides, in relevant part, that in the event that an offering memorandum (such as this Canadian Offering Memorandum), together with any amendment thereto, or any advertising or sales literature, as defined in the Nova Scotia Act, contains a misrepresentation, as defined in the Nova Scotia Act, the purchaser to whom the offering memorandum has been delivered and who purchases a security referred to therein will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defences, a statutory right of action for damages against the issuer or other seller and, subject to certain additional defences, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer or other seller, in which case the purchaser shall have no right of action for damages against the issuer or other seller, directors of the issuer or any other person who has signed the offering memorandum, provided that, among other limitations:

(a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser resident in Nova Scotia later than 120 days after the date on which the payment was made for the securities (or after the date on which initial payment was made for the securities where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);

(b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and

(d) in no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

(a) the offering memorandum or any amendment thereto was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;

(b) after delivery of the offering memorandum or any amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or amendment thereto the person or company withdrew the person's or company's consent to the offering memorandum or any amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum or any amendment thereto purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation, or (B) the relevant part of the offering memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore, no person or company, other than the issuer, will be liable with respect to any part of the offering memorandum or any amendment thereto not purporting (a) to be made on the authority of an expert or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or any amendment thereto, the misrepresentation is deemed to be contained in the offering memorandum or any amendment thereto.

Prince Edward Island

The right of action for damages or rescission described herein is conferred by section 112 of the *Securities Act* (Prince Edward Island) (the "PEI Act"). The PEI Act provides, in relevant part, that if an

offering memorandum (such as this Canadian Offering Memorandum) contains a misrepresentation, as defined in the PEI Act, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages. Such purchaser has a statutory right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum. Alternatively, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has a right of action for rescission against the issuer or the selling security holder on whose behalf the distribution is made, in which case the purchaser shall have no right of action for damages against the persons described above. No such action may be commenced to enforce the right of action for rescission or damages more than (a) 180 days after the day of the transaction that gave rise to the cause of action, in the case of an action for rescission, or (b) the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the day of the transaction giving rise to the cause of action, in the case of an action for damages.

The PEI Act provides a number of limitations and defences, including the following:

(a) no person is liable if the person proves that the purchaser purchased securities with knowledge of the misrepresentation;

(b) in the case of an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the security resulting from the misrepresentation; and

(c) the amount recoverable by a plaintiff in respect of such action must not exceed the price at which the securities purchased by the plaintiff were offered.

In addition, a person, other than the issuer and selling security holder, is not liable if the person proves that:

(a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, upon becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;

(b) the person, upon becoming aware of the misrepresentation in the offering memorandum, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it; or

(c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, statement or opinion of the expert, or (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

In addition, a person is not liable with respect to a misrepresentation in FLI if:

(a) the offering memorandum containing the FLI also contains, proximate to the FLI (i) reasonable cautionary language identifying the FLI as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the FLI, and (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the FLI; and

(b) the person had a reasonable basis for drawing the conclusions or making the forecast or projections set out in the FLI.

The above paragraph does not relieve a person of liability respecting FLI in a financial statement required to be filed under Prince Edward Island securities laws.

Newfoundland

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador) (the "Newfoundland Act"). The Newfoundland Act provides, in relevant part, that where an offering memorandum (such as this Canadian Offering Memorandum) contains a misrepresentation, as defined in the Newfoundland Act, a purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a statutory right of action (a) for damages against (i) the issuer, (ii) every director of the issuer at the date of the offering memorandum, and (iii) every person or company who signed the offering memorandum and (b) for rescission against the issuer.

The Newfoundland Act provides a number of limitations and defences in respect of such rights. Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for damages or rescission:

(a) where the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;

(b) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and

(c) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

In addition, no person or company, other than the issuer, is liable:

(a) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;

(b) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

(c) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:

(i) there had been a misrepresentation; or

(ii) the relevant part of the offering memorandum:

(A) did not fairly represent the report, opinion or statement of the expert; or

(B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(d) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:

(i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or

(ii) believed there had been a misrepresentation.

Section 138 of the Newfoundland Act provides that no action shall be commenced to enforce these rights more than:

(a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

(b) in the case of an action for damages, the earlier of:

(i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or

(ii) three years after the date of the transaction that gave rise to the cause of action.

General

The foregoing summary is subject to the express provisions of the securities legislation of the applicable provinces and the rules, regulations and other instruments thereunder, and reference should be made to the complete text of such provisions. Such provisions may contain limitations and statutory defences on which the Issuer, the Guarantor, the Initial Purchasers and other parties may rely, including limitations and statutory defences not described herein. The enforceability of these rights may be limited as described herein below under the section entitled “Enforcement of Legal Rights”.

The rights of action described above are in addition to and without derogation from any other right or remedy available at law to the investor. Canadian investors should refer to the applicable provisions of the securities legislation of their province of residence for the particulars of these rights and consult with their own legal advisers prior to investing in the Notes.

ENFORCEMENT OF LEGAL RIGHTS

The Issuer is a private limited liability company incorporated under the laws of the Netherlands and the Guarantor is a public limited liability company incorporated under the laws of India. All or substantially all of the directors and officers of the Issuer and the Guarantor, as well as the Initial Purchasers and the experts named herein, are or may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Issuer, the Guarantor or such persons. All or a substantial portion of the assets of the Issuer and the Guarantor and such other persons are or may be located outside of Canada and, as a result, it may not be possible to satisfy a judgement against the Issuer, the Guarantor or such persons in Canada or to enforce a judgement obtained in Canadian courts against the Issuer, the Guarantor or such persons outside of Canada.

Canadian investors should consult with their own legal advisers concerning the enforceability of civil liabilities and judgements in the Netherlands and India and should review the section entitled “Enforceability of Civil Liabilities” contained within the Offering Memorandum for additional general information prior to investing in the Notes.

LANGUAGE OF DOCUMENTS

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

O F F E R I N G M E M O R A N D U M CONFIDENTIAL

Bharti Airtel International (Netherlands) B.V.

(Incorporated with limited liability in the Netherlands)

U.S.$1,000,000,000 5.125% Guaranteed Senior Notes Due 2023

guaranteed by

Bharti Airtel Limited

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

The U.S.$1,000,000,000 5.125% Guaranteed Senior Notes due 2023 (the "Notes") will be the unsecured senior obligations of Bharti Airtel International (Netherlands) B.V. (the "Issuer") and will be irrevocably guaranteed on an unsecured basis (the "Guarantee") by Bharti Airtel Limited (the "Guarantor"), provided that, at all times, the Guarantee shall be in respect of an amount not exceeding 200% of the initial aggregate principal amount of the Notes being U.S.$2,000,000,000 (the "Guaranteed Amount"). The Guaranteed Amount will be reduced by any amounts paid by the Guarantor under the Guarantee from time to time. See "Description of the Notes and Guarantee — The Guarantee". The Notes will bear interest at a rate of 5.125% per year. Interest will be paid on the Notes semi-annually in arrears on March 11 and September 11 of each year, beginning on September 11, 2013. Unless previously repurchased, cancelled or redeemed, the Notes will mature on March 11, 2023.

The Notes will be unsecured and unsubordinated obligations of the Issuer, will rank *pari passu* with all of its other existing and future unsubordinated obligations and will be effectively subordinated to its secured obligations and the obligations of its subsidiaries. The Guarantee will be an unsecured obligation of the Guarantor (save for such exceptions as may be provided under applicable legislation), rank *pari passu* with its other existing and future unsecured obligations and be effectively subordinated to the secured obligations of the Guarantor and the obligations of its subsidiaries. The Issuer will have the option to redeem all of the Notes at any time at 100% of the principal amount of the Notes plus the Applicable Premium set forth in this offering memorandum ("Offering Memorandum"). The Issuer may also redeem the Notes at any time at 100% of the principal amount of the Notes in the event of certain changes in withholding taxes.

For a more detailed description of the Notes and the Guarantee, see "Description of the Notes and Guarantee" beginning on page 192.

Offering Price for the Notes: 100.000% plus accrued interest, if any, from March 11, 2013.

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

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Such approval will be granted when the Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Memorandum. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Notes or the Guarantee, or of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any). The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as the Notes are listed on the SGX-ST. Currently there is no public market for the Notes.

The Notes and Guarantee have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws. Accordingly, the Notes and Guarantee are being offered and sold only (i) in the United States to qualified institutional buyers ("QIBs") (as defined in Rule 144A under the Securities Act ("Rule 144A")) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) to persons outside the United States in compliance with Regulation S under the Securities Act ("Regulation S"). Prospective purchasers are hereby notified that the sellers of the Notes and Guarantee may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on resales and transfers, see "Transfer Restrictions".

Delivery of the Notes is expected to be made to investors in book-entry form through The Depository Trust Company ("DTC"), Euroclear Bank SA/NV ("Euroclear"), and Clearstream Banking, société anonyme, Luxembourg ("Clearstream") on or about March 11, 2013 (the "Closing Date").

Joint Lead Managers and Joint Bookrunners

Barclays **BNP PARIBAS** **Citigroup** **Deutsche Bank** **HSBC** **Standard Chartered Bank** **UBS**

Co-Manager

Banca IMI

The date of this Offering Memorandum is March 4, 2013.

NOTICE TO INVESTORS

The Issuer, as well as Barclays Bank PLC ("Barclays"), BNP Paribas Securities Corp. ("BNP Paribas"), Citigroup Global Markets Inc. ("Citigroup"), Deutsche Bank AG, Singapore Branch ("Deutsche Bank"), The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), Standard Chartered Bank, UBS AG, Singapore Branch ("UBS") and Banca IMI S.p.A. ("Banca IMI") (together, the "Initial Purchasers"), reserve the right to withdraw the offering of the Notes at any time or to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes offered hereby.

This Offering Memorandum is personal to the prospective investor to whom it has been delivered by the Initial Purchasers and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes. Distribution of this Offering Memorandum to any person other than the prospective investor and those persons, if any, retained to advise that prospective investor with respect thereto is unauthorized, and any disclosure of its contents without the Issuer's prior written consent is prohibited. The prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and agrees not to make any photocopies of this Offering Memorandum.

This Offering Memorandum is intended solely for the purpose of soliciting indications of interest in the Notes from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions contained in any transaction documents described herein. The information provided is not all-inclusive. The market information in this Offering Memorandum has been obtained by the Issuer from publicly available sources deemed by it to be reliable. Notwithstanding any investigation that the Initial Purchasers may have conducted with respect to the information contained herein, the Initial Purchasers do not accept any liability in relation to the information contained in this Offering Memorandum or its distribution or with regard to any other information supplied by or on the Issuer's and the Guarantor's behalf.

The Issuer and the Guarantor each confirms that, after having made all reasonable inquiries, this Offering Memorandum contains all information with regard to the Issuer, the Guarantor, the Guarantor and its subsidiaries taken as a whole and the Notes which is material to the offering and sale of the Notes, that the information contained in this Offering Memorandum is true and accurate in all material respects and is not misleading in any material respect and that there are no omissions of any other facts from this Offering Memorandum which, by their absence herefrom, make this Offering Memorandum misleading in any material respect. The Issuer and the Guarantor each accepts responsibility accordingly.

Prospective investors in the Notes should rely only on the information contained in this Offering Memorandum. None of the Issuer, the Guarantor or the Initial Purchasers have authorized the provision of information different from that contained in this Offering Memorandum. The information contained in this Offering Memorandum is accurate in all material respects only as of the date of this Offering Memorandum, regardless of the time of delivery of this Offering Memorandum or of any sale of the Notes. Neither the delivery of this Offering Memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in the Issuer's or the Guarantor's affairs and those of each of its respective subsidiaries or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof.

Prospective investors hereby acknowledge that (i) they have not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with any investigation of the accuracy of

such information or their investment decision, and (ii) no person has been authorized to give any information or to make any representation concerning the Issuer, the Guarantor, the Notes or the Guarantee (other than as contained herein and information given by the Issuer's or the Guarantor's duly authorized officers and employees, as applicable, in connection with investors' examination of the Issuer and the Guarantor, and the terms of this offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor or the Initial Purchasers.

Neither the Notes nor the Guarantee have been approved or recommended by the United States Securities and Exchange Commission ("SEC") or any other federal or state regulatory authority in the United States. Furthermore, the foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

Standard Chartered Bank (the "Stabilizing Manager") or any of its affiliates (or any person acting on behalf of any of them) may, to the extent permitted by applicable laws and regulations, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. In doing so, the Stabilizing Manager acts as principal and not as agent of the Company and any loss resulting from over-allotment or stabilization will be borne, and any profit arising from them shall be retained, by the Initial Purchasers, as applicable, in equal proportion. However, there is no assurance that the Stabilizing Manager or any of its affiliates (or persons acting on behalf of any Stabilizing Manager) will undertake any stabilizing action. Any stabilizing 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 will end no later than 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes, whichever is the earlier. The Company authorizes each Initial Purchaser to make such public disclosure of information relating to stabilization of the Notes as is required by applicable law, regulation and guidance.

None of the Initial Purchasers, the Issuer, the Guarantor or their respective affiliates or representatives is making any representation to any offeree or purchaser of the Notes offered hereby regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. None of the Initial Purchasers makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Memorandum. To the fullest extent permitted by law, none of the Initial Purchasers accepts any responsibility for the contents of this Offering Memorandum or for any other statement made or purported to be made by the Initial Purchasers or on their behalf in connection with the Issuer and/or the Guarantor or the issue and offering of the Notes. Each of the Initial Purchasers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Memorandum or any such statement.

Each prospective 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 terms of the Notes being offered, including the merits and risks involved and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. See section, "Risk Factors" for a discussion of certain factors to be considered. Any prospective investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

This Offering Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Notes or Guarantee offered hereby by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation in such jurisdiction.

The distribution of this Offering Memorandum and the offer and sale of the Notes may, in certain jurisdictions, be restricted by law. None of the Issuer nor the Initial Purchasers represent that this Offering Memorandum may be lawfully distributed, or that any 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 any of the Issuer or the Initial Purchasers which would permit a public offering of any Notes or 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.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Memorandum, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. 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 Offering Memorandum and the offering and sale of Notes. In particular, there are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States and the European Economic Area and to persons connected therewith. See "Plan of Distribution".

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of the Prospectus Directive, as implemented in member states of the European Economic Area, from the requirement to produce a prospectus for offers of the Notes.

U.S. INFORMATION

This Offering Memorandum is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes. Its use for any other purpose in the United States is not authorized. It may not be copied or

reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

For this offering, the Issuer, the Guarantor and the Initial Purchasers are relying upon exemptions from registration under the Securities Act for offers and sales of securities which do not involve a public offering, including Rule 144A. **Prospective investors are hereby notified that sellers of the Notes and Guarantee may be relying on the exemption from the provision of Section 5 of the Securities Act provided by Rule 144A**. The Notes are subject to restrictions on transferability and resale. Purchasers of the Notes may not transfer or resell the Notes except as permitted under the Securities Act and applicable state securities laws. See "Transfer Restrictions".

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the "Exchange Act") nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

ENFORCEABILITY OF CIVIL LIABILITIES

The Guarantor is a public limited company incorporated under the laws of India. Substantially all of its directors and key management personnel named herein 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 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 recognize 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 Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A, but the United States has not been so declared. 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 would 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 Indian public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India ("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.

The Issuer is incorporated as a private company with limited liability under the laws of the Netherlands. The agreements entered into with respect to the issue of the Notes, including the Indenture, are governed by the laws of the State of New York. As the United States and The Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters, a final judgment for the payment of money rendered by any federal or state court in the United States which is enforceable in the United States, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in The Netherlands. In order to obtain a judgment which is enforceable in The Netherlands, the party in whose favor a final and conclusive judgment of the U.S. court has been rendered will be required to file its claim with a court of competent jurisdiction in The Netherlands. Such party may submit to the Dutch court the final judgment rendered by the U.S. court. If and to the extent that the Dutch court finds that the jurisdiction of the U.S. court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed, the Dutch court will, in principle, give binding effect to the judgment of the court of the United States

without substantive re-examination or re-litigation on the merits of the subject matter thereof, unless such judgment contravenes principles of public policy of The Netherlands.

Subject to the foregoing and service of process in accordance with applicable treaties, investors may be able to enforce in The Netherlands, judgments in civil and commercial matters obtained from U.S. federal or state courts. However, no assurance can be given that such judgments will be enforceable. In addition, it is doubtful whether a Dutch court would accept jurisdiction and impose civil liability in an original action commenced in The Netherlands and predicated solely upon U.S. federal securities laws.

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 enforced 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 reorganization, suretyship or similar laws of general application affecting creditors' rights.

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

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 proportionately consolidated joint ventures. In this Offering Memorandum, unless otherwise specified, all financial information is of the Guarantor on a consolidated basis.

All historical financial information in this Offering Memorandum related to the Guarantor's African operations is derived from June 8, 2010, the date Zain Africa B.V. ("Zain") was acquired.

The annual audited financial statements of the Guarantor, on a consolidated basis, as at and for the fiscal years ended March 31, 2010, 2011 and 2012 (the "Annual Financial Statements") and the interim condensed audited financial statements of the Guarantor, on a consolidated basis, as at and for the three and nine months ended December 31, 2012 included elsewhere in this Offering Memorandum and as at and for the three and nine months ended December 31, 2011 (collectively, the "Interim Financial Statements") 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 "FY2008", "FY2009", "FY2010", "FY2011" and "FY2012" refer to the Guarantor's fiscal years ended March 31, 2008, 2009, 2010, 2011 and 2012, respectively.

Reporting Segments

For financial and management reporting purposes, the Guarantor's business segment results comprise the following segments: (a) mobile services India and South Asia, (b) mobile services Africa, (c) telemedia services (formerly broadband and telephone services), (d) digital TV services (formerly known as "DTH Services"), (e) Airtel Business (formerly known as "Enterprise Services"), (f) Tower Infrastructure services (formerly "Passive Infrastructure Services"), and (g) "others". These reportable business segments, which are detailed 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.

(a) *Mobile Services — India and South Asia*: These services cover voice and data telecom services offered to customers and provided through cellular mobile technology wherein a subscriber is connected to the network through wireless equipment. The subscriber can freely roam around anywhere and stay connected wherever the wireless network coverage is available.

(b) *Mobile Services — Africa*: These services cover voice and data telecom services offered to customers on the African continent. The Mobile Services — Africa segment also includes costs associated with the Guarantor's corporate headquarters for its operations in Africa.

(c) *Telemedia Services*: These services comprise Digital Subscriber Line ("DSL") based broadband internet and local 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. Internet Protocol TV ("IPTV") services are also provided in Bangalore and the Delhi-National Capital Region.

(d) *Digital TV Services*: These services comprise television programming provided through a digital signal received on a digital set top box and related services which are provided under the Guarantor's Direct-to-Home platform ("DTH"). Features include high-definition ("HD") video, choice of packages comprising different channels, interactive features such as on-demand viewing, and choice of set top boxes, including a HD recorder box, which may be instructed to record programmes through a mobile handset or the internet. DTH services were reported as part of the "others" business segment prior to the fiscal year ended March 31, 2012.

(e) *Airtel Business*: These services include domestic and international long distance communication and information communication technology ("ICT") services provided to the service providers of cellular or fixed line services, internet services and broadband services, as well as data transmission bandwidth, VSAT-based communications, voice, data, network integration, data center and managed services, enterprise mobile applications and digital media services and other network solutions to Government and corporate customers.

(f) *Tower Infrastructure Services*: These services include setting up, operating and maintaining wireless communication towers ("Towers"). They are provided by the Guarantor's subsidiary Bharti Infratel Limited ("Bharti Infratel") and by Indus Towers Limited ("Indus Towers"), in which Bharti Infratel holds a 42% stake.

(g) *Other operations*: These services comprise administrative and support services provided to other segments.

Certain of the Guarantor's results are unallocated to any of its reporting segments, including unallocated expenses / results, assets and liabilities (including inter-segment assets and liabilities) of the Guarantor's corporate headquarters and other activities not allocated to the Guarantor's operating segments.

Comparability of Results

The comparability of the Guarantor's results of operations have been significantly impacted by certain events. On June 8, 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 August 23, 2010, the Guarantor acquired mobile services operations in the Republic of Seychelles for U.S.$62.0 million. On February 25, 2010, the Guarantor acquired 70% equity interest in Airtel Bangladesh Limited from Warid Telecom International LLC for U.S.$300 million. These acquisitions, and the revenues and

expenditures associated with these acquisitions, had a significant impact on the Guarantor's results of operations in the fiscal year ended March 31, 2011 as compared to the same period in 2010. The comparability of the Guarantor's results of operations for the fiscal year ended March 31, 2011 as against the fiscal year ended March 31, 2012 is significantly impacted by the fact that fiscal year 2012 was the first full year of operations for the Guarantor's African businesses, while the comparability of the Guarantor's capital expenditures for the nine months ended December 31, 2011 as against the nine months ended December 31, 2012 is significantly impacted by the Guarantor's acquisition of a 49% equity ownership stake in Qualcomm Asia Pacific's 4G operations in India. This acquisition had no significant impact on the Guarantor's results of operations for the nine months ended December 31, 2012. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Comparability of Results".

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 costs, taxation, depreciation, amortization and impairment and share of results of associates, 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 short-term investments. 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.

CERTAIN DEFINITIONS

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, "the Guarantor" refers to Bharti Airtel Limited, the listed parent company incorporated in India and, unless otherwise indicated or required by context, Bharti Airtel Limited's consolidated subsidiaries. References to the "Issuer" mean Bharti Airtel International (Netherlands) B.V. in the Annual Financial Statements as set forth herein on pages designated as "F-", Bharti Airtel Limited is referred to as "the Company".

In this Offering Memorandum, unless otherwise specified, all financial statements and financial data are of the Guarantor on a consolidated basis. In this Offering Memorandum, unless otherwise specified or the context otherwise requires, 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 March 31 of such year. In this Offering Memorandum, references to "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.

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 March 31, 2008	39.97	40.24	43.15	39.27
Fiscal year ended March 31, 2009	50.95	45.91	52.06	39.89
Fiscal year ended March 31, 2010	44.94	47.43	50.53	44.94
Fiscal year ended March 31, 2011	44.65	45.58	47.57	44.03
Fiscal year ended March 31, 2012	51.16	47.95	54.24	43.95
April 2012	50.52	51.80	52.79	50.56
May 2012	56.42	54.47	56.42	52.86
June 2012	56.31	56.03	57.22	55.15
July 2012	55.81	55.49	56.38	54.55
August 2012	55.72	55.56	56.08	55.15
September 2012	52.70	54.61	55.97	52.70
October 2012	54.12	53.02	54.17	51.62
November 2012	54.53	54.78	55.70	53.66
December 2012	54.78	54.65	55.09	54.20
January 2013	53.29	54.32	55.33	53.29
February 2013 (through February 22)	54.43	53.73	54.48	52.97

(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 February 22, 2013 as reported by the RBI was Rs. 54.43 per U.S.$1.00.

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 nine months ended December 31, 2012 related to the Guarantor's profit and loss and cash flows were converted to U.S. dollars at the exchange rate of U.S.$1.00 =

Rs. 54.54 (the average exchange rate for the nine months ended December 31, 2012, based on the RBI Reference Rate), and the Indian rupee amounts for the fiscal year ended March 31, 2012 related to the Guarantor's profit and loss and cash flows were converted at the exchange rate of U.S.$1.00 = Rs. 47.84 (the average exchange rate for the fiscal year ended March 31, 2012, based on the RBI Reference Rate). Indian rupee amounts as at December 31, 2012 related to the Guarantor's assets and liabilities were converted to U.S. dollars at the exchange rate of U.S.$1.00 = Rs. 54.78 (the RBI Reference Rate as at December 31, 2012), while Indian rupee amounts as at March 31, 2012 related to the Guarantor's assets and liabilities were converted at the exchange rate of U.S.$1.00 = Rs. 51.16 (the RBI Reference Rate as at March 31, 2012).

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 December 31, 2012 was Rs. 54.86 per U.S.$1.00.

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", "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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 neighboring 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 materialize, 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 realized. 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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DEFINITIONS AND 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.

Term	Definition
2G	Second Generation of Mobile Telephony.
3G	Third Generation of Mobile Telephony.
4G	Fourth Generation of Mobile Telephony.
ADC	Access deficit charge.
ALU	Alcatel-Lucent Network Management Services India Limited.
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 costs, taxation, depreciation, amortization and impairment and share of results of associates (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.
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.
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. 11/2012-13 on Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary Abroad dated July 2, 2012.
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 short-term investments.
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.
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 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.
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", "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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 "Description of the Notes and the Guarantee".

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 2012, the Guarantor was the largest private integrated telecommunications operator in India and the fourth largest wireless service provider in the world, as measured by proportionate equity subscriptions according to 2013 Informa Telecoms & Media. The Guarantor served an aggregate of 262.3 million customers as of December 31, 2012.

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 launched in Kolkata in April 2012 and later expanded to Bangalore and Pune, offering 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% 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 December 31, 2012, Bharti Infratel operated 34,668 Towers and Indus Towers operated 111,240 Towers. On December 28, 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 May 24, 2012, the Guarantor acquired a 49% ownership stake in Qualcomm Asia Pacific's 4G operations in India for approximately Rs. 9.3 billion (U.S.$165 million). See " — Business — Mobile Services — 4G". On March 30, 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

an enterprise valuation of U.S.$10.7 billion. The acquisition was completed on June 8, 2010. 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 August 27, 2010 for U.S.$62.0 million. It has recently launched operations in Rwanda on March 30, 2012, bringing the Guarantor's African operations to 17 countries in total.

For the years ended March 31, 2011 and 2012, the Guarantor's net profit was Rs. 58,992 million and Rs. 42,581 million, respectively, a decrease of 27.8%. For the nine months ended December 31, 2011 and 2012, its net profit was Rs. 32,501 million and Rs. 17,606 million, respectively, a decrease of 45.8%. The Guarantor's EBITDA for the years ended March 31, 2011 and 2012 was Rs. 200,718 million and Rs. 237,123 million, respectively, an increase of 18.1%. The Guarantor's EBITDA for the nine months ended December 31, 2011 and 2012 was Rs. 174,794 million and Rs. 183,834 million, respectively, an increase of 5.2%. As at March 31, 2011 and 2012, the Guarantor's total assets were Rs. 1,465,064 million and Rs. 1,570,616 million, respectively, an increase of 7.2%. The Guarantor's EBITDA margin for the fiscal years ended March 31, 2011 and 2012 and for the nine months ended December 31, 2011 and 2012 was 33.7%, 33.2%, 33.2% and 30.7%, respectively. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations."

History

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

The Guarantor obtained the certificate of commencement of business on January 18, 1996. The Guarantor first issued its equity shares publicly in February 2002 and was listed on the NSE and the BSE on February 18, 2002. The Guarantor had a market capitalization of Rs. 1,203 billion as at December 31, 2012.

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. Through its Vision 2015 initiative, the Guarantor aims to continue building its brand and to become the most loved brand across the countries in which it operates.

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 recognized 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 as of the date of this Offering Memorandum, 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 organization to continue to increase its customer base.

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 minimizing 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, which 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 minimized its dependence on any single network partner to provide critical network services by obtaining ownership of equipment deployed by its network partners and utilizing GSM

technology that can be setup and maintained with standardized 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 its business delivery model highlighted above, which 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 centers to address customer queries or complaints, and many of these centers are operated through partnerships with Nortel Networks, HTMT 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, its joint venture with 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, minimizing 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 32.3% 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.

The Guarantor believes that its focus on providing mobile and other telecommunications services at low costs through its innovative business model has resulted in its stable EBITDA growth, from Rs. 174,794 million in the nine months ended December 31, 2011 to Rs. 183,834 million in the nine months ended December 31, 2012, an increase of 5.2%. 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 launched 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. The Guarantor believes the potential for growth for 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 a 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 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% 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 quickly offer products and services based on new technologies to its customers at lower costs than its competitors. For example, 3G technology can be installed on the Guarantor's existing Tower Infrastructure without significant additional capital expenditure.

Extensive telecommunications network and strong network quality

As of December 31, 2012, the Guarantor's telecom network coverage extended to approximately 86.7% 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 with Vodafone India and Idea Cellular. As of December 31, 2012, Bharti Infratel and its proportionate ownership in Indus Towers owned 81,389 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 minimize 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 utilizes 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 December 31, 2012, the Guarantor had more than 1.4 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 December 31, 2012, 95.8% of the Guarantor's subscribers in India were pre-paid and 99.3% 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 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 recent expansion into 17 African telecom 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 56% as of September 2012, according to 2013 Informa Telecoms & Media, compared to an average of approximately 71% in India as of December 31, 2012, 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 minimizes 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.

Upgrade network to further expand 3G 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. Thus, the Guarantor aims to capitalize 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 minimizes 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, and the Guarantor intends to launch in Chandigarh, Punjab in the coming months. Moreover, in May 2012, the Guarantor acquired a 49% stake in four majority-owned Qualcomm entities, including Qualcomm's Mumbai entity which holds a BWA spectrum license, providing further opportunities for expansion of the Guarantor's 4G service offerings in a number of other Telecom Circles. See "—Mobile Services — 4G". 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

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 believes this rating reflects its commitment to its stated objective of value creation for all its stakeholders while preserving high standards of ethics and governance. The Guarantor also receives fully audited financials each financial quarter to provide greater transparency and reliability to investors. The Guarantor treats corporate governance as a continuing 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 to ensure long term sustainability and value generation for the Guarantor's business.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA OF THE GUARANTOR

The summary consolidated financial data for the Guarantor as of and for each of the fiscal years ended March 31, 2010, 2011 and 2012 and as of and for the nine months ended December 31, 2011 and 2012 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. The summary consolidated financial data for the fiscal years ended March 31, 2008 and 2009 set forth below have been derived from the Guarantor's financial statements for such years which have not been included in this Offering Memorandum. The fiscal year ended March 31, 2011 was the first full year in which the Guarantor prepared its financial statements in accordance with IFRS. The Annual Financial Statements for the fiscal years ended March 31, 2010, 2011 and 2012 and the Interim Financial Statements for the nine months ended December 31, 2011 and 2012 have been prepared in accordance with IFRS. The Guarantor's financial statements for the fiscal years ended March 31, 2008 and 2009 have been prepared in accordance with U.S. GAAP. This financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Selected Consolidated Financial and Operating Data of the Guarantor", "Capitalization" and the Annual Financial Statements and the Interim Financial Statements set forth in this Offering Memorandum. The summary consolidated financial data of the Guarantor for the fiscal year ended March 31, 2010 may not be directly comparable to such information from the fiscal years ended March 31, 2011 and 2012 because of the Guarantor's acquisition of a 70% equity interest in Airtel Bangladesh Limited in February 2010, the Guarantor's acquisition of Zain Africa B.V. in June 2010, and the acquisition of mobile services operations in Seychelles in August 2010. Further, the nine months ended December 31, 2011 may not be directly comparable to the nine months ended December 31, 2012 due to the Guarantor's acquisition of a 49% equity ownership stake in Qualcomm Asia Pacific's 4G operations in India. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Comparability of Results". See "Presentation of Financial and Other Data" for further information regarding the presentation of financial information and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a description of certain line items in the Income Statement.

Consolidated Statement of Income and Comprehensive Income

Amounts as per IFRS

	Fiscal year ended March 31,			Nine months ended December 31,		
	2011	2012	2012	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[1]	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[1]
	(Audited)		(Unaudited)	(Audited)		(Unaudited)
Revenue[2]	595,383	714,508	14,935	527,214	598,628	10,976
Other operating income	635	550	11	456	358	7
Operating expenses	(395,300)	(477,935)	(9,990)	(352,876)	(415,152)	(7,612)
Depreciation and amortization	(102,066)	(133,681)	(2,794)	(98,998)	(115,136)	(2,111)
Profit from operating activities	98,652	103,442	2,162	75,796	68,698	1,260
Share of results of associates	(57)	(74)	(2)	(56)	(76)	(1)
Profit before finance income, cost and tax	98,595	103,368	2,160	75,740	68,622	1,259
Finance income	3,536	2,643	55	4,085	3,707	68
Finance costs	(25,349)	(40,828)	(853)	(31,698)	(35,456)	(650)
Profit before tax	76,782	65,183	1,362	48,127	36,873	677
Income tax expense	(17,790)	(22,602)	(472)	(15,626)	(19,267)	(353)
Net profit for the period	58,992	42,581	890	32,501	17,606	324
Exchange differences on translation of foreign operations	12,681	(20,410)	(427)	(24,422)	(19,123)	(351)
Total comprehensive income/(loss) for the period, net of tax	71,673	22,171	463	8,079	(1,517)	(27)

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts for the fiscal year ended March 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 47.84, the average exchange rate for the fiscal year ended March 31, 2012 based on the RBI Reference Rate. U.S. dollar translations of Indian Rupee amounts for the nine months ended December 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 54.54 the average exchange rate for the nine months ended December 31, 2012 based on the RBI Reference Rate.

(2) During the fiscal year ended March 31, 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".

The table below represents the Guarantor's consolidated statement of income and comprehensive income as reported in the financial statements for the fiscal year ended March 31, 2011, and does not include the impact of reclassification done in the fiscal year ended March 31, 2011 in the financial statements for the fiscal year ended March 31, 2012.

	Fiscal Year Ended March 31,	
	2010	2011
	(Rs. in millions)	(Rs. in millions)
	(Audited)	
Revenue	418,472	594,672
Operating Expenses	(250,839)	(395,008)
	167,633	199,664
Depreciation and amortization	(62,832)	(102,066)
Profit from operating activities	104,801	97,598
Share of results of associates	(48)	(57)
Other income	697	1,346
Non operating expense	(181)	(292)
Profit before finance income, cost and tax	105,269	98,595
Finance income	17,381	3,536
Finance costs	(17,559)	(25,349)
Profit before tax	105,091	76,782
Income tax expense	(13,453)	(17,790)
Net profit for the year	91,638	58,992
Exchange differences on translation of foreign operations	(1,028)	12,681
Total comprehensive income/loss for the year, net of tax	90,610	71,673

Amounts as per U.S. GAAP

	Fiscal year ended March 31,	
	2008	**2009**
	(Rs. in millions)	
	(Audited)	
Revenues		
Services	269,003	366,250
Indefeasible right to use sales	436	1,598
Equipment	810	1,768
Total Revenues	270,249	369,616
Operating Expenses		
Cost of services	152,551	213,504
Costs of equipment sales	661	1,448
Selling, general and administrative expenses	40,582	50,566
Total Operating Expenses	193,794	265,518
Operating Income	76,455	104,097
Interest Income	1,713	16,005
Interest Expense	4,054	27,618
Share of loss in joint ventures	1	713
Other Income	2,741	1,522
Non operating expenses	317	220
Income Before Income Taxes	76,537	93,073
Income tax expense	8,378	6,615
Net Income	68,159	86,458

The Guarantor's Results of Operations by Segment for the financial years ended March 31, 2010, 2011 and 2012 and the nine months ended December 31, 2011 and 2012

The following tables sets forth total revenues and EBITDA for the financial years ended March 31, 2010, 2011 and 2012 and the nine months ended December 31, 2011 and 2012.

The Guarantor's DTH business has made significant contributions to the Group's revenues since commencing commercial operations in 2008. For this reason, during the fiscal year ended March 31, 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 March 31, 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 year ended March 31, 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 March 31, 2011 and the nine months ended December 31, 2011 has been reclassified in accordance with the segment reclassification implemented for the fiscal year ended March 31, 2012 and the nine months ended December 31, 2012 and presented in the first table below. However, corresponding financial data for the fiscal year ended March 31, 2010 has not been reclassified. The second table below sets forth total revenues and EBITDA by segment as reported in the years ended March 31, 2011, without reclassification.

	Total Revenues				EBITDA[(1)]			
	Fiscal year ended March 31,		Nine months ended December 31,		Fiscal year ended March 31,		Nine months ended December 31,	
	2011	2012	2011	2012	2011	2012	2011	2012
	(Rs. in millions) (Audited)		(Rs. in millions) (Audited)		(Rs. in millions) (Unaudited)		(Rs. in millions) (Unaudited)	
India and South Asia								
Mobile Services	363,400	403,091	297,995	327,382	126,897	136,690	100,970	99,871
Telemedia Services	36,324	37,271	28,112	28,537	16,489	15,813	12,059	12,014
Digital TV Services (formerly DTH)	7,760	12,960	9,395	11,875	(1,095)	465	256	156
Airtel Business (formerly Enterprise Services)	41,463	44,541	33,332	40,059	10,123	8,313	6,682	6,408
Tower Infrastructure Services (formerly Passive Infrastructure Services)	85,555	95,109	70,926	75,965	31,746	35,944	26,597	28,125
Others	2,741	3,117	2,364	2,633	47	(412)	(15)	(437)
Africa								
Mobile Services	130,834	198,265	144,393	179,792	28,509	52,791	37,807	47,721
Unallocated	—	—	—	—	(9,151)	(9,271)	(7,158)	(7,317)
Eliminations	(72,694)	(79,846)	(59,303)	(67,615)	(2,847)	(3,210)	(2,404)	(2,707)
Total	**595,383**	**714,508**	**527,214**	**598,628**	**200,718**	**237,123**	**174,794**	**183,834**

(1) EBITDA is defined as earnings before finance income and costs, taxation, depreciation, amortization and impairment, and share of results of associates. Revenue and EBITDA for the year ended March 31, 2011 have been restated for the effect of change in classification of certain items of income and expenses.

	Total Revenues(1)		EBITDA(1)(2)	
	Years ended March 31,		Years ended March 31,	
	2010	2011	2010	2011
	(Rs. in millions) (Audited)		(Rs. in millions) (Unaudited)	
India and South Asia				
Mobile Services — India and South Asia	331,275	362,689	128,053	125,962
Telemedia Services	34,154	36,324	14,729	16,330
Enterprise Services	44,798	41,292	12,578	9,947
Passive Infrastructure Services	70,852	85,554	24,523	31,737
Africa				
Mobile Services	—	130,834	—	31,379
Others	5,825	10,318	(10,265)	(13,087)
Eliminations	(68,432)	(72,339)	(1,985)	(2,604)
Total	**418,472**	**594,672**	**167,633**	**199,664**

(1) Based on the Guarantor's Annual Financial Statements for the fiscal year ended March 31, 2011. Revenue in these financial statements excluded "other income".

(2) For the purpose of this table, EBITDA is defined as earnings before finance income and costs, other income, non operating expenses, taxation, depreciation, amortization and impairment, and share of results of associates.

The Guarantor's Key Operating and Financial Information

This disclosure is intended to assist in understanding the trends in the operating and financial information of the Guarantor included in this Offering Memorandum. The Guarantor's key operating and financial information from the fiscal year ended March 31, 2010 may not be directly comparable to such information from the fiscal years ended March 31, 2011 and 2012 because of the Guarantor's acquisition of Zain Africa B.V. in June 2010. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Comparability of Results".

	Fiscal Year Ended March 31,			Nine months ended December 31,	
	2010	2011	2012	2011	2012
		(Unaudited)		(Unaudited)	
Total customer base (000's)	137,013	220,877	251,646	243,336	262,275
Total minutes on network (millions of minutes)	643,109	890,093	1,020,615	755,380	833,477
Network sites	107,443	131,304	141,059	137,826	152,491
Number of countries of operation	3	19	20	19	20
Population covered (billions)	1.36	1.83	1.84	1.84	1.85
Total revenue (Rs. millions)	418,472	595,383	714,508	527,214	598,628
EBITDA (Rs. millions)[(1)]	167,633	200,718	237,123	174,794	183,834
Capital expenditure (Rs. millions)	108,334	306,948	143,978	117,535	105,725
Operating free cash flow (EBITDA - capital expenditure) (Rs. millions)	59,299	(106,230)	93,145	57,259	78,109
EBITDA Margin[(2)]	40.1%	33.7%	33.2%	33.2%	30.7%
Net profit margin[(3)]	21.4%	10.2%	6.0%	6.2%	3.0%
Net debt to funded equity ratio (times)[(4)]	0.06	1.23	1.29	1.38	1.25
Return on shareholder's equity[(5)]	24.5%	13.3%	8.6%	9.5%	5.6%
Return on capital employed[(6)]	21.7%	10.8%	7.2%	7.3%	6.0%

(1) For the fiscal year ended March 31, 2010, EBITDA is defined as earnings before finance income and costs, other income, non operating expenses, taxation, depreciation, amortization and impairment, and share of results of associates. For the fiscal years ended March 31, 2011 and 2012 and the nine months ended December 31, 2011 and 2012, EBITDA is defined as earnings before finance income and costs, taxation, depreciation, amortization and impairment, and share of results of associates.

(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 is non-current borrowings plus current borrowings minus cash and cash equivalents, current and non-current restricted cash and short-term investments) divided by funded equity (which is equity attributable to equity holders of the Guarantor). Restricted cash as of December 31, 2012 for the above purpose excludes net proceeds of Bharti Infratel's initial public offering placed in escrow, payable to the selling shareholders.

(5) Return on shareholder's equity comprises net profit for the period divided by the average (of opening and closing) equity attributable to equity holders of the Guarantor. For the nine months ended December 31, 2011 and 2012, return on

shareholder's equity is computed by dividing net profit 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.

(6) Return on capital employed comprises the sum of net profit and finance income and finance cost for the period divided by average (of opening and closing) capital employed. For the nine months ended December 31, 2011 and 2012, return on capital employed comprises the sum of net profit and finance income and finance cost for the preceding 12 months from the end of the relevant period divided by average 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

Amounts as per IFRS

	As at March 31,				As at December 31,	
	2010	2011	2012	2012	2012	2012
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[(1)]	(Rs. in millions)	(U.S.$ in millions)[(1)]
		(Audited)		(Unaudited)	(Audited)	(Unaudited)
Assets						
Non-current assets						
Property, plant and equipment	482,629	651,426	674,932	13,193	687,660	12,553
Intangible assets	59,890	637,317	660,889	12,918	691,688	12,627
Investment in associates	57	0	24	—	—	—
Derivative financial assets	3,337	1,998	2,756	54	3,812	70
Other financial assets	7,368	7,930	17,086	334	16,712	305
Other non-financial assets	7,485	9,255	15,568	304	19,992	365
Deferred tax asset	12,489	45,061	51,277	1,002	58,685	1,071
Total non-current assets	573,255	1,352,987	1,422,532	27,805	1,478,549	26,991
Current assets						
Inventories	484	2,139	1,308	26	1,252	23
Trade and other receivables	35,711	54,929	63,735	1,245	68,873	1,257
Derivative financial assets	144	2,682	2,137	42	1,684	31
Prepayments and other assets	20,835	30,504	32,621	638	37,670	688
Income tax recoverable	2,826	5,280	9,049	177	11,584	211
Short term investments	52,264	6,224	18,132	354	68,963	1,259
Other financial assets	98	744	802	16	13,166	240
Cash and cash equivalents	25,323	9,575	20,300	397	27,085	494
Total current assets	137,685	112,077	148,084	2,895	230,277	4,203
Total assets	710,940	1,465,064	1,570,616	30,700	1,708,826	31,194
Equity and liabilities						
Equity						
Issued capital	18,988	18,988	18,988	371	18,988	347
Treasury shares	(81)	(268)	(282)	(5)	(720)	(13)
Share premium	56,499	56,499	56,499	1,104	56,499	1,031
Retained earnings	301,342	357,446	395,682	7,734	408,941	7,465
Foreign currency translation reserve	824	14,018	(6,026)	(117)	(25,269)	(461)
Other components of equity	44,368	40,985	41,252	806	57,835	1,056
Equity attributable to equity holders of parent	421,940	487,668	506,113	9,893	516,274	9,425
Non controlling interest	25,285	28,563	27,695	541	41,981	766
Total equity	447,225	516,231	533,808	10,434	558,255	10,191

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at March 31, 2012 and December 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 51.16 and U.S.$1.00 = Rs. 54.78, respectively, the closing exchange rates as at March 31, 2012 and December 31, 2012 based on the RBI Reference Rate.

	As at March 31,				As at December 31,	
	2010	2011	2012	2012	2012	2012
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[(1)]	(Rs. in millions)	(U.S.$ in millions)[(1)]
		(Audited)		(Unaudited)	(Audited)	(Unaudited)
Non-current liabilities						
Borrowing	81,474	532,338	497,154	9,718	603,302	11,013
Deferred revenue	11,222	8,700	2,892	57	9,444	172
Provisions	3,779	6,085	7,240	140	8,766	160
Derivative financial liabilities	289	151	401	8	657	12
Deferred tax liability	3,737	12,487	11,621	227	15,029	274
Other financial liabilities	10,860	13,856	23,076	451	26,082	476
Other non-financial liabilities	3,912	5,371	5,551	109	3,574	65
Total non-current liabilities	115,273	578,988	547,935	10,710	666,854	12,172
Current liabilities						
Borrowing	20,424	84,370	193,078	3,774	140,805	2,570
Deferred revenue	19,027	30,599	43,282	846	38,443	702
Provisions	874	1,180	1,290	27	1,637	31
Other non financial liabilities	5,399	10,053	10,811	211	17,863	326
Derivative financial liabilities	415	317	166	3	491	9
Income tax liabilities	—	3,642	7,596	148	5,176	94
Trade & other payables	102,303	239,684	232,650	4,547	279,302	5,099
Total current liabilities	148,442	369,845	488,873	9,556	483,717	8,831
Total liabilities	263,715	948,833	1,036,808	20,266	1,150,571	21,003
Total equity and liabilities	710,940	1,465,064	1,570,616	30,700	1,708,826	31,194

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at March 31, 2012 and December 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 51.16 and U.S.$1.00 = Rs. 54.78, respectively, the closing exchange rates as at March 31, 2012 and December 31, 2012 based on the RBI Reference Rate.

Amounts as per U.S. GAAP

	As at March 31,	
	2008	**2009**
	(Rs. in millions)	
	(Audited)	
Assets		
Cash and cash equivalents	6,777	11,145
Accounts receivable, net of allowances for doubtful debts	15,986	18,262
Unbilled receivables	12,076	10,266
Inventories	1,142	963
Short term investments	48,086	37,925
Deferred taxes on income	2,770	8,810
Derivative financial instruments	2,992	11,545
Restricted cash	84	84
Prepaid expenses and other current assets	23,524	29,957
Due from related parties	346	15,122
Total Current Assets	113,783	144,079
Property and equipment, net	313,407	409,136
Acquired intangible assets, net	13,204	13,309
Goodwill	27,043	27,054
Investment in joint ventures	108	127
Restricted cash, non-current	58	12
Other assets	5,041	10,230
Total Assets	472,644	603,947
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term borrowings and current portion of long-term debt	19,348	64,808
Trade payables	18,749	18,771
Equipment supply payables	61,069	62,359
Accrued expenses	19,543	31,358
Unearned income	25,080	30,912
Unearned income — indefeasible right to use sales	336	292
Derivative financial instruments	3,184	499
Due to related parties	—	40
Other current liabilities	6,826	8,148
Deferred taxes on income	—	—

	As at March 31,	
	2008	2009
	(Rs. in millions)	
	(Audited)	
Total Current Liabilities	154,135	217,185
Long-term debt, net of current portion	77,715	53,993
Deferred taxes on income	5,301	7,556
Unearned income — indefeasible right to use sales	3,464	3,330
Other liabilities	6,430	7,234
Total Liabilities	247,045	289,298
Stockholders' Equity		
Common stock	18,979	18,982
Subscription received in advance	13	3
Additional paid in capital	72,202	74,103
Treasury stock	(119)	(107)
Retained earnings	125,964	210,663
Accumulated other comprehensive income	4	301
Total Stockholders' Equity	217,043	303,945
Non controlling interest/minority interest	8,556	10,704
Total Equity	225,599	314,649
Total Liabilities and Equity	472,644	603,947

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 "Description of the Notes and Guarantee." Terms used in this summary and not otherwise defined shall have the meanings given to them in "Description of the Notes and the Guarantee."

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 . . . . U.S.$1,000,000,000 aggregate principal amount of 5.125% Guaranteed Senior Notes due 2023 (the "Notes").

Offering Price . . . . 100.000% of the principal amount of the Notes.

Maturity Date . . . . March 11, 2023.

Interest . . . . The Notes will bear interest from and including March 11, 2013 at the rate of 5.125% per annum, payable semi-annually in arrears.

Interest Payment Dates . . . . March 11 and September 11 of each year, commencing September 11, 2013.

Ranking of the Notes . . . . The Notes are:

- general, unsecured 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 other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);

- guaranteed by the Guarantor on a senior unsecured basis, subject to the limitations described in "Description of the Notes and Guarantee— The Guarantee" and in "Risk Factors — Risks Relating to the Offering;" and
- effectively subordinated to the secured obligations of the Issuer, 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% of the total initial aggregate principal amount of the Notes, being U.S.$2,000,000,000. 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 Offering."

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 all other unsecured, unsubordinated Indebtedness of the Guarantor (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.

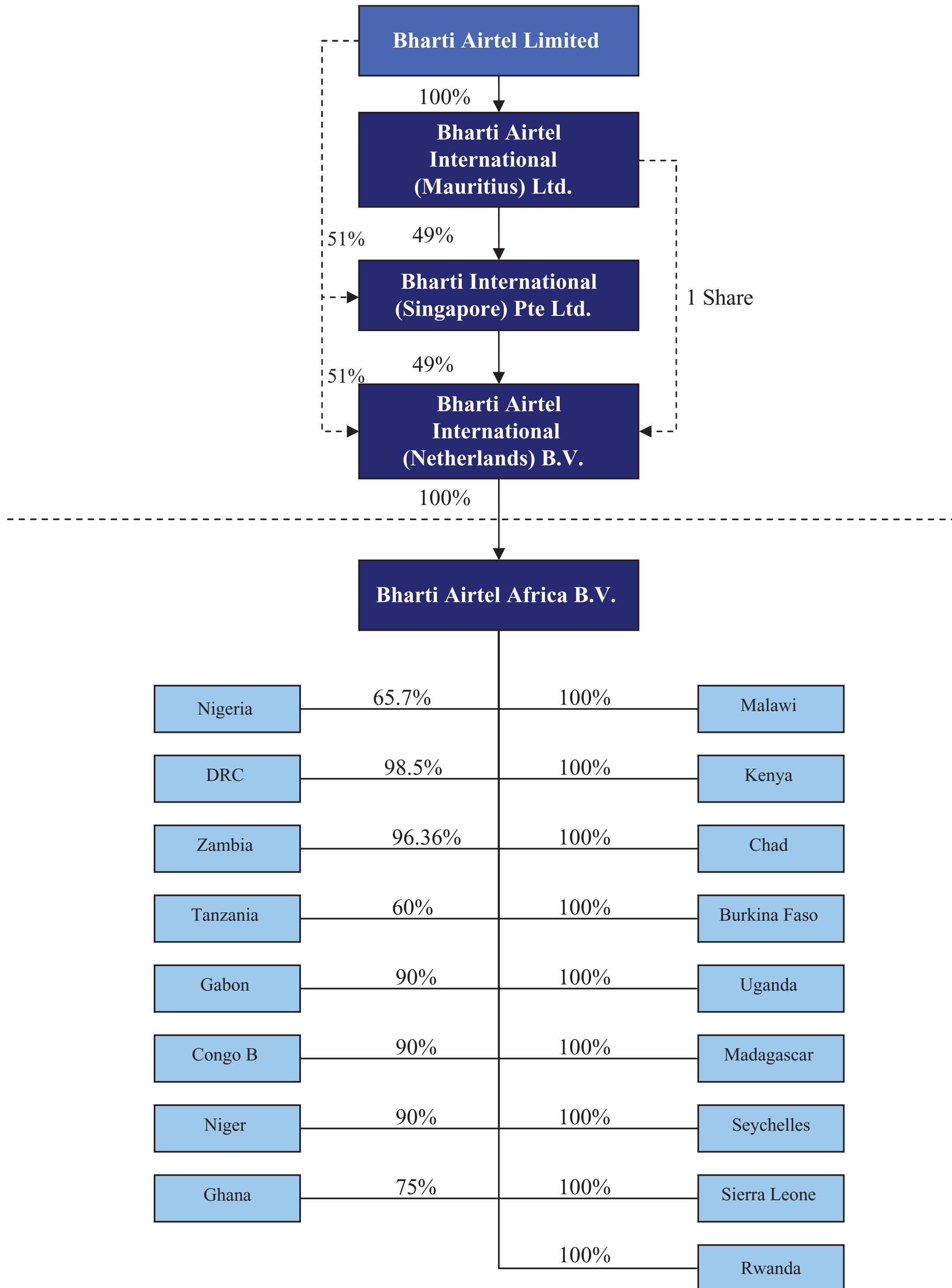
Optional Redemption . . . . At any time prior to March 11, 2023, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price

	equal to 100% 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% 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% 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 "Description of the Notes and Guarantee — 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 "Description of the Notes and Guarantee — Certain Covenants — Limitation on Indebtedness" and "Description of the Notes and Guarantee — Consolidation, Merger and Sale of Assets."
Transfer Restrictions	The Notes and Guarantee will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. For more information, see "Notice to Investors" and "Transfer Restrictions."
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 within the United States in reliance on Rule 144A and outside the United States in reliance on Regulation S will be issued only in fully registered form, without coupons, in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof

	and will be initially represented by one or more global notes registered in the name of a nominee of DTC.
Book-Entry	The Notes sold within the United States in reliance on Rule 144A and outside the United States in reliance on Regulation S will be issued in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream, Luxembourg. For a description of certain factors relating to clearance and settlement, see "Description of the Notes and Guarantee — Book-Entry; Delivery and Form."
Delivery of the Notes	The Issuer expects to make delivery of the Notes against payment in same-day funds on or about March 11, 2013, which is expected to be the fifth business day following the pricing date of the Notes. See "Plan of Distribution."
Indenture	The Notes will be issued under an indenture 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 "Description of the Notes and Guarantee — Events of Default."
Trustee	The Bank of New York Mellon.
Principal Paying and Transfer Agent and Registrar	The Bank of New York Mellon.
Governing Law	The Indenture, the Notes and the Guarantee will be governed by, and construed in accordance with, the laws of the State of New York.
Listing and Trading	Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. Such approval will be granted when the Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Memorandum. Approval in-principle for

	the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Notes or the Guarantee, or of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any). The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 for so long as the Notes are listed on the SGX-ST.
Ratings	The Notes are expected to be rated "BBB-" by Fitch and "BB+" by S&P. 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. On April 27, 2012, Fitch downgraded the Guarantor's corporate rating outlook to "negative" from "stable".
Use of Proceeds	The Issuer estimates the net proceeds from the issue of the Notes to be U.S.$995,525,000, after deducting the underwriting discount and its and the Guarantor's estimated offering expenses in connection with the issue of the Notes. Of the net proceeds from the offering, The Issuer intends to use approximately U.S.$990,000,000 for refinancing existing foreign currency indebtedness and the rest for general corporate purposes. 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" and "Plan of Distribution".
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*



* For further details of the Guarantor's subsidiaries, see note 40 to the Guarantor's Annual Financial Statements for the fiscal year ended March 31, 2012 and note 20 to the Guarantor's Interim Financial Statements for the nine months ended December 31, 2012.

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 March 31, 2012 and December 31, 2012, the Guarantor's long-term indebtedness was Rs. 497,154 million (U.S.$9,718 million) and Rs. 603,302 million (U.S.$11,013 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. 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 privatization 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 "— 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 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% of adjusted gross revenue would become effective from April 1, 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") has issued a pre consultation paper titled 'Pre-Consultation Paper on Review of Tariff for National Roaming' on December 20, 2012 ("Paper"). The Paper has been released with an objective to review the framework of tariffs for national roaming. If implemented, the objectives of the National Telecom Policy, 2012 and the Paper may result in the 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% 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 January 1, 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.

The Supreme Court passed an order on February 2, 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 August 27, 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 November 12, 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 January 30, 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 has also, pursuant to the fresh notice inviting applications dated January 30, 2013, decided to auction spectrum, which shall be reclaimed from the existing operators when their respective license is 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 has 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 Supreme Court passed an order on February 15, 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-auction Spectrum or 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.

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.

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. If these investigations 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. 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 commercialization 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 characterized 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 labor;

- an inability to secure any necessary financing arrangements on favorable terms, if at all;
- changes in demand for the Guarantor's services;
- labor disputes and disputes with sub-contractors;
- inadequate infrastructure, including as a result of failure by third parties to fulfill 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, a country subject to U.S. and international trade restrictions, economic embargoes and sanctions.

The Guarantor has operations in the Democratic Republic of the Congo ("DRC"), including mobile services and passive infrastructure services, which comprise a minor portion of the Guarantor's overall business. For the year ended March 31, 2012 and the nine months ended December 31, 2012, revenues attributable to the Guarantor's operations in the DRC represented less than 2.7% 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. In addition, 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 November 8, 2010, for the 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 1800MHz band and beyond 8MHz in 1800MHz band may be levied an additional charge 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 December 28, 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 July 1, 2008 till December 31, 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 January 1, 2013 till the extended period of the license.

The Guarantor's various telecom licenses are coming up for renewal between the years 2014 to 2032. According to a TRAI recommendation, all telecom operators may be given only 10MHz in metro towns and 8MHz in other Telecom Circles at the time of renewal of their licenses and the additional spectrum beyond the prescribed limit may be withdrawn.

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

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% and 10%. 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; and
- as a result of synergies realized through strategic acquisitions by the Guarantor and its competitors.

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 utilize 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, 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'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 June 8, 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 behaviors 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 December 27, 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 center in Mumbai, leaving customers in the region without access to the Guarantor's long distance, mobile and data services for several hours.

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, analyze 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 periodic renewal, each of which may result in modification or early termination.

The terms of the Guarantor's licenses, permits and frequency allocations are subject to finite terms, ongoing review and periodic renewal and, in some cases, are subject to modification or early termination or may require renewal 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 renewed 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.

Recently, 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 has also pursuant to the fresh notice inviting applications dated January 30, 2013 decided to auction spectrum, which shall be reclaimed from the existing operators when their respective license is subject to renewal, in the 900 Mhz band for three circles. 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 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, 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 favor 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 realizing 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 Department of Telecommunications, 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 95.8% of the Guarantor's subscribers in India and 99.3% of its subscribers in Africa as at December 31, 2012. 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 bad debts provisioned in the Guarantor's consolidated income statements was Rs. 3,972 million for the nine months ended December 31, 2012, which represented approximately 0.7% 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 December 31, 2012, the Guarantor through its subsidiary Bharti Infratel held a 33.36% 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 nine months ended December 31, 2012, approximately 32.3% 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 nationalization 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
- labor 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 neighbor 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 minimize 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. On April 25, 2012, S&P lowered its rating outlook for India's ten top banks, which increases the risk that it or another international rating agency will downgrade these institutions' credit ratings. Should such downgrade occur or appear likely to occur, the cost of funding for such banks' customers, such as the Guarantor, may increase. 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".

International credit ratings agency Fitch recently revised its outlook for the Guarantor to "negative".

On April 27, 2012, Fitch revised the outlook of the Guarantor to "negative" from "stable", citing an adverse regulatory environment in India and risks involved in the Guarantor's African operations. In particular, Fitch cited 2G licence cancellations by India's Supreme Court in February 2012 and

recommendations by TRAI to implement a one-time charge for excess spectrum, spectrum re-farming (which is related to assigning various usage to various available frequencies) and imposition of high spectrum renewal fees in the telecom industry as key regulatory risks faced by the Guarantor that could negatively affect its cash flow. It also cited execution challenges related to the Guarantor's African operations, including greater competition and a higher cost structure compared with its Indian operations as well as increasing capital expenditure requirements. If the risks cited by Fitch develop adversely to the Guarantor, the Guarantor's business, results of operations, cash flows and financial condition may be adversely affected. Further, if Fitch or another international credit ratings agency downgrades its credit rating of the Guarantor, the Guarantor's cost of funding could increase and the trading price of the Notes could be negatively impacted. 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 nine months ended December 31, 2012, approximately 32.3% of the Guarantor's consolidated revenue came from its entities located outside India, mainly in Africa, Bangladesh and Sri Lanka and approximately 34.4% of the Guarantor's total costs 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Foreign Currency Risk". 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 authorization. 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 incentivize 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 favorable 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 labor 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 unionization efforts or other types of conflict with labor unions employees. Furthermore, many of the Guarantor's customers and suppliers have unionized 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 favorable 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 favorable 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 standardized 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 standardized 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 September 1, 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 August 22, 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 March 31, 2012 and the nine months ended December 31, 2012, the Guarantor's operations of entities located in India, including foreign currency revenue attributable to Indian operations, accounted for 70.0% and 67.7% 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' favor. For more information, see "Related Party Transactions".

Risks Relating to India

As of March 31, 2012 and December 31, 2012, approximately 50.8% and 51.1% 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 March 31, 2012 and the nine months ended December 31, 2012 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 liberalization 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 liberalization, 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 liberalization and deregulation programs, there can be no assurance that these liberalization policies will continue in the future. A significant change in India's economic liberalization 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% or higher in each of fiscal years 2006, 2007 and 2008, moderated to 6.7% during fiscal 2009. The growth rate of India's GDP was 7.4% during fiscal year 2010, 8.5% during fiscal year 2011 and 6.5% during fiscal year 2012. India's GDP grew by 5.4% during the second quarter of 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 neighboring 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 localized 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 debt 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's sovereign rating was Baa3/Stable (Moody's), BBB-/Negative (Fitch) and BBB-/Negative (S&P). On April 25, 2012, S&P revised India's sovereign credit rating outlook from "stable" (BBB+) to "negative" (BBB-) and warned that it may downgrade the rating itself if there is no improvement in India's fiscal situation and political climate. Further, on June 8, 2012, S&P published a report stating that India risks a sovereign downgrade which would result in the country dropping off the list of countries with an investment grade rating. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Guarantor's ratings, 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. See "Risk Factors — Risks Relating to the Offering — 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".

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 recognize 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, but the United States has not been so declared. 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 April 1, 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. In its union budget for fiscal year 2012, the Government has not set a definitive time frame for the implementation of the goods and services tax and the direct tax code. 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 Offering

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. See "Description of the Notes and Guarantee — The Guarantee".

Investors' right to receive payments on the Guarantee is junior to 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), will 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 U.S.$2,000,000,000 (which is 200% 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.

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 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 400% 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% of the amount of equity shares, 100% of the amount of compulsorily and mandatorily convertible preference shares, 100% of the amount of other preference shares, 100% of the amount of loan, 100% of the amount of guarantee (other than performance guarantee) issued by the Indian company, 100% 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% 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 U.S.$2,000,000,000 (which is 200% of the total initial 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. See "Description of the Notes and Guarantee" and "Indian Government Filings/Approvals".

An active trading market may not develop for the Notes, in which case your 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 Initial Purchasers 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 Initial Purchasers' affiliates may be subject to limits imposed by applicable law. As a result, neither the Issuer nor the Guarantor can assure you 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, you 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 Notes are subject to restrictions on resales and transfers.

The Notes have not been registered under the Securities Act or any U.S. state securities laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Notes may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on the exemption provided by Rule 144A or the safe harbor provided by Regulation S under the Securities Act) and applicable state securities laws. For certain restrictions on resales and transfers, see "Transfer Restrictions".

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% of the principal amount plus accrued and unpaid interest. See "Description of the Notes and Guarantee."

The source of funds for any such purchase would be our 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 Indenture 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 recapitalizations. 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 Indenture 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.

The Notes are expected to be rated "BBB-" by Fitch and "BB+" by S&P. The rating will address the likelihood of payment of principal on the relevant maturity dates of the Notes. The rating will also address the timely payment of interest on each payment date. A rating of the Notes is not a recommendation to purchase, hold or sell the Notes, and the rating will not comment on market price or suitability for a particular investor. The Issuer cannot assure you that the rating of the Notes will remain for any given period of time or that the rating will not be lowered or withdrawn. A downgrade in the rating of the Notes on its own will not be an event of default under the terms of the Notes. 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. For example, on April 29, 2011, Fitch downgraded the Guarantor's outlook to "negative" from "stable" due to perceived risks attached to the Guarantor's African operations, even while affirming the Guarantor's long-term foreign currency default rating at "BBB-". See " — The Guarantor has rapidly expanded internationally in recent years, which could affect future growth".

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 7.18% (provisional) for the month of December 2012 and the Consumer Price Index stood at 10.56% (provisional) for the month of December 2012. 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 2012, the merchandize trade deficit was U.S.$185 billion compared to U.S.$130.5 billion in fiscal year

2011, U.S.$118.4 billion in fiscal year 2010, U.S.$102.1 billion in fiscal year 2009 and U.S.$88.5 billion in fiscal year 2008. This large merchandize trade deficit neutralizes 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%) in fiscal year 2003, by U.S.$36.9 billion (48.4%) in fiscal year 2004, by U.S.$28.5 billion (25.3%) in fiscal year 2005, by U.S.$10.1 billion (7.1%) in fiscal year 2006, by U.S.$47.6 billion (31.4%) in fiscal year 2007, and by U.S.$110.5 billion (55.5%) 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%) in fiscal year 2012 to U.S.$249.0 billion. India's foreign exchange reserves were U.S.$295.8 billion as of January 25, 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.

USE OF PROCEEDS

The Issuer estimates that the net proceeds to it from its sale of Notes pursuant to this Offering Memorandum will be approximately U.S.$995,525,000 after deducting the underwriting discount and its and the Guarantor's estimated offering expenses in connection with the issue of the Notes. Of the net proceeds from the offering, the Issuer intends to use approximately U.S.$990,000,000 for repayment and refinancing of existing foreign currency indebtedness and the rest for general corporate purposes.

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.

CAPITALIZATION

The following table sets forth the Guarantor's short-term and long-term debt and shareholders' equity at December 31, 2012 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 Other Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	As at December 31, 2012			
	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	140,805	2,570	140,805	2,570
Non-current borrowings	603,302	11,013	603,302	11,013
Notes offered hereby	—	—	54,780	1,000
Total indebtedness[2]	**744,107**	**13,583**	**798,887**	**14,583**
Equity:				
Issued capital	18,988	347	18,988	347
Treasury shares	(720)	(13)	(720)	(13)
Share premium	56,499	1,031	56,499	1,031
Retained earnings	408,941	7,465	408,941	7,465
Foreign currency translation reserve	(25,269)	(461)	(25,269)	(461)
Other components of equity	57,835	1,056	57,835	1,056
Equity attributable to equity holders of parent[4]	516,274	9,425	516,274	9,425
Non-controlling interest	41,981	766	41,981	766
Total equity	**558,255**	**10,191**	**558,255**	**10,191**
Total indebtedness and equity	**1,302,362**	**23,774**	**1,357,142**	**24,774**

(1) Except as disclosed herein, there have been no material changes in the Guarantor's capitalization since December 31, 2012.

(2) As at December 31, 2012, the Guarantor's secured and unsecured borrowings totaled Rs. 141,708 million and Rs. 602,399 million, respectively. For more information regarding the Guarantor's secured and unsecured debt, see "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(3) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at December 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 54.78, which was the RBI Reference Rate as at December 31, 2012.

(4) Parent refers to the Guarantor.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The selected consolidated financial data for the Guarantor as of and for each of the fiscal years ended March 31, 2010, 2011 and 2012 and as of and for the nine months ended December 31, 2011 and 2012 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. The summary consolidated financial data for the fiscal years ended March 31, 2008 and 2009 set forth below have been derived from the Guarantor's financial statements for such years which have not been included in this Offering Memorandum. The fiscal year ended March 31, 2011 was the first full year in which the Guarantor prepared its financial statements in accordance with IFRS. The Annual Financial Statements for the fiscal years ended March 31, 2010, 2011 and 2012 and the Interim Financial Statements for the nine months ended December 31, 2011 and 2012 have been prepared in accordance with IFRS. The Guarantor's financial statements for the fiscal years ended March 31, 2008 and 2009 have been prepared in accordance with U.S. GAAP. This financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Selected Consolidated Financial and Operating Data of the Guarantor" and the Annual Financial Statements and the Interim Financial Statements set forth in this Offering Memorandum. The summary consolidated financial data of the Guarantor for the fiscal year ended March 31, 2010 may not be directly comparable to such information from the fiscal years ended March 31, 2011 and 2012 because of the Guarantor's acquisition of a 70% equity interest in Airtel Bangladesh Limited in February 2010, and the acquisition of mobile services operations in Seychelles in August 2010. Further, the nine months ended December 31, 2011 may not be directly comparable to the nine months ended December 31, 2012 due to the Guarantor's acquisition of a 49% equity ownership stake in Qualcomm Asia Pacific's 4G operations in India. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Comparability of Results". See "Presentation of Financial and Other Data" for further information regarding the presentation of financial information and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a description of certain line items in the Income Statement.

Consolidated Statement of Income and Comprehensive Income

Amounts as per IFRS

	Fiscal year ended March 31,			Nine months ended December 31,		
	2011	2012	2012	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[1]	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[1]
	(Audited)		(Unaudited)	(Audited)		(Unaudited)
Revenue[2]	595,383	714,508	14,935	527,214	598,628	10,976
Other operating income	635	550	11	456	358	7
Operating expenses	(395,300)	(477,935)	(9,990)	(352,876)	(415,152)	(7,612)
Depreciation and amortization	(102,066)	(133,681)	(2,794)	(98,998)	(115,136)	(2,111)
Profit from operating activities	98,652	103,442	2,162	75,796	68,698	1,260
Share of results of associates	(57)	(74)	(2)	(56)	(76)	(1)
Profit before finance income, cost and tax	98,595	103,368	2,160	75,740	68,622	1,259
Finance income	3,536	2,643	55	4,085	3,707	68
Finance costs	(25,349)	(40,828)	(853)	(31,698)	(35,456)	(650)
Profit before tax	76,782	65,183	1,362	48,127	36,873	677
Income tax expense	(17,790)	(22,602)	(472)	(15,626)	(19,267)	(353)
Net profit for the period	58,992	42,581	890	32,501	17,606	324
Exchange differences on translation of foreign operations	12,681	(20,410)	(427)	(24,422)	(19,123)	(351)
Total comprehensive income/(loss) for the period, net of tax	71,673	22,171	463	8,079	(1,517)	(27)

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts for the fiscal year ended March 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 47.84, the average exchange rate for the fiscal year ended March 31, 2012 based on the RBI Reference Rate. U.S. dollar translations of Indian Rupee amounts for the nine months ended December 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 54.54 the average exchange rate for the nine months ended December 31, 2012 based on the RBI Reference Rate.

(2) During the fiscal year ended March 31, 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".

The table below represents the Guarantor's consolidated statement of income and comprehensive income as reported in the financial statements for the fiscal year ended March 31, 2011, and does not include the impact of reclassification done in the fiscal year ended March 31, 2011 in the financial statements for the fiscal year ended March 31, 2012.

	Fiscal Year Ended March 31,	
	2010	**2011**
	(Rs. in millions)	**(Rs. in millions)**
	(Audited)	
Revenue	418,472	594,672
Operating Expenses	(250,839)	(395,008)
	167,633	199,664
Depreciation and amortization	(62,832)	(102,066)
Profit from operating activities	104,801	97,598
Share of results of associates	(48)	(57)
Other income	697	1,346
Non operating expense	(181)	(292)
Profit before finance income, cost and tax	105,269	98,595
Finance income	17,381	3,536
Finance costs	(17,559)	(25,349)
Profit before tax	105,091	76,782
Income tax expense	(13,453)	(17,790)
Net profit for the year	91,638	58,992
Exchange differences on translation of foreign operations	(1,028)	12,681
Total comprehensive income/loss for the year, net of tax	90,610	71,673

Amounts as per U.S. GAAP

	Fiscal year ended March 31,	
	2008	**2009**
	(Rs. in millions)	
	(Audited)	
Revenues		
Services	269,003	366,250
Indefeasible right to use sales	436	1,598
Equipment	810	1,768
Total Revenues	270,249	369,616
Operating Expenses		
Cost of services	152,551	213,504
Costs of equipment sales	661	1,448
Selling, general and administrative expenses	40,582	50,566
Total Operating Expenses	193,794	265,518
Operating Income	76,455	104,097
Interest Income	1,713	16,005
Interest Expense	4,054	27,618
Share of loss in joint ventures	1	713
Other Income	2,741	1,522
Non operating expenses	317	220
Income Before Income Taxes	76,537	93,073
Income tax expense	8,378	6,615
Net Income	68,159	86,458

The Guarantor's Results of Operations by Segment for the financial years ended March 31, 2010, 2011 and 2012 and the nine months ended December 31, 2011 and 2012

The following tables sets forth total revenues and EBITDA for the financial years ended March 31, 2010, 2011 and 2012 and the nine months ended December 31, 2011 and 2012.

The Guarantor's DTH business has made significant contributions to the Group's revenues since commencing commercial operations in 2008. For this reason, during the fiscal year ended March 31, 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 March 31, 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 year ended March 31, 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 March 31, 2011 and the nine months ended December 31, 2011 has been reclassified in accordance with the segment reclassification implemented for the fiscal year ended March 31, 2012 and the nine months ended December 31, 2012 and presented in the first table below. However, corresponding financial data for the fiscal year ended March 31, 2010 has not been reclassified. The second table below sets forth total revenues and EBITDA by segment as reported in the years ended March 31, 2011, without reclassification.

	Total Revenues				EBITDA[1]			
	Fiscal year ended March 31,		Nine months ended December 31,		Fiscal year ended March 31,		Nine months ended December 31,	
	2011	2012	2011	2012	2011	2012	2011	2012
	(Rs. in millions) (Audited)		(Rs. in millions) (Audited)		(Rs. in millions) (Unaudited)		(Rs. in millions) (Unaudited)	
India and South Asia								
Mobile Services	363,400	403,091	297,995	327,382	126,897	136,690	100,970	99,871
Telemedia Services	36,324	37,271	28,112	28,537	16,489	15,813	12,059	12,014
Digital TV Services (formerly DTH)	7,760	12,960	9,395	11,875	(1,095)	465	256	156
Airtel Business (formerly Enterprise Services)	41,463	44,541	33,332	40,059	10,123	8,313	6,682	6,408
Tower Infrastructure Services (formerly Passive Infrastructure Services)	85,555	95,109	70,926	75,965	31,746	35,944	26,597	28,125
Others	2,741	3,117	2,364	2,633	47	(412)	(15)	(437)
Africa								
Mobile Services	130,834	198,265	144,393	179,792	28,509	52,791	37,807	47,721
Unallocated	—	—	—	—	(9,151)	(9,271)	(7,158)	(7,317)
Eliminations	(72,694)	(79,846)	(59,303)	(67,615)	(2,847)	(3,210)	(2,404)	(2,707)
Total	**595,383**	**714,508**	**527,214**	**598,628**	**200,718**	**237,123**	**174,794**	**183,834**

(1) EBITDA is defined as earnings before finance income and costs, taxation, depreciation, amortization and impairment, and share of results of associates. Revenue and EBITDA for the year ended March 31, 2011 have been restated for the effect of change in classification of certain items of income and expenses.

	Total Revenues[1]		EBITDA[1][2]	
	Years ended March 31,		Years ended March 31,	
	2010	2011	2010	2011
	(Rs. in millions) (Audited)		(Rs. in millions) (Unaudited)	
India and South Asia				
Mobile Services — India and South Asia	331,275	362,689	128,053	125,962
Telemedia Services	34,154	36,324	14,729	16,330
Enterprise Services	44,798	41,292	12,578	9,947
Passive Infrastructure Services	70,852	85,554	24,523	31,737
Africa				
Mobile Services	—	130,834	—	31,379
Others	5,825	10,318	(10,265)	(13,087)
Eliminations	(68,432)	(72,339)	(1,985)	(2,604)
Total	**418,472**	**594,672**	**167,633**	**199,664**

(1) Based on the Guarantor's Annual Financial Statements for the fiscal year ended March 31, 2011.

(2) For the purpose of this table, EBITDA is defined as earnings before finance income and costs, other income, non operating expenses, taxation, depreciation, amortization and impairment, and share of results of associates.

The Guarantor's Key Operating and Financial Information

This disclosure is intended to assist in understanding the trends in the operating and financial information of the Guarantor included in this Offering Memorandum. The Guarantor's key operating and financial information from the fiscal year ended March 31, 2010 may not be directly comparable to such information from the fiscal years ended March 31, 2011 and 2012 because of the Guarantor's acquisition of Zain Africa B.V. in June 2010. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Comparability of Results".

	Fiscal Year Ended March 31,			Nine months ended December 31,	
	2010	2011	2012	2011	2012
		(Unaudited)		(Unaudited)	
Total customer base (000's)	137,013	220,877	251,646	243,336	262,275
Total minutes on network (millions of minutes)	643,109	890,093	1,020,615	755,380	833,477
Network sites	107,443	131,304	141,059	137,826	152,491
Number of countries of operation	3	19	20	19	20
Population covered (billions)	1.36	1.83	1.84	1.84	1.85
Total revenue (Rs. millions)	418,472	595,383	714,508	527,214	598,628
EBITDA (Rs. millions)(1)	167,633	200,718	237,123	174,794	183,834
Capital expenditure (Rs. millions)	108,334	306,948	143,978	117,535	105,725
Operating free cash flow (EBITDA - capital expenditure) (Rs. millions)	59,299	(106,230)	93,145	57,259	78,109
EBITDA Margin(2)	40.1%	33.7%	33.2%	33.2%	30.7%
Net profit margin(3)	21.4%	10.2%	6.0%	6.2%	3.0%
Net debt to funded equity ratio (times)(4)	0.06	1.23	1.29	1.38	1.25
Return on shareholder's equity(5)	24.5%	13.3%	8.6%	9.5%	5.6%
Return on capital employed(6)	21.7%	10.8%	7.2%	7.3%	6.0%

(1) For the fiscal year ended March 31, 2010, EBITDA is defined as earnings before finance income and costs, other income, non operating expenses, taxation, depreciation, amortization and impairment, and share of results of associates. For the fiscal years ended March 31, 2011 and 2012 and the nine months ended December 31, 2011 and 2012, EBITDA is defined as earnings before finance income and costs, taxation, depreciation, amortization and impairment, and share of results of associates.

(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 is non-current borrowings plus current borrowings minus cash and cash equivalents, current and non-current restricted cash and short-term investments) divided by funded equity (which is equity attributable to equity holders of the Guarantor). Restricted cash as of December 31, 2012 for the above purpose excludes net proceeds of Bharti Infratel's initial public offering placed in escrow, payable to the selling shareholders.

(5) Return on shareholder's equity comprises net profit for the period divided by the average (of opening and closing) equity attributable to equity holders of the Guarantor. For the nine months ended December 31, 2011 and 2012, return on

shareholder's equity is computed by dividing net profit 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.

(6) Return on capital employed comprises the sum of net profit and finance income and finance cost for the period divided by average (of opening and closing) capital employed. For the nine months ended December 31, 2011 and 2012, return on capital employed comprises the sum of net profit and finance income and finance cost for the preceding 12 months from the end of the relevant period divided by average 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

Amounts as per IFRS

	As at March 31,				As at December 31,	
	2010	2011	2012	2012	2012	2012
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)(1)	(Rs. in millions)	(U.S.$ in millions)(1)
		(Audited)		(Unaudited)	(Audited)	(Unaudited)
Assets						
Non-current assets						
Property, plant and equipment	482,629	651,426	674,932	13,193	687,660	12,553
Intangible assets	59,890	637,317	660,889	12,918	691,688	12,627
Investment in associates	57	0	24	—	—	—
Derivative financial assets	3,337	1,998	2,756	54	3,812	70
Other financial assets	7,368	7,930	17,086	334	16,712	305
Other non-financial assets	7,485	9,255	15,568	304	19,992	365
Deferred tax asset	12,489	45,061	51,277	1,002	58,685	1,071
Total non-current assets	573,255	1,352,987	1,422,532	27,805	1,478,549	26,991
Current assets						
Inventories	484	2,139	1,308	26	1,252	23
Trade and other receivables	35,711	54,929	63,735	1,245	68,873	1,257
Derivative financial assets	144	2,682	2,137	42	1,684	31
Prepayments and other assets	20,835	30,504	32,621	638	37,670	688
Income tax recoverable	2,826	5,280	9,049	177	11,584	211
Short term investments	52,264	6,224	18,132	354	68,963	1,259
Other financial assets	98	744	802	16	13,166	240
Cash and cash equivalents	25,323	9,575	20,300	397	27,085	494
Total current assets	137,685	112,077	148,084	2,895	230,277	4,203
Total assets	710,940	1,465,064	1,570,616	30,700	1,708,826	31,194
Equity and liabilities						
Equity						
Issued capital	18,988	18,988	18,988	371	18,988	347
Treasury shares	(81)	(268)	(282)	(5)	(720)	(13)
Share premium	56,499	56,499	56,499	1,104	56,499	1,031
Retained earnings	301,342	357,446	395,682	7,734	408,941	7,465
Foreign currency translation reserve	824	14,018	(6,026)	(117)	(25,269)	(461)
Other components of equity	44,368	40,985	41,252	806	57,835	1,056
Equity attributable to equity holders of parent	421,940	487,668	506,113	9,893	516,274	9,425
Non controlling interest	25,285	28,563	27,695	541	41,981	766
Total equity	447,225	516,231	533,808	10,434	558,255	10,191

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at March 31, 2012 and December 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 51.16 and U.S.$1.00 = Rs. 54.78, respectively, the closing exchange rates as at March 31, 2012 and December 31, 2012 based on the RBI Reference Rate.

	As at March 31,				As at December 31,	
	2010	2011	2012	2012	2012	2012
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[1]	(Rs. in millions)	(U.S.$ in millions)[1]
		(Audited)		(Unaudited)	(Audited)	(Unaudited)
Non-current liabilities						
Borrowing	81,474	532,338	497,154	9,718	603,302	11,013
Deferred revenue	11,222	8,700	2,892	57	9,444	172
Provisions	3,779	6,085	7,240	140	8,766	160
Derivative financial liabilities	289	151	401	8	657	12
Deferred tax liability	3,737	12,487	11,621	227	15,029	274
Other financial liabilities	10,860	13,856	23,076	451	26,082	476
Other non-financial liabilities	3,912	5,371	5,551	109	3,574	65
Total non-current liabilities	115,273	578,988	547,935	10,710	666,854	12,172
Current liabilities						
Borrowing	20,424	84,370	193,078	3,774	140,805	2,570
Deferred revenue	19,027	30,599	43,282	846	38,443	702
Provisions	874	1,180	1,290	27	1,637	31
Other non financial liabilities	5,399	10,053	10,811	211	17,863	326
Derivative financial liabilities	415	317	166	3	491	9
Income tax liabilities	—	3,642	7,596	148	5,176	94
Trade & other payables	102,303	239,684	232,650	4,547	279,302	5,099
Total current liabilities	148,442	369,845	488,873	9,556	483,717	8,831
Total liabilities	263,715	948,833	1,036,808	20,266	1,150,571	21,003
Total equity and liabilities	710,940	1,465,064	1,570,616	30,700	1,708,826	31,194

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts as at March 31, 2012 and December 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 51.16 and U.S.$1.00 = Rs. 54.78, respectively, the closing exchange rates as at March 31, 2012 and December 31, 2012 based on the RBI Reference Rate.

Amounts as per U.S. GAAP

	As at March 31,	
	2008	**2009**
	(Rs. in millions)	
	(Audited)	
Assets		
Cash and cash equivalents	6,777	11,145
Accounts receivable, net of allowances for doubtful debts	15,986	18,262
Unbilled receivables	12,076	10,266
Inventories	1,142	963
Short term investments	48,086	37,925
Deferred taxes on income	2,770	8,810
Derivative financial instruments	2,992	11,545
Restricted cash	84	84
Prepaid expenses and other current assets	23,524	29,957
Due from related parties	346	15,122
Total Current Assets	113,783	144,079
Property and equipment, net	313,407	409,136
Acquired intangible assets, net	13,204	13,309
Goodwill	27,043	27,054
Investment in joint ventures	108	127
Restricted cash, non-current	58	12
Other assets	5,041	10,230
Total Assets	472,644	603,947
Liabilities and Stockholders' Equity		
Current Liabilities		
Short-term borrowings and current portion of long-term debt	19,348	64,808
Trade payables	18,749	18,771
Equipment supply payables	61,069	62,359
Accrued expenses	19,543	31,358
Unearned income	25,080	30,912
Unearned income — indefeasible right to use sales	336	292
Derivative financial instruments	3,184	499
Due to related parties	—	40
Other current liabilities	6,826	8,148
Deferred taxes on income	—	—

	As at March 31,	
	2008	2009
	(Rs. in millions)	
	(Audited)	
Total Current Liabilities	154,135	217,185
Long-term debt, net of current portion	77,715	53,993
Deferred taxes on income	5,301	7,556
Unearned income — indefeasible right to use sales	3,464	3,330
Other liabilities	6,430	7,234
Total Liabilities	247,045	289,298
Stockholders' Equity		
Common stock	18,979	18,982
Subscription received in advance	13	3
Additional paid in capital	72,202	74,103
Treasury stock	(119)	(107)
Retained earnings	125,964	210,663
Accumulated other comprehensive income	4	301
Total Stockholders' Equity	217,043	303,945
Non controlling interest/minority interest	8,556	10,704
Total Equity	225,599	314,649
Total Liabilities and Equity	472,644	603,947

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of the Guarantor's financial condition and results of operations is intended to convey management's perspective on the operating performance and financial condition of the Guarantor as at and for the fiscal years ended March 31, 2010, 2011 and 2012 and as at and for the nine months ended December 31, 2011 and 2012 on a consolidated basis.

The fiscal year ended March 31, 2011 was the first full year in which the Guarantor prepared its financial statements in accordance with IFRS, which included IFRS financial statements for the fiscal year ended March 31, 2010. This disclosure is intended to assist in understanding and interpreting the financial statements of the Guarantor included in this Offering Memorandum. The discussion should be read in conjunction with "Selected Consolidated Financial and Other Information", "Capitalization", the Annual Financial Statements of the Guarantor for the years ended March 31, 2010, 2011 and 2012 and the Interim Financial Statements for the nine months ended December 31, 2011 and 2012 and the accompanying schedules and notes. The following discussion contains forward-looking statements. These statements have been based on management's current projections and expectations about future events. The Guarantor's actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set out under "Risk Factors" and elsewhere in this Offering Memorandum. See "Forward-Looking Statements and Associated Risks". Further information regarding the presentation of financial information is set out under the heading "Presentation of Financial and Other Data".

The Guarantor has various segments for financial reporting purposes. See "Presentation of Financial and Other Data — Reporting Segments" for a description of the Guarantor's segments.

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 2012, the Guarantor was the largest private integrated telecommunications operator in India and the fourth largest wireless service provider in the world, as measured by proportionate equity subscriptions according to 2013 Informa Telecoms & Media. The Guarantor served an aggregate of 262.3 million customers as of December 31, 2012.

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 launched in Kolkata in April 2012 and later expanded to Bangalore and Pune, offering 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% 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 December 31, 2012, Bharti Infratel operated 34,668 Towers and Indus Towers operated 111,240 Towers. On December 28, 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 May 24, 2012, the Guarantor acquired a 49% ownership stake in Qualcomm Asia Pacific's 4G operations in India for approximately Rs. 9.3 billion (U.S.$165 million), providing a platform for the Guarantor to expand its 4G service offerings across a number of regions. See " — Business — Mobile Services — 4G". On March 30, 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 an enterprise valuation of U.S.$10.7 billion. The acquisition was completed on June 8, 2010. 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 August 27, 2010 for U.S.$62.0 million. It has recently launched operations in Rwanda on March 30, 2012, bringing the Guarantor's African operations to 17 countries in total.

For the years ended March 31, 2011 and 2012, the Guarantor's net profit was Rs. 58,992 million and Rs. 42,581 million, respectively, a decrease of 27.8%. For the nine months ended December 31, 2011 and 2012, its net profit was Rs. 32,501 million and Rs. 17,606 million, respectively, a decrease of 45.8%. The Guarantor's EBITDA for the years ended March 31, 2011 and 2012 was Rs. 200,718 million and Rs. 237,123 million, respectively, an increase of 18.1%. The Guarantor's EBITDA for the nine months ended December 31, 2011 and 2012 was Rs. 174,794 million and Rs. 183,834 million, respectively, an increase of 5.2%. As at March 31, 2011 and 2012, the Guarantor's total assets were Rs. 1,465,064 million and Rs. 1,570,616 million, respectively, an increase of 7.2%. The Guarantor's EBITDA margin for the fiscal years ended March 31, 2011 and 2012 and for the nine months ended December 31, 2011 and 2012 was 33.7%, 33.2%, 33.2% and 30.7%, respectively. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations."

Factors Affecting the Guarantor's Results of Operations and Financial Condition

The Guarantor's results of operations and financial condition have been affected and will continue to be affected by a number of factors, including the following:

Mobile Subscriber Base and Usage Patterns and Increasing Capital Expenditure Requirements

The Guarantor's number of mobile subscribers and their usage of its cellular services directly affects the Guarantor's mobile services operating revenues as well as its operating expenses, including interconnection expenses and depreciation expenses. As the Guarantor continues to grow, it may be required to expand its mobile network coverage and capacity, particularly in Africa, which may require additional capital expenditures. Increases in the Guarantor's capital expenditures affects its cash flows, interest expense and depreciation expense.

Competition

The Indian wireless industry is highly competitive with most Telecom Circles having between 12 to 14 licensees with at least 10 operators operating in each Telecom Circle. Apart from existing players, there are a number of new entrants to the market which further adds to the competition. In Africa, the Guarantor competes with 29 different operators across 17 operations, with an average of three to five competitors in each country.

Among other things, such competition affects the tariffs the Guarantor is able to charge for its services and demand for and usage of its services. Competition affects the Guarantor's results of operations, in particular its operating margins and cash flows, through its impact on channel commissions, marketing expenses and advertising and promotional expenses.

Despite the Supreme Court's order on February 2, 2012 whereby it cancelled 122 2G telecom licenses of telecom companies which were allotted telecom licenses in 2008, few telecom companies have shut down operations and exited the Indian telecom market. Many telecom companies have subsequently bid on and won back spectrum in the cancelled service areas and are currently expanding operations in these areas. For a discussion of risks associated with the cancellation of 2G telecom licenses and subsequent auction of spectrum, 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, cash flows and results of operations".

Tariff and Pricing Levels

The Guarantor's business model focuses on providing affordable mobile telephony services, thereby attracting new customers. The Guarantor focuses on producing the lowest cost per 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 different denominations across the value chain. 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 minimizing operating and capital expenditure and increasing market share. This business model has enabled the Guarantor to expand its customer base in highly competitive markets, particularly in India, and thereby increase its sales volume.

Any change in the Guarantor's pricing structure, either as a result of governmental or regulatory tariff policies or in response to competition, could affect the Guarantor's business, results of operations, cash flows and financial condition.

Other factors include:

- macroeconomic growth in India, South Asia and the African countries in which the Guarantor operates;

- the Guarantor's ability to successfully implement its strategy with respect to its recent acquisitions in Africa;

- expansion of 3G and 4G networks and increasing margins from data usage;
- changes in operating costs;
- political or regulatory changes, in particular in India and the African countries in which it operates;
- additional debt and associated interest payments and changes in interest rates in the Indian and international markets;
- fiscal and other related regulatory changes, including, among others, those that may have an impact on depreciation rates, income tax rates and other direct and indirect taxes;
- exchange rates, in particular between the rupee (the Guarantor's reporting currency), the U.S. dollar, the Euro, the Nigerian Naira, the Tanzanian Shilling, the Zambian Kwacha and the West African CFA Franc and Central African CFA Franc; and
- new technologies which could affect the current business models and usage behavior.

Factors Affecting Comparability of Results

On June 8, 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. See "Business — Mobile Services". On August 23, 2010, the Guarantor acquired mobile services operations in the Republic of Seychelles for U.S.$62.0 million. On February 25, 2010, the Guarantor acquired a 70% equity interest in Airtel Bangladesh Limited from Warid Telecom International LLC for U.S.$300 million. These acquisitions had a significant impact on the Guarantor's results of operations in the fiscal year ended March 31, 2011 as compared to the same period in 2010. For example, the Guarantor's total consolidated revenues in the fiscal year ended March 31, 2011 increased 42.1% to Rs. 594,672 million from Rs. 418,472 million in the fiscal year ended March 31, 2010. Part of this increase was attributable to the addition to the Guarantor's portfolio of its African operations, which contributed 22% of the Guarantor's total revenues for the fiscal year ended March 31, 2011. These acquisitions also significantly impacted the Guarantor's finance charges and other expenses. To facilitate these acquisitions, the Guarantor entered into a U.S.$7.5 billion credit facility agreement with a syndicate of international banks. This debt has impacted the Guarantor's results of operations for the fiscal year ended March 31, 2011, resulting in substantial increases in the Guarantor's net debt and associated increases in finance costs, including interest cost, foreign exchange fluctuation-related cost and tax charges. These events had a significant effect on the comparability of the Guarantor's results of operations for the fiscal year ended March 31, 2011 as compared to the fiscal year ended March 31, 2010. Moreover, the comparability of the Guarantor's results of operations for the fiscal year ended March 31, 2011 as against the fiscal year ended March 31, 2012 is significantly impacted by the fact that fiscal year 2012 was the first full year of operations for the Guarantor's African businesses. The comparability of the Guarantor's capital expenditures, for the nine months ended December 31, 2011 as against the nine months ended December 31, 2012 is significantly impacted by the Guarantor's

acquisition of a 49% equity ownership stake in Qualcomm Asia Pacific's 4G operations in India. This acquisition had no significant impact on the Guarantor's results of operations for the nine months ended December 31, 2012. See "Business — Mobile Services — 4G".

Use of Non-GAAP Financial Information

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 earnings before finance income and cost, taxation, depreciation, amortization and impairment and share of results of associates (unless otherwise specified), 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 short-term investments. 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.

Consolidated Statement of Income and Comprehensive Income

The following table sets forth the Guarantor's consolidated income statement data for the fiscal years ended March 31, 2010, 2011 and 2012, and the nine months ended December 31, 2011 and 2012, which have been prepared in accordance with IFRS and which have been extracted without adjustment from the Guarantor's Annual Financial Statements and Interim Financial Statements presented elsewhere in this Offering Memorandum, unless otherwise specified:

	Fiscal year ended March 31,			Nine months ended December 31,		
	2011	2012	2012	2011	2012	2012
	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)(1)	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)(1)
	(Audited)		(Unaudited)	(Audited)		(Unaudited)
Revenue(2)	595,383	714,508	14,935	527,214	598,628	10,976
Other operating income	635	550	11	456	358	7
Operating expenses	(395,300)	(477,935)	(9,990)	(352,876)	(415,152)	(7,612)
Depreciation and amortization	(102,066)	(133,681)	(2,794)	(98,998)	(115,136)	(2,111)
Profit from operating activities	98,652	103,442	2,162	75,796	68,698	1,260
Share of results of associates	(57)	(74)	(2)	(56)	(76)	(1)
Profit before finance income, cost and tax	98,595	103,368	2,160	75,740	68,622	1,259
Finance income	3,536	2,643	55	4,085	3,707	68
Finance costs	(25,349)	(40,828)	(853)	(31,698)	(35,456)	(650)
Profit before tax	76,782	65,183	1,362	48,127	36,873	677
Income tax expense	(17,790)	(22,602)	(472)	(15,626)	(19,267)	(353)
Net profit for the period	58,992	42,581	890	32,501	17,606	324
Exchange differences on translation of foreign operations	12,681	(20,410)	(427)	(24,422)	(19,123)	(351)
Total comprehensive income/(loss) for the period, net of tax	71,673	22,171	463	8,079	(1,517)	(27)

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts for the fiscal year ended March 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 47.84, the average exchange rate for the fiscal year ended March 31, 2012 based on the RBI Reference Rate. U.S. dollar translations of Indian Rupee amounts for the nine months ended December 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 54.54, the average exchange rate for the nine months ended December 31, 2012 based on the RBI Reference Rate.

(2) During the fiscal year ended March 31, 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".

The table below represents the Guarantor's consolidated statement of income and comprehensive income as reported in the financial statements for the fiscal year ended March 31, 2011, and does not include the impact of reclassification done in the fiscal year ended March 31, 2011 in the financial statements for the fiscal year ended March 31, 2012.

	Fiscal Year Ended March 31,	
	2010	2011
	(Rs. in millions)	(Rs. in millions)
	(Audited)	
Revenue	418,472	594,672
Operating Expenses	(250,839)	(395,008)
	167,633	199,664
Depreciation and amortization	(62,832)	(102,066)
Profit from operating activities	104,801	97,598
Share of results of associates	(48)	(57)
Other income	697	1,346
Non operating expense	(181)	(292)
Profit before finance income, cost and tax	105,269	98,595
Finance income	17,381	3,536
Finance cost	(17,559)	(25,349)
Profit before tax	105,091	76,782
Income tax expense	(13,453)	(17,790)
Net profit for the year	91,638	58,992
Exchange differences on translation of foreign operations	(1,028)	12,681
Total comprehensive income for the year, net of tax	90,610	71,673

The following tables sets forth total revenues and EBITDA for the financial years ended March 31, 2010, 2011 and 2012 and the nine months ended December 31, 2011 and 2012.

The Guarantor's DTH business has made significant contributions to the Group's revenues since commencing commercial operations in 2008. For this reason, during the fiscal year ended March 31, 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 March 31, 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 year ended March 31, 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 March 31, 2011 and the nine months ended December 31, 2011 has been reclassified in accordance with the segment reclassification implemented for the fiscal year ended March 31, 2012

and the nine months ended December 31, 2012 and presented in the first table below. However, corresponding financial data for the fiscal year ended March 31, 2010 has not been reclassified. The second table below sets forth total revenues and EBITDA by segment as reported in the years ended March 31, 2010 and 2011, without reclassification.

	Total Revenues				EBITDA[1]			
	Fiscal year ended March 31,		Nine months ended December 31,		Fiscal year ended March 31,		Nine months ended December 31,	
	2011	2012	2011	2012	2011	2012	2011	2012
	(Rs. in millions) (Audited)		(Rs. in millions) (Audited)		(Rs. in millions) (Unaudited)		(Rs. in millions) (Unaudited)	
India and South Asia								
Mobile Services	363,400	403,091	297,995	327,382	126,897	136,690	100,970	99,871
Telemedia Services	36,324	37,271	28,112	28,537	16,489	15,813	12,059	12,014
Digital TV Services formerly DTH	7,760	12,960	9,395	11,875	(1,095)	465	256	156
Airtel Business (formerly Enterprise Services)	41,463	44,541	33,332	40,059	10,123	8,313	6,682	6,408
Tower Infrastructure Services (formerly Tower Infrastructure Services)	85,555	95,109	70,926	75,965	31,746	35,944	26,597	28,125
Others	2,741	3,117	2,364	2,633	47	(412)	(15)	(437)
Africa								
Mobile Services	130,834	198,265	144,393	179,792	28,509	52,791	37,807	47,721
Unallocated	—	—	—	—	(9,151)	(9,271)	(7,158)	(7,317)
Eliminations	(72,694)	(79,846)	(59,303)	(67,615)	(2,847)	(3,210)	(2,404)	(2,707)
Total	**595,383**	**714,508**	**527,214**	**598,628**	**200,718**	**237,123**	**174,794**	**183,834**

(1) EBITDA is defined as earnings before finance income and costs, taxation, depreciation, amortization and impairment and share of results of associates.

	Total Revenues[1]		EBITDA[1][2]	
	Years ended March 31,		Years ended March 31,	
	2010	2011	2010	2011
	(Rs. in millions) (Audited)		(Rs. in millions) (Unaudited)	
India and South Asia				
Mobile Services — India and South Asia	331,275	362,689	128,053	125,962
Telemedia Services	34,154	36,324	14,729	16,330
Enterprise Services	44,798	41,292	12,578	9,947
Tower Infrastructure Services	70,852	85,554	24,523	31,737
Africa				
Mobile Services	—	130,834	—	31,379
Others	5,825	10,318	(10,265)	(13,087)
Eliminations	(68,432)	(72,339)	(1,985)	(2,604)
Total	**418,472**	**594,672**	**167,633**	**199,664**

(1) Based on the Guarantor's Annual Financial Statements for the fiscal year ended March 31, 2011. Revenue in these financial statements excluded "other income".

(2) For the purpose of the table, EBITDA is defined as earnings before finance income and costs, other income, non operating expenses, taxation, depreciation, amortization and impairment and share of results of associates.

Description of Income Statement Items

Revenue comprises revenue from the sale of the Guarantor's various services and goods to its customers and are shown net of inter-segmental transactions, discounts, rebates, and VAT, service tax or duty.

Other operating income comprises miscellaneous income and lease rentals.

Operating expenses comprises costs relating to interconnection traffic for calls originating but not terminating on the Guarantor's network; roaming costs relating to services provided by other network operators to the Guarantor's customers in areas where the Guarantor does not provide service; costs relating to network operation and maintenance, including site lease, rental, fuel and security costs, personnel costs, administration costs, customer acquisition costs, advertising and promotional costs; and IT and customer care costs.

Depreciation & amortization comprises depreciation of fixed and tangible assets and the amortization of intangible assets. Depreciation is charged to the consolidated income statement on a straight-line basis over the useful lives of items of property and equipment. Amortization of intangible assets mainly includes the amortization of intangible assets such as license fees and software.

Share of results of associates comprises the results of the associates incorporated in the Guarantor's consolidated financials using the equity method of accounting.

Other income comprises primarily rental fees from site sharing income from third parties to Bharti Hexacom Ltd., a subsidiary of the Guarantor, which does not provide Tower infrastructure services as its core business. Other income was included as a separate income statement item in the Guarantor's income statements for the years ended March 31, 2010 and 2011, but not as part of its income statements for the fiscal year ended March 31, 2012 and the nine months ended December 31, 2011 and 2012.

Non operating expenses comprises charitable donations. Non operating expense was included as a separate income statement item in the Guarantor's income statements for the years ended March 31, 2010 and 2011, but not as part of its income statements for the fiscal year ended March 31, 2012 and the nine months ended December 31, 2011 and 2012.

Finance income comprises interest income on fixed and time deposits; gains on derivatives; gain on securities held for trading; foreign exchange gains on reinstatements of foreign currency denominated assets and liabilities; and interest on loans.

Finance costs comprises interest and other costs incurred in connection with the borrowing of funds, and losses on derivative positions and hedges and foreign exchange losses on reinstatements of foreign currency denominated assets and liabilities.

Income tax expense includes tax payable on current period profit, taxes on fringe benefits provided to employees, and income tax deferred on account of timing differences.

Exchange differences on translation of foreign operations under other comprehensive income comprises translation of the assets and liabilities of foreign operations into reporting currency at the rate of exchange prevailing at the reporting date and translation of statements of comprehensive income at average exchange rates prevailing during the period.

Nine months ended December 31, 2012 compared to nine months ended December 31, 2011

The segments of the Guarantor have been grouped under Business to Business ("B2B") services and Business to Customer ("B2C") services in the Offering Memorandum, on the basis of customer segmentation that each segment caters to.

Revenue

The Guarantor's revenue increased 13.5% to Rs. 598,628 million in the nine months ended December 31, 2012 from Rs. 527,214 million in the nine months ended December 31, 2011. This increase was primarily due to revenues contributed by the Guarantor's growing mobile services segment for India and South Asia, as well as the Guarantor's African operations, and increased revenues from the Tower Infrastructure and Airtel Business segments.

Business to Customer services:

Mobile Services — India and South Asia: The Guarantor's mobile services operations in India and South Asia contributed total revenues of Rs. 327,382 million in the nine months ended December 31, 2012, an increase of 9.9% from Rs. 297,995 million for the nine months ended December 31, 2011. This resulted primarily from continued growth in the Guarantor's subscriber base in India and strong consumption in minutes, along with an increased contribution from SMS, data and value added services ("VAS") (non-voice) revenues.

Mobile Services — Africa: The Guarantor's mobile services operations in Africa contributed total revenues of Rs. 179,792 million in the nine months ended December 31, 2012, an increase of 24.5% from Rs. 144,393 million for the nine months ended December 31, 2011. This resulted primarily from the impact of increase in voice and data usage due to continued growth in the Guarantor's subscriber base in Africa, which expanded by 8.54 million customers during nine months ended December 31, 2012, resulting from continued expansion of the Guarantor's mobile services network and product distribution in Africa. These results were partially offset by inflationary pressures, which reduced revenue contributions from African operations during first quarter ended June 30, 2012, as well as reduced tariffs across a number of the Guarantor's African operations in response to increased competition.

Telemedia Services: The Guarantor's Telemedia services segment contributed total revenues of Rs. 28,537 million in the nine months ended December 31, 2012, a growth of 1.5% from the

Rs. 28,112 million contributed in the nine months ended December 31, 2011. This increase resulted primarily from an increase in data usage by customers during the nine months ended December 31, 2012 as compared to the same period in 2011. For the nine months ended December 31, 2012, non-voice data revenues contributed 55.8% of Telemedia services segment revenues, as compared to 52.9% of segment revenues for the nine months ended December 31, 2011.

Digital TV Services: The Guarantor's Digital TV services segment contributed total revenues of Rs. 11,875 million in the nine months ended December 31, 2012, a 26.4% increase from the Rs. 9,395 million contributed in the nine months ended December 31, 2011. This increase resulted primarily from growth in the Guarantor's digital TV subscriber base, which the Guarantor believes was driven by a change in government policy towards mandatory digitalization in four metro towns, a change in pricing policies and in part by an expanding product portfolio including HDTV and 3D capabilities, a total of 324 channels, including 15 HD channels, six interactive services and real time integration of three screens (television, mobile and computer), the first company in India to offer this feature.

Business to Business services:

Airtel Business: The Guarantor's Airtel Business segment contributed total revenues of Rs. 40,059 million in the nine months ended December 31, 2012, a 20.2% increase from the Rs. 33,332 million contributed in the nine months ended December 31, 2011. This increase resulted primarily from an increase in global voice and data revenue.

Tower Infrastructure Services: Total revenues from the Guarantor's Tower Infrastructure segment, including Bharti Infratel and its proportionate ownership in Indus Towers, contributed total revenues of Rs. 75,965 million in the nine months ended December 31, 2012, a 7.1% increase from the Rs. 70,926 million contributed in the nine months ended December 31, 2011. This resulted primarily from an increase in total Towers, from 79,012 as of December 31, 2011 to 81,389 as of December 31, 2012, increased total co-location numbers, from 148,701 as of December 31, 2011 to 156,336 as of December 31, 2012, as well as an increase in sharing ratio from an average of 1.87 co-locations per tower as of December 31, 2011 to an average of 1.92 co-locations per tower as of December 31, 2012.

Other segments:

Others: The Guarantor's other services contributed total revenues of Rs. 2,633 million in the nine months ended December 31, 2012, an increase of 11.4% from Rs. 2,364 million in the nine months ended December 31, 2011. The increase in other revenue was primarily due to fees charged by the Guarantor's resource management division for manpower provided to other divisions.

Other operating income

The Guarantor's other operating income for the nine months ended December 31, 2012 was Rs. 358 million, a decrease of 21.5% from the Rs. 456 million recorded in the nine months ended December 31, 2011.

Operating expenses

The Guarantor's operating expenses increased 17.6% to Rs. 415,152 million in the nine months ended December 31, 2012 from Rs. 352,876 million in the nine months ended December 31, 2011. This increase was primarily due to increased operating expenses for the Guarantor's African operations, which increased 23.8% from Rs. 106,742 million in the nine months ended December 31, 2011 to Rs. 132,160 million in the nine months ended December 31, 2012, and increased operating expenses for the Guarantor's India and South Asia operations, which increased 16.2% from Rs. 248,063 million in the nine months ended December 31, 2011 to Rs. 288,227 million in the nine months ended December 31, 2012. These increases were due to increases in network operations costs and selling, general and administration expenses, which included costs associated with expansion of the Guarantor's Tower network and other mobile services network expansion costs to accommodate additional subscribers switching from carriers whose 2G licenses were cancelled as a result of the 2012 Supreme Court order. See "Business — Competition". The Guarantor's network operations costs and selling, general and administrative expenses increased at a rate of 34.8% and 20.5%, respectively, for the Guarantor's African operations and at a rate of 17.4% and 13.4%, respectively, for the Guarantor's India and South Asia operations.

EBITDA

The Guarantor's EBITDA for the nine months ended December 31, 2012 was Rs. 183,834 million, a 5.2% increase from Rs. 174,794 million in the nine months ended December 31, 2011. This increase was primarily the result of additional revenues contributed by the Guarantor's growing African operations. However, the Guarantor's EBITDA margin declined in the nine months ended December 31, 2012 to 30.7% from 33.2% in the nine months ended December 31, 2011. This result reflected reductions in tariffs in response to increased competition across the Guarantor's operations in India, along with an increase in the cost of operations arising from planned investment in the Guarantor's mobile services network, which reduced margins.

Business to Customer services:

Mobile Services — India and South Asia: EBITDA decreased by 1.1% to Rs. 99,871 million in the nine months ended December 31, 2012 from Rs. 100,970 million in the nine months ended December 31, 2011, primarily resulting from higher operating costs related to expansion of 3G and 4G network infrastructure. Consequently, EBITDA as a percentage of total revenue decreased to 30.5% in the nine months ended December 31, 2012 compared to 33.9% in the same period for 2011.

Mobile Services — Africa: EBITDA from the Guarantor's African mobile services operations increased 26.2% to Rs. 47,721 million in the nine months ended December 31, 2012 from Rs. 37,807 million in the nine months ended December 31, 2011. This result reflected increased earnings related to the Guarantor's network expansion, rollout of 3G services, the launch of services in Rwanda and increased marketing campaigns to promote new products, including Airtel money. See "Business — Other Operations — Mobile Commerce".

Telemedia Services: EBITDA related to Telemedia services was Rs. 12,014 million in the nine months ended December 31, 2012 as compared to Rs. 12,059 million in the nine months ended December 31, 2011.

Digital TV Services: EBITDA related to digital TV services decreased to Rs. 156 million in the nine months ended December 31, 2012 from Rs. 256 million in the nine months ended December 31, 2011. During the period the Guarantor renewed its fixed rate contract for TV content, resulting in content charges to be evenly amortized over the period of the contract.

Business to Business services:

Airtel Business: EBITDA related to Airtel business declined by 4.1% to Rs. 6,408 million in nine months ended December 31, 2012 from the Rs. 6,682 million contributed in the same period in 2011, while EBITDA as a percentage of total revenues declined to 16.0% in the nine months ended December 31, 2012 from 20.0% in the same period in 2011. These declines were primarily the result of decreased voice and data tariffs resulting from increased competition.

Tower Infrastructure Services: EBITDA related to the Guarantor's Tower Infrastructure Services increased 5.7% to Rs. 28,125 million in the nine months ended December 31, 2012 from Rs. 26,597 million in the same period in 2011, while EBITDA as a percentage of total revenues decreased to 37.0% in the nine months ended December 31, 2012 from 37.5% in the same period in 2011. The increase in EBITDA resulted primarily from an increase in co-locations, from 148,701 as of December 31, 2011 to 156,336 as of December 31, 2012, as well as an increased sharing factor, from an average of 1.87 co-locations per Tower as of December 31, 2011 to an average of 1.92 co-locations per Tower as of December 31, 2012.

Other segments:

Others: The Guarantor's other operations recorded negative EBITDA of Rs. 437 million in the nine months ended December 31, 2012, compared to negative EBITDA of Rs. 15 million in the same period in 2011.

Depreciation and amortization

The Guarantor's depreciation and amortization increased 16.3% to Rs. 115,136 million in the nine months ended December 31, 2012 from Rs. 98,998 million in the nine months ended December 31, 2011. This increase was primarily due to expansion of the Guarantor's mobile services network as well as depreciation and amortization expenses associated with the Guarantor's African operations, which contributed Rs. 35,513 million to the Guarantor's consolidated depreciation and amortization expenses for the nine months ended December 31, 2012, as compared to Rs. 28,769 million for the nine months ended December 31, 2011.

Share of results of associates

The Guarantor's loss from share of results of associates was Rs. 76 million in the nine months ended December 31, 2012, compared to Rs. 56 million in the nine months ended December 31, 2011.

Finance income

The Guarantor's finance income decreased to Rs. 3,707 million in the nine months ended December 31, 2012 from Rs. 4,085 million in the nine months ended December 31, 2011. This decrease was primarily due to decreased gains on derivative products, such as instruments designed to hedge against foreign currency risk.

Finance costs

The Guarantor's finance costs increased 11.9% to Rs. 35,456 million in the nine months ended December 31, 2012 from Rs. 31,698 million in the nine months ended December 31, 2011. This increase was primarily due to an increase in the average cost of borrowings, partially offset by decreased net exchange loss in the nine months ended December 31, 2012 compared to net exchange losses incurred in the nine months ended December 31, 2011.

Income tax expense

The Guarantor's income tax expense increased 23.3% to Rs. 19,267 million in the nine months ended December 31, 2012 from Rs. 15,626 million in the nine months ended December 31, 2011. The increase was primarily due to an increase in the Guarantor's taxable profits, dividend distribution tax relating to dividend income for which no tax credit was available and a one-time de-recognition of approximately Rs. 600 million in tax credits recognized earlier, arising from downward revision of tax rates in one of the countries in which the Guarantor operates.

Exchange differences on translation of foreign operations

Losses resulting from exchange differences on translation of foreign operations decreased to a loss of Rs. 19,123 million in the nine months ended December 31, 2012 from a loss of Rs. 24,422 million in the nine months ended December 31, 2011. This decrease in losses was primarily due to exchange rate movements (Rupees versus respective operations functional currency) between two reporting dates with respect to the net assets of the Guarantor's African operations as at March 31, 2012 and exchange differences resulting from translation of the change in assets and liabilities of the Guarantor's African operations into Rupees at the rate of exchange prevailing at the reporting date and translation of statements of comprehensive income at average exchange rates prevailing during the nine months ended December 31, 2012.

Fiscal year ended March 31, 2012 compared to fiscal year ended March 31, 2011

Revenue

The Guarantor's revenue increased 20.0% to Rs. 714,508 million in the fiscal year ended March 31, 2012 from Rs. 595,383 million in the fiscal year ended March 31, 2011. This increase was primarily due to revenues contributed by the Guarantor's growing mobile services segment for India and South Asia, as well as to increased revenues from the Guarantors' African operations, and increased revenues from the enterprise Tower Infrastructure business and digital TV business.

Business to Customer services:

Mobile Services — India and South Asia: The Guarantor's mobile services operations in India and South Asia contributed total revenues of Rs. 403,091 million in the fiscal year ended March 31, 2012, an increase of 10.9% from Rs. 363,400 million for the fiscal year ended March 31, 2011. This resulted primarily from continued growth in the Guarantor's subscriber base in India, which expanded voice traffic, along with an increase in total minutes and an increased contribution from SMS, data and value added services ("VAS") (non-voice) revenues. During this period, the Guarantor increased non-voice revenues as a result of an increased focus on non-voice and data service offerings. The Guarantor also launched 3G services in January 2011. During this period, the average realization per minute for the Guarantor increased marginally as the Guarantor revised voice tariffs upwards and arrested the voice tariff decline prevalent in the Indian market since 2008.

Mobile Services — Africa: The Guarantor's mobile services operations in Africa contributed total revenues of Rs. 198,265 million in the fiscal year ended March 31, 2012, an increase of 51.5% from Rs. 130,834 million for the fiscal year ended March 31, 2011. This result was due to the completion of the first full year of operations for the Guarantor's African mobile services business during the fiscal year ended March 31, 2012, as compared to 297 days of operations in the fiscal year ended March 31, 2011, as well as an increase in the Guarantor's distribution reach and network expansion which resulted in an increase in the total subscriber base in Africa, from 44.2 million as of March 31, 2011 to 53.1 million as of March 31, 2012, together with increased usage.

Telemedia Services: The Guarantor's telemedia services segment contributed total revenues of Rs. 37,271 million in the fiscal year ended March 31, 2012, an increase of 2.6% from the Rs. 36,324 million contributed in the fiscal year ended March 31, 2011. This increase resulted primarily from increases in data usage by customers during the fiscal year ended March 31, 2012 as compared to the same period in 2011. During the fiscal year ended March 31, 2012, the Guarantor promoted high speed broadband services in the top 87 cities of Indian where the most demand existed, and data solutions to the small and medium business and home segments. Traditional voice business declined for this period while non-voice business increased, contributing 53.6% of segment revenues for this period, as compared to 45.3% for the fiscal year ended March 31, 2011.

Digital TV Services: The Guarantor's digital TV services segment contributed total revenues of Rs. 12,960 million in the fiscal year ended March 31, 2012, an 67.0% increase from the Rs. 7,760 million contributed in the fiscal year ended March 31, 2011. This increase resulted primarily from growth in the Guarantor's digital TV subscriber base, which the Guarantor believes was driven in part by an expanding product portfolio including HDTV and 3D capabilities, a total of 302 channels, including 14 HD channels, interactive services and real time integration of three screens on one monitor as of March 31, 2012.

Business to Business services:

Airtel Business (formerly Enterprise Services): The Guarantor's Airtel Business segment contributed total revenues of Rs. 44,541 million in the fiscal year ended March 31, 2012, a 7.4%

increase from the Rs. 41,463 million contributed in the fiscal year ended March 31, 2011. This increase resulted primarily from an increase in accounts and usage as the company expanded its geographic coverage, service and product offerings were expanded.

Tower Infrastructure Services: Total revenues from the Guarantor's Tower Infrastructure segment, including Bharti Infratel and its proportionate ownership in Indus Towers, contributed total revenues of Rs. 95,109 million in the fiscal year ended March 31, 2012, an 11.2% increase from the Rs. 85,555 million contributed in the same period in 2011. This resulted primarily from an increase in the number of towers from 78,398 Towers as of March 31, 2011 to 79,154 Towers as of March 31, 2012, as well as a growth in Tower tenancies from 142,039 as of March 31, 2011 to 150,315 as of March 31, 2012 and an increased Tower sharing ratio from an average of 1.79 co-locations per Tower as of March 31, 2011 to an average of 1.89 co-locations per Tower as of March 31, 2012.

Other segments:

Others: The Guarantor's other services contributed total revenues of Rs. 3,117 million in the fiscal year ended March 31, 2012, an increase of 13.7% from Rs. 2,741 million from the fiscal year ended March 31, 2011, as adjusted. The increase in others revenue was primarily due to fees generated by the Guarantor's resource management division for manpower provided to other divisions.

Other operating income

The Guarantor's other operating income for the fiscal year ended March 31, 2012 was Rs. 550 million, a decrease of 13.4% from the Rs. 635 million recorded in the fiscal year ended March 31, 2011.

Operating expenses

The Guarantor's operating expenses increased 20.9% to Rs. 477,935 million in the fiscal year ended March 31, 2012 from Rs. 395,300 million in the fiscal year ended March 31, 2011. This increase was primarily due to increased operating expenses for the Guarantor's African operations, which increased approximately 42.4% from Rs. 102,247 million in fiscal year 2011 to Rs. 145,647 million in fiscal year 2012 and increased operating expenses for the Guarantor's India and South Asia operations, which increased 14.1% from Rs. 293,658 million in fiscal year 2011 to Rs. 335,073 million in fiscal year 2012. These increases were due to increases in network operations costs, access charges and selling, general and administration expenses, which included costs associated with expansion of the Guarantor's mobile services network. These costs increased at a rate of 51.8%, 64.7% and 30.3%, respectively, for the Guarantor's African operations and at a rate of 18.9%, 16.3% and 10.8%, respectively, for the Guarantor's India and South Asia operations.

EBITDA

The Guarantor's EBITDA for the fiscal year ended March 31, 2012 was Rs. 237,123 million, a 18.1% increase from the Rs. 200,718 million recorded in the fiscal year ended March 31, 2011. This increase

was primarily the result of an increase in revenues in the Guarantor's African operations, which commenced with the acquisition of Zain in June 2010. However, the Guarantor's EBITDA margin declined in the fiscal year ended March 31, 2012 to 33.2% from 33.7% in the fiscal year ended March 31, 2011. This result reflected increased competition across the Guarantor's operations in India and a reduction in tariffs in response to increased competition, along with an increase in the cost of operations associated with expansion of the Guarantor's Tower and mobile services network, which reduced margins.

Business to Customer services:

Mobile Services — India and South Asia: EBITDA increased 7.7% to Rs. 136,690 million in the fiscal year ended March 31, 2012 from Rs. 126,897 million in the fiscal year ended March 31, 2011, primarily resulting from an increase in revenue. However, EBITDA as a percentage of total revenue fell to 33.9% in the fiscal year ended March 31, 2012 compared to 34.9% in the same period for 2011, resulting primarily from lower margins caused by reductions in tariffs in response to increased competition.

Mobile Services — Africa: EBITDA in the Guarantor's African mobile services operations increased 85.2% to Rs. 52,791 million in the fiscal year ended March 31, 2012 from Rs. 28,509 million in the fiscal year ended March 31, 2011. This result reflected the completion of the first full year of operations for the Guarantor's African mobile services business during the fiscal year ended March 31, 2012, as well as the Guarantor's increasing subscriber base across its African operations and efficiencies resulting from restructuring of the Guarantor's African operations based on a "minutes factory" model, similar to that of its India operations, which focuses on producing the lowest cost minute possible. The Guarantor believes it has achieved an increased subscriber base in Africa while effectively controlling operational expenses.

Telemedia Services: EBITDA related to telemedia services decreased by 4.1% to Rs. 15,813 million in the fiscal year ended March 31, 2012 from Rs. 16,489 million in the fiscal year ended March 31, 2011. This decrease resulted primarily from a decrease in the addition of new subscribers, as well as migration to a new billing system which increased operating costs and temporarily reduced the Guarantor's ability to collect subscriber fees.

Digital TV Services: EBITDA related to digital TV services increased to earnings of Rs. 465 million in the fiscal year ended March 31, 2012 from a loss of Rs. 1,095 million in the fiscal year ended March 31, 2011. This increase resulted primarily from growth in the Guarantor's digital TV subscriber base.

Business to Business services:

Airtel Business (formerly Enterprise Services): EBITDA related to Airtel business declined 17.9% to Rs. 8,313 million in the fiscal year ended March 31, 2012 from the Rs. 10,123 million contributed in the same period in 2011, while EBITDA as a percentage of total revenues declined to 18.7% in the fiscal year ended March 31, 2012 from 24.4% in the same period in 2011. These declines were primarily the result of lower tariffs in response to increased competition.

Tower Infrastructure Services: EBITDA related to the Guarantor's Tower Infrastructure Services increased 13.2% to Rs. 35,944 million in the fiscal year ended March 31, 2012 from Rs. 31,746 million in the same period in 2011, while EBITDA as a percentage of total revenues increased to 37.8% in the fiscal year ended March 31, 2012 from 37.1% in the same period in 2011. These increases resulted primarily from an increase in the Tower sharing ratio of Bharti Infratel and its proportionate ownership in Indus Towers to an average of 1.89 tenancies per Tower in the fiscal year ended March 31, 2012 from an average of 1.79 tenancies per Tower in the same period in 2011. This increased Tower sharing ratio resulted in both increased revenues across the Guarantor's Tower infrastructure operations, as well as increased operating margins.

Other segments:

Others: The Guarantor's other operations recorded negative EBITDA of Rs. 412 million in the fiscal year ended March 31, 2012, a reversal from positive EBITDA of Rs. 47 million in same period in 2011.

Depreciation and amortization

The Guarantor's depreciation and amortization increased 31.0% to Rs. 133,681 million in the fiscal year ended March 31, 2012 from Rs. 102,066 million in the fiscal year ended March 31, 2011. This increase was primarily due to depreciation and amortization expenses associated with the Guarantor's African mobile services operations, which contributed Rs. 38,644 million to the Guarantor's consolidated depreciation and amortization expenses for the fiscal year ended March 31, 2012, as compared to Rs. 26,128 million for the fiscal year ended March 31, 2011, and was also attributable in part to the roll out of 3G services in India, starting in January 2011, for which the Guarantor booked increased amortization expenses.

Share of results of associates

The Guarantor's loss from share of results of associates was Rs. 74 million in the fiscal year ended March 31, 2012, an increase of 29.8% from a loss of Rs. 57 million in the fiscal year ended March 31, 2011.

Finance income

The Guarantor's finance income decreased 25.3% to Rs. 2,643 million in the fiscal year ended March 31, 2012 from Rs. 3,536 million in the fiscal year ended March 31, 2011. This decrease was primarily due to reduced gains on derivative products, such as instruments designed to hedge against foreign currency risk.

Finance costs

The Guarantor's finance costs increased 61.1% to Rs. 40,828 million in the fiscal year ended March 31, 2012 from Rs. 25,349 million in the fiscal year ended March 31, 2011. This increase was primarily due to increased debt-service costs associated with debt incurred for the purpose of the Zain acquisition in

June 2010, borrowings by the Guarantor's African operations, as well as the cessation of capitalizing borrowing costs after launching 3G services in India.

Income tax expense

The Guarantor's income tax expense increased 27.0% to Rs. 22,602 million in the fiscal year ended March 31, 2012 from Rs. 17,790 million in the fiscal year ended March 31, 2011. The increase was primarily due to an increase in income tax expense incurred in the Guarantor's India and South Asia operations to Rs. 18,151 million in the fiscal year ended March 31, 2012 from Rs. 13,997 million in the fiscal year ended March 31, 2011. The Guarantor incurred Rs. 4,451 million in income tax expenses for the fiscal year ended March 31, 2012 related to its African operations.

Exchange differences on translation of foreign operations:

The Guarantor's exchange differences on translation of foreign operations decreased significantly to a loss of Rs. 20,410 million in the fiscal year ended March 31, 2012 from a gain of Rs. 12,681 million in the fiscal year ended March 31, 2011. This decrease was primarily due to exchange rate movements (Rupees versus respective operations functional currency) between two reporting dates with respect to the net assets of the Guarantor's African operations as at March 31, 2011, and exchange differences resulting from translation of the change in assets and liabilities of the Guarantor's African operations into Rupees at the rate of exchange prevailing at the reporting date and translation of statements of comprehensive income at average exchange rates prevailing during the fiscal year ended March 31, 2012.

Fiscal year ended March 31, 2011 compared to fiscal year ended March 31, 2010

Revenue

The Guarantor's revenue increased 42.1% to Rs. 594,672 million in the fiscal year ended March 31, 2011 from Rs. 418,472 million in the fiscal year ended March 31, 2010. This increase was primarily due to revenues contributed by the Guarantor's African operations, as well as from the Guarantor's mobile services segment for India and South Asia and growth in its digital TV business.

> Mobile Services — India and South Asia: The Guarantor's mobile services operations in India and South Asia contributed total revenues of Rs. 362,689 million in the fiscal year ended March 31, 2011, an increase of 9.5% from Rs. 331,275 million in the fiscal year ended March 31, 2010. This resulted primarily from continued growth in the Guarantor's subscriber base in India, which included expanded voice traffic, along with an increased contribution from SMS, data and VAS (non-voice) revenues. During this period, the Company also increased non-voice revenues as a result of an increased focus on non-voice and data service offerings. During the period, the average realization per minute for the Guarantor increased marginally as the company revised voice tariffs upwards and arrested the voice tariff decline prevalent in the Indian market since 2008.

Mobile Services — Africa: The Guarantor's mobile services operations in Africa contributed total revenues of Rs. 130,834 million in the fiscal year ended March 31, 2011, representing 297 days of operating results for the period commencing June 8, 2010. This result reflected increases in the Guarantor's total subscriber base in Africa, from 36.4 million as of June 30, 2010 to 44.2 million as of March 31, 2011.

Telemedia Services: The Guarantor's telemedia services segment contributed total revenues of Rs. 36,324 million in the fiscal year ended March 31, 2011, an increase of 6.4% from the Rs. 34,154 million in the fiscal year ended March 31, 2010. This increase resulted primarily from increases in data usage by customers during the fiscal year ended March 31, 2011 as compared to the same period in 2010. Beginning in 2011, the Guarantor promoted high speed broadband services in certain large Indian cities where the most demand existed, and data solutions to the small and medium business and home segments.

Enterprise Services: The Guarantor's enterprise services segment contributed total revenues of Rs. 41,292 million in the fiscal year ended March 31, 2011, a 7.8% decline from the Rs. 44,798 million contributed in the same period in 2010. This decline resulted primarily from a decline in carriage rates for voice (rates charged by the Guarantor for use by other telecom companies of its undersea cables and other telecom infrastructure), as well as international termination rates, due to increased competition, even as consumption of minutes remained stable.

Tower Infrastructure Services: Total revenues from the Guarantor's Tower Infrastructure segment, including Bharti Infratel and its proportionate ownership in Indus Towers, contributed total revenues of Rs. 85,554 million in the fiscal year ended March 31, 2011, a 20.8% increase from the Rs. 70,852 million contributed in the same period in 2010. This resulted primarily from an increase in total tenancy numbers and Tower ratio, from 124,668 tenants and an average of 1.66 co-locations per Tower, respectively, as of March 31, 2010 to 142,039 tenants and an average of 1.79 co-locations per Tower, respectively, as of March 31, 2011.

Others: The Guarantor's other operations, including Digital TV operations and mobile commerce, contributed total revenues of Rs. 10,318 million in the fiscal year ended March 31, 2011, a 77.1% increase from the Rs. 5,825 million contributed in the same period in 2010. This increase was primarily the result of continued growth in the Guarantor's digital TV subscriber base.

Operating expenses

The Guarantor's operating expenses increased 57.5% to Rs. 395,008 million in the fiscal year ended March 31, 2011 from Rs. 250,839 million in the fiscal year ended March 31, 2010. This increase was primarily due to Rs. 99,455 million in operating expenses related to commencement of the Guarantor's African operations, as well as increased operating expenses for the Guarantor's India and South Asia operations, which increased 17.2% from Rs. 250,328 million in fiscal year 2010 to Rs. 293,367 million in fiscal year 2011. These increases were due to increases in network operations costs and selling, general and administration expenses, which included costs associated with expansion of the Guarantor's mobile services network. These costs increased at a rate of 18.9% and 22.0%, respectively, for the Guarantor's India and South Asia operations.

EBITDA

The Guarantor's EBITDA for the fiscal year ended March 31, 2011 was Rs. 199,664 million, a 19.1% increase from the Rs. 167,633 million recorded in the fiscal year ended March 31, 2010. This increase was primarily the result of additional revenues contributed by the Guarantor's African operations, which commenced with the acquisition of Zain in June 2010. However, the Guarantor's EBITDA Margin declined in the fiscal year ended March 31, 2011 to 33.7% from 40.1% in the fiscal year ended March 31, 2010. This result reflected increased competition across the Guarantor's operations in India and associated declines in tariffs, which reduced margins.

Mobile Services — India and South Asia: EBITDA declined 1.6% to Rs. 125,962 million in the fiscal year ended March 31, 2011 from Rs. 128,053 million in the fiscal year ended March 31, 2010, and EBITDA as a percentage of total revenue fell to 34.7% in the fiscal year ended March 31, 2011 compared to 38.7% in the same period for 2010. These resulted primarily from lower margins caused by increased competition and associated reductions in tariffs.

Mobile Services — Africa: EBITDA in the Guarantor's African mobile services operations was Rs. 31,379 million in the fiscal year ended March 31, 2011, which represented 297 days of operating results. This result reflected the Guarantor's increasing subscriber base across its African operations, a result which was partially offset by operating and capital expenditures associated with funding operations in 16 different telecom markets and further expansion of the Guarantor's mobile services network across Africa.

Telemedia Services: EBITDA related to telemedia services increased by 10.9% to Rs. 16,330 million in the fiscal year ended March 31, 2011 from Rs. 14,729 million in the fiscal year ended March 31, 2010. This increases resulted primarily from increases in data usage by customers, which generally carries higher margins than voice-related services.

Enterprise Services: EBITDA related to enterprise services declined 20.9% to Rs. 9,947 million in the fiscal year ended March 31, 2011 from the Rs. 12,578 million contributed in the same period in 2010, while EBITDA as a percentage of total revenues declined to 24.1% in the fiscal year ended March 31, 2011 from 28.1% in the same period in 2010. These declines were primarily the result of lower operating margins associated with increased competition and lower international long distance minutes, increased competition and lower bandwidth price, results that were partially offset by continued increases in total bandwidth volumes.

Tower Infrastructure Services: EBITDA related to the Guarantor's Tower Infrastructure Services increased 29.4% to Rs. 31,737 million in the fiscal year ended March 31, 2011 from Rs. 24,523 million in the same period in 2010, while EBITDA as a percentage of total revenues increased to 37.1% in the fiscal year ended March 31, 2011 from 34.6% in the same period in 2010. These increases resulted primarily from an increase in the tower sharing ratio of Bharti Infratel and its proportionate ownership in Indus Towers to 1.79 tenancies per tower in the fiscal year ended March 31, 2011 from 1.66 tenancies per tower in the same period in 2010. This increased tower sharing ratio resulted in both increased revenues across the Guarantor's Tower Infrastructure operations, as well as increased operating margins.

Others: The Guarantor's other operations recorded negative EBITDA of Rs. 13,087 million in the fiscal year ended March 31, 2011, a 27.5% increase from negative EBITDA of Rs. 10,265 million in same period in 2010. The negative EBITDA was primarily the result of costs associated with corporate offices of the Group's African operations.

Depreciation and amortization

The Guarantor's depreciation and amortization increased 62.4% to Rs. 102,066 million in the fiscal year ended March 31, 2011 from Rs. 62,832 million in the fiscal year ended March 31, 2010. This increase was primarily due to depreciation and amortization expenses associated with the Guarantor's African operations, which contributed Rs. 26,128 million to the Guarantor's consolidated depreciation and amortization expenses for the fiscal year ended March 31, 2011 but had no impact on the prior fiscal year. The remaining increase was on account of the Guarantor's network expansion in India.

Share of results of associates

The Guarantor's loss from share of results of associates increased 18.8% to Rs. 57 million in the fiscal year ended March 31, 2011 from Rs. 48 million in the fiscal year ended March 31, 2010.

Other income

The Guarantor's other income increased 93.1% to Rs. 1,346 million in the fiscal year ended March 31, 2011 from Rs. 697 million in the fiscal year ended March 31, 2010. This increase was primarily due to an increase in rental income from site sharing.

Non operating expenses

The Guarantor's non operating expenses increased 61.3% to Rs. 292 million in the fiscal year ended March 31, 2011 from Rs. 181 million in the fiscal year ended March 31, 2010. This increase was primarily due to increases in charity and donations in the fiscal year ended March 31, 2011 compared to the same period in 2010.

Finance income

The Guarantor's finance income decreased 79.7% to Rs. 3,536 million in the fiscal year ended March 31, 2011 from Rs. 17,381 million in the fiscal year ended March 31, 2010. This decrease was primarily due to a decrease in the Guarantor's net exchange gain from Rs. 13,123 million in the fiscal year ended March 31, 2010 to a net exchange loss of Rs. 3,112 million (included under 'finance costs') in the fiscal year ended March 31, 2011.

Finance costs

The Guarantor's finance costs increased 44.4% to Rs. 25,349 million in the fiscal year ended March 31, 2011 from Rs. 17,559 million in the fiscal year ended March 31, 2010. This increase was primarily due to increased debt-service costs associated with debt incurred for the purpose of the Zain acquisition in June 2010, as well as borrowings by the Guarantor's African operations.

Income tax expense:

The Guarantor's income tax expense increased 32.2% to Rs. 17,790 million in the fiscal year ended March 31, 2011 from Rs. 13,453 million in the fiscal year ended March 31, 2010. This increase was the result of the effect of the higher tax rates in Africa as compared to India, as well as an increase in losses where no deferred tax asset was recognized. The Guarantor incurred Rs. 3,793 million in income tax expenses for the fiscal year ended March 31, 2011 related to its African operations. The remaining increase was primarily due to an increase in income tax expenses incurred in the Guarantor's India and South Asia operations to Rs. 13,997 million in the fiscal year ended March 31, 2011 from Rs. 13,453 million in the fiscal year ended March 31, 2010.

Exchange differences on translation of foreign operations:

The Guarantor's exchange differences on translation of foreign operations increased to an income of Rs. 12,681 million in the fiscal year ended March 31, 2011 from a loss of Rs. 1,028 million in the fiscal year ended March 31, 2010. This increase was primarily due to exchange rate movements (Rupees versus respective operations functional currency) between two reporting dates with respect to the net assets of the Guarantor's African operations as at the date of acquisition, and exchange differences resulting from translation of the change in assets and liabilities of the Guarantor's African operations into Rupees at the rate of exchange prevailing at the reporting date and translation of statements of comprehensive income at average exchange rates prevailing during the fiscal year ended March 31, 2011.

Liquidity and Capital Resources

The Guarantor believes that liquidity is its most important financial risk to manage, particularly in light of the capital intensive nature of its operations. The Guarantor's principal source of funding has been, and is expected to continue to be, cash generated from operations, supported by funding from bank borrowings and the capital markets. In the fiscal years ended March 31, 2010, 2011 and 2012 and the nine month period ended December 31, 2012, the Guarantor met its funding requirements, including capital expenditures, satisfaction of debt obligations, investments, taxes, other working capital requirements, dividends and other cash outlays, principally with funds generated from operations and equity issuances with the balance principally met using external borrowings. During the fiscal year ended March 31, 2011, the Guarantor incurred substantial debt associated with the acquisition of Zain Africa B.V. See "Description of Other Indebtedness". As of the date of this Offering Memorandum, the Guarantor has met all debt obligations under the facility agreement associated with the acquisition, and the Guarantor plans to continue to meet these obligations principally through funds generated from operations, equity issuances and external borrowings.

The Guarantor focuses on ensuring that it has sufficient committed loan facilities to meet short-term business requirements, after taking into account cash flows from operations and its holding of Cash and Cash Equivalents, as well as any existing restrictions on distributions. Management believes that the Guarantor's committed loan facilities and cash generation will be sufficient to cover its likely short-term cash requirements.

The Guarantor has an extensive capital expenditure program related to all aspects of its business, which it expects to fund through a combination of cash flow from operations and external borrowings. The Guarantor may also consider further issuances of equity or debt instruments as a means to fund its capital expenditure program, although it has no definite plans to do so. See "— Capital Expenditure".

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). The Guarantor is required to secure certain of its domestic borrowings, in line with established market practices in India. As at December 31, 2012, the Guarantor had total debt of Rs. 744,107 million (U.S.$13,584 million). Rs. 141,708 million (U.S.$2,587 million) of this was secured debt and Rs. 602,399 million (U.S.$10,997 million) was unsecured debt.

As at March 31, 2012, approximately 80.7% of the Guarantor's total debt was denominated in foreign currency, principally in U.S. dollars, with the remainder denominated in rupees. As at March 31, 2012, the Guarantor had total overdraft outstanding of Rs. 12,263 million (U.S.$240 million).

As at December 31, 2012, the Guarantor had Cash and Cash Equivalents of Rs. 27,085 million (U.S.$494 million). The Guarantor seeks, in normal circumstances, to maintain a substantial Cash and Cash Equivalents balances to provide it with financial and operational flexibility. The Guarantor's cash is placed in bank fixed deposits, certificates of deposit, Government securities, bonds issued by corporates with high credit ratings and debt mutual funds.

In the Guarantor's principal place of operations, India, exchange controls restrict the conversion of rupees into and from other currencies, primarily for capital account convertibility. The restrictions are not expected to have any material effect on the Issuer's ability to meet its ongoing obligations in respect of the Notes or the Guarantor's obligations in respect of the Guarantee. For information on exchange controls and the Guarantor guarantee obligations in respect of the Notes, see "Description of the Notes and Guarantee" and "Enforcement of the Guarantee".

Cash Flow Analysis

The following table sets forth the Guarantor's cash flow data for the fiscal years ended March 31, 2010, 2011 and 2012, and the nine months ended December 31, 2011 and 2012 which have been extracted from the Guarantor's Annual Financial Statements and Interim Financial Statements presented elsewhere in this Offering Memorandum, unless stated otherwise.

	Fiscal year ended March 31,				Nine months ended December 31,		
	2010	2011	2012	2012	2011	2012	2012
	(Rs. in millions)		(Rs. in millions)	(U.S.$ in millions)(1)	(Rs. in millions)		(U.S.$ in millions)(1)
Net cash inflow from operating activities	162,376	188,513	225,251	4,708	179,089	179,707	3,295
Net cash outflow from investing activities	(137,603)	(604,495)	(183,608)	(3,838)	(158,522)	(155,172)	(2,845)
Net cash inflow / (outflow) from financing activities	(11,866)	397,153	(40,107)	(838)	(18,059)	(21,021)	(385)
Net increase / (decrease) in cash and cash equivalents during the period	12,907	(18,829)	1,536	32	2,508	3,514	65
Balance as at the beginning of the period	12,401	24,961	6,008	126	6,008	8,037	147
Effect of exchange rate changes on cash and cash equivalents	(347)	(124)	493	10	(187)	(1,487)	(27)
Balance as at the end of the period	24,961	6,008	8,037	168	8,329	10,064	185

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts for the fiscal year ended March 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 47.84, the average exchange rate for the fiscal year ended March 31, 2012 based on the RBI Reference Rate. U.S. dollar translations of Indian Rupee amounts for the nine months ended December 31, 2012 have been provided at a rate of U.S.$1.00 = Rs. 54.54, the average exchange rate for the nine months ended December 31, 2012 based on the RBI Reference Rate.

Operating Activities. Net cash inflow from operating activities was Rs. 179,707 million for the nine months ended December 31, 2012 and Rs. 179,089 million for the nine month period ended

December 31, 2011. Net cash inflow in the nine months ended December 31, 2012 was higher principally as a result of cash flow from the Guarantor's African operations and continued increases in its Indian mobile services subscriber base.

Net cash inflow from operating activities was Rs. 225,251 million for the fiscal year ended March 31,2012 and Rs. 188,513 million for the fiscal year ended March 31, 2011. Net cash inflow in the fiscal year ended March 31, 2012 was higher principally as a result of increased cash flow contributed by the Guarantor's African operations, which began with the acquisition of Zain in June 2010. Other significant factors affecting the net cash flow from operating activities in the fiscal year ended March 31, 2012 included increased cash flow generated by continued increases in the Guarantor's Indian subscriber base and market share across the various business segments.

Net cash inflow from operating activities was Rs. 188,513 million for the fiscal year ended March 31, 2011 and Rs. 162,376 million for the fiscal year ended March 31, 2010. Net cash inflow in the fiscal year ended March 31, 2011 was higher principally as a result of cash flow contributed by the Guarantor's African operations, which began with the acquisition of Zain in 2010. Other significant factors affecting the net cash flow from operating activities in the fiscal year ended March 31, 2011 included increased cash flow generated by continued increases in the Guarantor's Indian subscriber base.

Investing Activities. Net cash outflow from investing activities was Rs. 155,172 million for the nine months ended December 31, 2012 and Rs. 158,522 million for the nine month period ended December 31, 2011. Net cash outflow in the nine months ended December 31, 2012 was lower principally as a result of settlement of the Guarantor's deferred purchase consideration relating to the Zain acquisition during the nine months ended December 31, 2011, partially offset by amounts paid by the Guarantor for the acquisition of its stake in Qualcomm Asia Pacific's four Indian subsidiaries during the nine months ended December 31, 2012.

Net cash outflow from investing activities was Rs. 183,608 million in the fiscal year ended March 31, 2012 compared to Rs. 604,495 million in the fiscal year ended March 31, 2011. The net cash used in investing activities included cash used for further developing the Guarantor's mobile network. Net cash used in investing activities also included payments for 3G licenses and further expansion of the Guarantor's 3G network in India in the fiscal year ended March 31, 2011. In the fiscal year ended March 31, 2012, investment in subsidiary represented the balance payment for the Zain acquisition.

Net cash outflow from investing activities was Rs. 604,495 million in the fiscal year ended March 31, 2011 compared to Rs. 137,603 million in the fiscal year ended March 31, 2010. The net cash used in investing activities during the fiscal year ended March 31, 2011 included cash used for the purchase of Zain, Telecom Seychelles Limited and investments in Africa aimed at continuing operating in 16 countries and further developing the Guarantor's mobile network. Net cash used in investing activities also included payments for 3G licenses and further expansion of the Guarantor's 3G network in India during the fiscal year ended March 31, 2011.

Financing Activities. Net cash outflow from financing activities was Rs. 21,021 million for the nine months ended December 31, 2012 and net cash outflow from financing activities was Rs. 18,059 million for the nine month period ended December 31, 2011. The difference in net cash flows from

financing activities was principally as a result of net repayment of borrowings and higher interest payments during the nine months ended December 31, 2012 compared to net additional borrowings during the nine months ended December 31, 2011.

Net cash outflow from financing activities was Rs. 40,107 million in the fiscal year ended March 31, 2012 compared to a net cash inflow from financing activities of Rs. 397,153 million in the fiscal year ended March 31, 2011. The net cash outflow from financing activities in the fiscal year ended March 31, 2012 consisted of Rs. 167,694 million in repayment of borrowings, including short-term borrowings on a net basis, and Rs. 32,352 million in interest payments made mainly in connection with the financing of the acquisition of Zain Africa B.V. and capital expenditure related to 3G and BWA spectrum auction fees in India. This was partially offset by proceeds from borrowings (excluding short-term borrowings) of Rs. 164,864 million. In the fiscal year ended March 31, 2011, the net cash inflow from financing activities was primarily the result of Rs. 564,390 million from proceeds from the issuance of term borrowings (excluding short term borrowings).

Net cash inflow from financing activities was Rs. 397,153 million in the fiscal year ended March 31, 2011 compared to net cash outflow in financing activities of Rs. 11,866 million in the fiscal year ended March 31, 2010. The cash provided by financing activities in the fiscal year ended March 31, 2011 consisted of Rs. 578,290 million (including short term borrowings) in term borrowings made mainly in connection with the acquisition of Zain Africa B.V. and capital expenditure related to 3G and BWA spectrum auction fees in India. This was partially offset by borrowing repayments of Rs. 148,704 million during the fiscal year ended March 31, 2011. In the fiscal year ended March 31, 2010, net cash used in financing activities was primarily the result of Rs. 57,504 million of borrowings being repaid while new borrowings totaled Rs. 56,331 million.

Capital Expenditure

The Guarantor's operations are capital intensive and the Guarantor requires significant maintenance capital expenditure as well as additional capital spending to support its growth and development strategy.

The table below sets out the Guarantor's capital expenditures, including intangible assets, such as bandwidth and software, in the fiscal years ended March 31, 2010, 2011 and 2012 and the nine months ended December 31, 2012:

	Expenditure
	(Rs. in millions)
March 31, 2010 (actual)	108,334
March 31, 2011 (actual)	306,948
March 31, 2012 (actual)	143,978
December 31, 2012 (actual)	105,725

The following table summarizes the Guarantor's capital expenditures, including intangible assets, by segment for the nine months ended December 31, 2011 and 2012. During the nine months ended December 31, 2012, the Guarantor adjusted its internal reporting by reclassifying BWA assets and

liabilities under Mobile Services — India and South Asia, removing these from the Guarantor's Telemedia Services segment. For comparison purposes, corresponding financial data for the nine months ended December 31, 2011 has been reclassified in accordance with this segment reclassification during the nine months ended December 31, 2012.

	Nine months ended December 31, (Rs. in millions) (Audited)	
	2011	2012
Mobile Services — India & South Asia	32,169	49,428
Mobile Services — Africa	59,913	28,073
Telemedia Services	6,550	6,024
Airtel Business (formerly Enterprise Services)	4,619	5,265
Digital TV Services (formerly DTH Services)	7,220	6,266
Tower Infrastructure Services (formerly Passive Infrastructure Services)	10,366	14,065
Others	1,403	159
Unallocated	182	2,814
Eliminations	(4,887)	(6,369)
Total	117,535	105,725

The following tables summarize the Guarantor's capital expenditures, including intangible assets, by segment for the fiscal years ended March 31, 2010, 2011 and 2012. The Guarantor's DTH business has made significant contributions to the Group's revenues since commencing commercial operations in 2008. For this reason, the Guarantor reported its DTH business as a separate segment under Digital TV services in its financial statements for the fiscal year ended March 31, 2012, removing DTH business from the "others" business segment. The Guarantor also adjusted its internal reporting for the fiscal year ended March 31, 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 year ended March 31, 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 March 31, 2011 has been reclassified in accordance with the segment reclassification implemented for the fiscal year ended March 31, 2012 and presented in the first table below. However, corresponding financial data for the fiscal year ended March 31, 2010 has not been reclassified. The second table below sets forth the Guarantor's capital expenditures, including intangible assets, by segment as reported in the years ended March 31, 2010 and 2011, without reclassification.

	Fiscal year ended March 31,	
	2011	**2012**
	(Rs. in millions) (Audited)	
Mobile Services — India & South Asia	187,857	37,232
Mobile Services — Africa	35,236	72,789
Telemedia Services	45,216	10,144
Airtel Business (formerly Enterprise Services)	11,426	7,025
Digital TV Services (formerly DTH Services)	12,074	8,285
Passive Infrastructure Services	23,622	13,800
Others	—	1,610
Unallocated	1,259	167
Eliminations	(9,742)	(7,074)
Total	306,948	143,978

	Fiscal year ended March 31,	
	2010	**2011**
	(Rs. in millions) (Audited)	
Mobile Services — India & South Asia	56,460	187,857
Mobile Services — Africa	—	35,236
Telemedia Services	12,317	45,216
Enterprise Services	15,527	11,426
Passive Infrastructure Services	28,630	23,622
Others	10,103	13,333
Eliminations	(14,703)	(9,742)
Total	**108,334**	**306,948**

The Guarantor's recent historical capital expenditures relate principally to its mobile services and Tower Infrastructure Services segments. The increase in the Guarantor's capital expenditures in FY2011 was principally attributable to additional capital expenditure requirements related to the Guarantor's acquisition of Zain and expansion of its mobile services network in Africa, as well as expansion of the Guarantor's 3G network in India. The increase in capital expenditure for intangible assets during the fiscal year ended March 31, 2011 as compared to the fiscal year ended March 31, 2012 was mainly on account of the payment of 3G and BWA spectrum auction fees of Rs. 122,982 million and Rs. 33,144 million, respectively. The decrease in capital expenditure for the fiscal year ended March 31, 2012 was primarily attributable to the absence of non-recurring 3G and BWA spectrum fees during the fiscal year ended March 31, 2012, as compared to the fiscal year ended March 31, 2011.

For the fiscal year that will end March 31, 2013, the Guarantor has budgeted an estimated U.S.$1.6 billion to U.S.$1.8 billion for India & South Asia mobile services, U.S.$0.4 billion for Tower Infrastructure Services and U.S.$0.7 billion for Africa mobile services, U.S.$1,089 million, U.S.$256 million and U.S.$489 million of which has already been spent as of December 31, 2012, respectively.

The Guarantor expects to fund its budgeted capital expenditures principally through cash from operations. The figures in the Guarantor's capital expenditure plans are based on management's estimates and have not been appraised by an independent organization. Since capital commitments that have been approved but not committed to contract may be subject to change, and because the Guarantor may from time to time determine to undertake additional capital projects, actual capital expenditures in future years may be more or less than the amounts shown. There can be no assurance that the Company will execute its capital expenditure plans as contemplated at or below estimated costs. See "Risk Factors — Risks Relating to the Guarantor's Business — The Guarantor's growth plans have significant capital expenditure requirements and its capital expenditure plans are subject to various risks".

Debt and Debt Funding

The Guarantor runs a centralized treasury function. The Guarantor has stable relationships with a large variety of debt providers, principally commercial banks. As at March 31, 2012, after taking into account the effect of interest rate swaps, approximately 8.85% of the Guarantor's total debt carried a fixed interest rate. As at December 31, 2012, the proportion of the Guarantor's short-term debt to total debt was 18.9% (as at March 31, 2012: 28.0%), and its proportion of secured to unsecured debt as at December 31, 2012 was 23.5% (as at March 31, 2012: 21.2%).

The Guarantor's debt obligations as at March 31, 2012 and December 31, 2012 are set forth below:

Long term debt

	As at March 31, 2012	As at December 31, 2012
	(Rs. in millions) (Audited)	(Rs. in millions) (Audited)
Secured		
Term loans	109,928	125,257
Others[1]	31	21
Total	109,959	125,278
Less: current portion	(13,964)	(13,811)
Total secured loans, net of current portion debt	95,995	111,467
Unsecured		
Term loans	501,201	524,478
Total	501,201	524,478
Less: current portion	(100,042)	(32,643)
Total unsecured loans, net of current portion debt	401,159	491,835
Total	497,154	603,302

Note:

(1) Includes loans for vehicles purchased for employees.

Short term debt and current portion of long term debt

	As at March 31, 2012 (Rs. in millions) (Audited)	As at December 31, 2012 (Rs. in millions) (Audited)
Secured		
Term loans	6,036	10,390
Bank overdraft	4,898	6,040
Total	10,934	16,430
Add: current portion of long term debt	13,964	13,811
Total secured loans, including current portion debt	24,898	30,241
Unsecured		
Term loans	60,773	53,979
Non-convertible debentures	—	12,961
Bank overdraft	7,365	10,981
Total	68,138	77,921
Add: current portion of long term debt	100,042	32,643
Total unsecured loans, including current portion debt	168,180	110,564
Total	193,078	140,805

The Guarantor's secured loans are secured by charges over various fixed assets and other assets in certain overseas subsidiaries.

The Guarantor had total overdraft outstanding of Rs. 17,021 million (U.S.$311 million) as at December 31, 2012.

The following table sets forth information with regard to the Guarantor's total debt by currency, in terms of fixed or floating rate as at December 31, 2012. The details below are gross of debt obligation costs:

	Currency of borrowings as at December 31, 2012		
	Total Borrowings	Floating rate borrowings	Fixed rate borrowings
		(Rs. in millions) (Unaudited)	
Rupee	176,011	147,583	28,428
U.S. Dollar	473,203	469,838	3,365
Yen	2,196	2,196	—
Nigerian Naira	61,752	58,592	3,160
Central African CFA Franc	11,151	—	11,151
West African CFA Franc	7,608	—	7,608
Others	14,514	6,299	8,215
Total	746,435	684,508	61,927

The Guarantor's loan agreements and other debt arrangements contain a number of covenants that could potentially affect its ability to draw down funds. These covenants are generally similar to covenants contained in loan agreements and debt arrangements of similarly situated issuers, and include cross-default provisions, negative pledge provisions and limitations on certain sale-and-leaseback transactions. In addition, the Guarantor's term loan facilities contain a number of financial covenants. See "Description of Other Indebtedness".

Maturity of Borrowings

The table below summarizes 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 March 31, 2012	Expected Maturity as at December 31, 2012
	(Rs. in million) (Audited)	(Rs. in million) Unaudited
Within one year	193,210	140,830
Between one and two years	81,927	218,400
Between two and five years	406,009	372,441
Over five years	11,820	14,764
Total	**692,966**	**746,435**

Off Balance Sheet Arrangements

As of the date of the Offering Memorandum, the Guarantor had no off balance sheet arrangements, as determined for purposes of IFRS except to the extent of contingent liabilities disclosed in the Financial Statements.

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk that the fair value of 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 December 31, 2012.

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 analyzes 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 of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

- The statement of financial position sensitivity relates to derivatives financial instruments.

- The sensitivity of the relevant statement of comprehensive income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2012 and December 31, 2012.

The Guarantor's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Guarantor 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 Guarantor primarily transacts business in U.S. dollars with parties of other countries. The Guarantor 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 U.S. dollars and the Japanese Yen. The Guarantor 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, have varying maturities that are determined by an analysis of the Guarantor's anticipated exposure to foreign exchange risk under a 12-month rolling forecast, with an appropriate percentage of foreign currency risk hedged, in accordance with the Guarantor's risk management policy.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in U.S. dollars and the Japanese Yen exchange rate, with all other variables held constant, of the Guarantor's profit before tax (due to changes in the fair value of monetary assets and liabilities including non designated foreign currency derivatives).

	Change in currency exchange rate	**Effect on profit before tax for the nine months ended December 31, 2012**	**Effect on Equity (OCI) for the nine months ended December 31, 2012**
		(Rs. in millions) (Unaudited)	**(Rs. in millions) (Unaudited)**
U.S. dollars	+5%	(9,772)	(2,089)
	-5%	9,772	2,089
Lankan Rupee	+5%	—	533
	-5%	—	(533)
Japanese Yen	+5%	(84)	—
	-5%	84	—
Others	+5%	—	—
	-5%	—	—

The effect on the profit before tax is the result of a change in the fair value of derivative financial instruments not designated in a hedging relationship and monetary assets and liabilities denominated in U.S. dollars and Japanese Yen.

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 Guarantor's exposure to the risk of changes in market interest rates relates primarily to the Guarantor's long-term debt obligations with floating interest rates. To manage this, the Guarantor enters into interest rate swaps, where 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 December 31, 2012, after taking into account the effect of interest rate swaps, approximately 8.3% of the Guarantor's borrowings are at a fixed rate of interest (March 31, 2012: 8.85%).

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, after the impact of interest rate swaps, with all other variables held constant, the Guarantor's profit before tax is affected through the impact on floating rate borrowings as follows.

	Increase / decrease in basis points	Effect on profit before tax for the nine months ended December 31, 2012
		(Rs. in millions) (Unaudited)
Rupee borrowings	+100	(1,476)
	-100	1,476
Japanese Yen borrowings	+100	(22)
	-100	22
U.S. dollar borrowings	+100	(4,698)
	-100	4,698
Nigerian Naira borrowings	+100	(586)
	-100	586
Other currency borrowings	+100	(63)
	-100	63

Most of the Guarantor's in-country floating interest rate loans use "bank rate" benchmarks, and the interest on these loans do not change except at "re-set" intervals, typically three to six months apart. A bank rate benchmark is a rate that is specific to the lending bank, rather than the London Interbank Offered Rate ("LIBOR") or other commonly used benchmark, and is dependent on the lending bank's own asset and liability portfolio, which generally moves with India's larger interest rate environment.

The Guarantor maximizes uses of customer payments received and excess cash by investing in relatively liquid assets such as short-term fixed-term deposits and debt mutual funds that have yields that are similar to the interest rates on the Guarantor's floating interest rate loans and generally fluctuate in tandem with the floating rate loans.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

Price Risk

The Guarantor's 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 Guarantor does not believe it is 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 Guarantor is exposed to credit risk from its

operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Guarantor'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 the Airtel business segment which are generally on credit terms up to 60 days. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. The Guarantor believes it has limited concentration of credit risk as its customer base is widely distributed both economically and geographically. As at December 31, 2012, the exposure to credit risk from the date of invoice is as follows:

	Within due date and unbilled	Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	Total
Trade Receivables as at December 31, 2012 (Rs. in millions)	15,895	24,701	6,208	5,153	14,233	66,190

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.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Guarantor's treasury function. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements under the counterparty risk assessment process. The Guarantor monitors ratings, credit spreads and financial strength on at least a quarterly basis. Based on its on-going assessment of counterparty risk, the Guarantor adjusts its exposure to various counterparties.

Liquidity Risk

The Guarantor monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Guarantor's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and debentures. The Guarantor focuses on diversifying its financing with sources such as bilateral loans with various banks and bond issuances in the capital markets.

The table below summarizes the maturity profile of the Guarantor's financial liabilities based on contractual undiscounted payments as at December 31, 2012 (amounts in millions of Rupees):

	Carrying amount	On demand	Less than 6 months	6 to 12 months	1 to 2 years	More than 2 years	Total
				(Rs. in millions)			
Interest bearing borrowings[1]	744,107	2,454	131,205	46,808	250,680	426,242	857,389
Financial derivatives	1,148	—	372	118	251	407	1,148
Other liabilities	26,082	—	—	—	12,406	13,676	26,082
Trade and other payables	279,302	—	279,302	—	—	—	279,302
Total	**1,050,639**	**2,454**	**410,879**	**46,926**	**263,337**	**440,325**	**1,163,921**

(1) Includes contractual interest payment based on interest rate prevailing at the end of the reporting period, over the tenure of the borrowings.

The disclosed derivative financial instruments in the above table represent fair values of the instrument. However, those amounts may be settled gross or net.

Summary of Significant Accounting Policies, Estimates and Forthcoming Changes

The Guarantor's summary of significant accounting policies, estimates and forthcoming changes is set out in notes 2, 3, 4 and 5 of the Guarantor's Annual Financial Statements for the fiscal year ended March 31, 2012 and the Guarantor's Interim Financial Statements for the nine months ended December 31, 2012 included elsewhere in this Offering Memorandum.

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 2012, the Guarantor was the largest private integrated telecommunications operator in India and the fourth largest wireless service provider in the world, as measured by proportionate equity subscriptions according to 2013 Informa Telecoms & Media. The Guarantor served an aggregate of 262.3 million customers as of December 31, 2012.

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 launched in Kolkata in April 2012 and later expanded to Bangalore and Pune, offering 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% 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 December 31, 2012, Bharti Infratel operated 34,668 Towers and Indus Towers operated 111,240 Towers. On December 28, 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 May 24, 2012, the Guarantor acquired a 49% ownership stake in Qualcomm Asia Pacific's 4G operations in India for approximately Rs. 9.3 billion (U.S.$165 million). See " — Business — Mobile Services — 4G". On March 30, 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 an enterprise valuation of U.S.$10.7 billion. The acquisition was completed on June 8, 2010. 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 August 27, 2010 for U.S.$62.0 million. It has recently launched operations in Rwanda on March 30, 2012, bringing the Guarantor's African operations to 17 countries in total.

For the years ended March 31, 2011 and 2012, the Guarantor's net profit was Rs. 58,992 million and Rs. 42,581 million, respectively, a decrease of 27.8%. For the nine months ended December 31, 2011 and 2012, its net profit was Rs. 32,501 million and Rs. 17,606 million, respectively, a decrease of 45.8%. The Guarantor's EBITDA for the years ended March 31, 2011 and 2012 was Rs. 200,718 million and Rs. 237,123 million, respectively, an increase of 18.1%. The Guarantor's EBITDA for the nine months ended December 31, 2011 and 2012 was Rs. 174,794 million and

Rs. 183,834 million, respectively, an increase of 5.2%. As at March 31, 2011 and 2012, the Guarantor's total assets were Rs. 1,465,064 million and Rs. 1,570,616 million, respectively, an increase of 7.2%. The Guarantor's EBITDA margin for the fiscal years ended March 31, 2011 and 2012 and for the nine months ended December 31, 2011 and 2012 was 33.7%, 33.2%, 33.2% and 30.7%, respectively. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations."

History

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

The Guarantor obtained the certificate of commencement of business on January 18, 1996. The Guarantor first issued its equity shares publicly in February 2002 and was listed on the NSE and the BSE on February 18, 2002. The Guarantor had a market capitalization of Rs. 1,203 billion as at December 31, 2012.

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. Through its Vision 2015 initiative, the Guarantor aims to continue building its brand and to become the most loved brand across the countries in which it operates by 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 recognized 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 as of the date of this Offering Memorandum, 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 organization to continue to increase its customer base.

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 minimizing 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, which 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 minimized its dependence on any single network partner to provide critical network services by obtaining ownership of equipment deployed by its network partners and utilizing GSM technology that can be setup and maintained with standardized 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 its business delivery model highlighted above, which 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 centers to address customer queries or complaints, and many of these centers are operated through partnerships with Nortel Networks, HTMT 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, its joint venture with 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, minimizing 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 32.3% 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.

The Guarantor believes that its focus on providing mobile and other telecommunications services at low costs through its innovative business model has resulted in its stable EBITDA growth, from Rs. 174,794 million in the nine months ended December 31, 2011 to Rs. 183,834 million in the nine months ended December 31, 2012, an increase of 5.2%. 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 launched 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. The Guarantor believes the potential for growth for 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 a 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 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% 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 quickly offer products and services based on new technologies to its customers at lower costs than its competitors. For example, 3G technology can be installed on the Guarantor's existing Tower Infrastructure without significant additional capital expenditure.

Extensive telecommunications network and strong network quality

As of December 31, 2012, the Guarantor's telecom network coverage extended to approximately 86.7% 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 with Vodafone India and Idea Cellular. As of December 31, 2012, Bharti Infratel and its proportionate ownership in Indus Towers owned 81,389 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 minimize 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 utilizes 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 December 31, 2012, the Guarantor had more than 1.4 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 December 31, 2012, 95.8% of the Guarantor's subscribers in India were pre-paid and 99.3% 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 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 recent expansion into 17 African telecom 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 56% as of September 2012, according to 2013 Informa Telecoms & Media, compared to an average of approximately 71% in India as of December 31, 2012, 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 minimizes 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.

Upgrade network to further expand 3G 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. Thus, the Guarantor aims to capitalize 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 minimizes 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, and the Guarantor intends to launch in Chandigarh, Punjab in the coming months. Moreover, in May 2012, the Guarantor acquired a 49% stake in four majority-owned Qualcomm entities, including Qualcomm's Mumbai entity which holds a BWA spectrum license, providing further opportunities for expansion of the Guarantor's 4G service offerings in a number of other Telecom Circles. See "—Mobile Services — 4G". 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

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 believes this rating reflects its commitment to its stated objective of value creation for all its stakeholders while preserving high standards of ethics and governance. The Guarantor also receives fully audited financials each financial quarter to provide greater transparency and reliability to investors. The Guarantor treats

corporate governance as a continuing 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 to ensure long 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% ownership stake in Indus Towers.

For management reporting purposes, the Guarantor's business segment results are reported in terms of regional operations, namely (i) India and South Asia and (ii) Africa.

Currently, Africa regional operations comprise a single reportable business segment based on mobile services. The Guarantor's Africa regional operations segment includes corporate headquarter costs of the Guarantor's Africa operations which were reported as part of the "others" business segment prior to the quarter ended December 31, 2011. The India and South Asia operations are further reported on a customer group basis, namely (i) business-to-consumer ("B2C") and (ii) business-to-business ("B2B"). 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 satellite-based "very small aperture terminals" ("VSATs") and internet services and network solutions), (b) Tower Infrastructure Services and (c) "others". 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 and South Asia: These services cover voice and data telecom services offered to retail customers and provided through cellular mobile technology wherein a subscriber is connected to the network through wireless equipment. The subscriber can freely roam around anywhere and stay connected wherever the wireless network coverage is available.

Mobile Services — Africa: These services cover voice and data telecom services offered to customers on the African continent. 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. Internet Protocol TV ("IPTV") services are also 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 DTH.

Features include high-definition ("HD") video, choice of packages comprising different channels, interactive features such as on-demand viewing, and choice of set top boxes, including an HD recorder box, which may be instructed to record programmes via a mobile handset or the internet. DTH services were reported as part of the "others" business segment prior to the fiscal year ended March 31, 2012.

B2B services:

Airtel business: These services include domestic and international long distance communication ICT services provided to the service providers of cellular or fixed line services, internet services and broadband services, as well as data transmission bandwidth, VSAT-based communications, voice, data, network integration, data center and managed services, enterprise mobile applications, digital media 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.

Other operations: These comprise the unallocated revenues, profits / (losses), assets and liabilities of the Guarantor, none of which constitutes a separately reportable segment, such as mobile commerce. Beginning with the fiscal year ended March 31, 2010, debt and related interest expense previously reported under the mobile segment are reported under other operations because the centralized treasury now manages all debt funding centrally at corporate headquarters. Segment disclosures for the fiscal year ended March 31, 2009 have been restated to give effect to this change.

Further details relating to the Guarantor's business segments are provided below:

Mobile services

India and South Asia

The Guarantor offers mobile services using GSM technology in India, Sri Lanka and Bangladesh, serving approximately 189 million customers across these countries as of December 31, 2012. The Guarantor has the largest wireless services customer base in India, with 182 million mobile subscribers as of December 31, 2012, which represents a customer market share of 21.04%, 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 1.4 million retail outlets. As of December 31, 2012, the Guarantor's network covered 5,121 census cities and towns and 458,727 non-census towns and villages in India, covering a geographic area in which approximately 86.7% of the country's population is located. During the fiscal year ended March 31, 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 January 24, 2011. Since then, the Guarantor has launched 3G services across more that 1,500 cities in India. As of December 31, 2012, 6.8 million subscribers have subscribed to 3G services on the Guarantor's network, and there are 5.2 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. As of December 31, 2012, the Guarantor's national long distance infrastructure includes 166,506 route kilometers ("Rkms") of optical fiber, 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 April 10, 2012, first in Kolkata and then in Bangalore and Pune. See "— Business — Mobile Services — 4G".

The Guarantor's mobile services offering in Sri Lanka, "Airtel Sri Lanka", had 1.7 million mobile customers as of December 31, 2012 with a presence in all 25 of the country's administrative districts. The Guarantor has launched 3.5G services in major cities and towns in Sri Lanka and has created a nationwide distribution network comprising over 42,000 retail outlets.

The Guarantor launched its mobile services offering in Bangladesh in November 2010 after a successful acquisition in January 2010 of a 70% stake in Warid Telecom, a Bangladeshi telecommunications service provider, for a price of U.S.$300 million. The Guarantor offers mobile services in Bangladesh under the brand name "Airtel Bangladesh". As of December 31, 2012, Airtel Bangladesh had 5.8 million mobile customers with a presence in 64 of the country's districts. The Guarantor has a distribution network in Bangladesh of approximately 89,000 retail outlets across the country. The Guarantor believes that Bangladesh's burgeoning economy coupled with low teledensity and a young population presents a unique market opportunity for telecom services.

Africa

On March 30, 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 June 8, 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 August 27, 2010 for U.S.$62.0 million. It subsequently launched operations in Rwanda on March 30, 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 December 31, 2012, the Guarantor's mobile services offering through Airtel Africa included approximately 61.7 million customers across the 17 African countries in which the Guarantor has operations, as well as 3G services in 11 countries, namely Ghana, Kenya, Nigeria, Tanzania, Zambia, Congo (Brazzaville), Sierra Leone, Malawi, Uganda, Rwanda and Madagascar. The Guarantor has also launched mobile commerce services in 15 African countries. See "— Other Operations — Mobile Commerce".

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 as at June 30, 2010 to U.S.$0.037 as at December 31, 2012, which the Guarantor believes was a primary reason for the increase in Airtel Africa's minutes of usage per customer from 103 as at June 30, 2010 to 144 as at December 31, 2012. 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 specialized management services and other operational efficiencies.

4G

The Guarantor launched India's first Fourth Generation Mobile Telephony network in Kolkata on April 10, 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 May 7, 2012, and in Pune, Maharashtra on October 18, 2012. The Guarantor is investing in building network infrastructure across all towns of LTE presence. The Guarantor further plans to launch its 4G platform in Chandigarh, Punjab in the coming months. 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. On May 24, 2012, the Guarantor acquired a 49% equity stake in Qualcomm's majority-owned Delhi, Mumbai, Haryana and Kerala entities for U.S.$165 million. The acquisition was completed partly through a subscription to new equity in these four entities, and partly through the acquisition of a 26% equity stake from its existing shareholders. These four entities had previously participated in the Government's 2010 auction for BWA spectrum licenses, and the Mumbai entity was issued a BWA spectrum license by the Government. 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 optimization, infrastructure and device testing, as well as in developing and supporting underlying 4G technology such as TD-LTE.

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 December 31, 2012, the Guarantor had approximately 3.3 million telemedia services customers, of which 42.2% 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 customized 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 46 million customers. As of December 31, 2012, Airtel Digital TV reached 7.9 million customers, with a cumulative customer share of more than 19% in India according to Media Partner Asia estimates.

The Guarantor has focused on increasing its DTH distribution presence across India, and had coverage in more than 632 districts in India as of December 31, 2012. The Guarantor distributes the majority of its DTH service offerings through its mobile services retail outlets. The Guarantor has partnered with approximately 2,300 local service partners across India to provide direct customer service and operate call centers.

The Guarantor has also focused on product improvements and service offerings. The Guarantor's DTH services offer 324 channels, including 15 HD channels, and interactive applications such as iDarshan, iGoodlife, iLearn, and iNews, 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 center and managed services enterprise mobile applications and digital media. Data center and managed services include managed hosting, storage, business continuity, data security and cloud services. Digital media services provide a centralized 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 organizations, 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 five continents. The Guarantor also provides terrestrial express connectivity to neighboring 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 stabilizers.

The Guarantor deploys, owns and manages Tower Infrastructure pertaining to telecom operations through its subsidiary Bharti Infratel and Bharti Infratel's 42% 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 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 (formerly Aditya Birla Telecom Limited) and Vodafone India. As of December 31, 2012, Bharti Infratel operated 34,668 Towers and Indus Towers operated 111,240 Towers. Of its 109,318 Towers, 35,252 Towers were contributed by Bharti Infratel under a rights transfer agreement effective January 2009. As of December 31, 2012, Bharti Infratel had 63,080 co-locations for a sharing ratio of 1.82, while Indus Towers had 222,038 co-locations for a sharing ratio of 1.99. Taking into consideration Bharti Infratel's proportionate ownership of Indus Towers, Bharti Infratel owned and maintained 81,389 Towers with 156,336 co-locations for a sharing ratio of 1.92 as of December 31, 2012. On September 14, 2012, Bharti Infratel filed for registration of an initial public offering of its equity shares with SEBI. On December 28, 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 (U.S.$761 million). 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 current fiscal year, Bharti Infratel has declared a dividend of Rs. 2.5 per equity share, with further plans to pay total dividends during the current fiscal year of 30% to 50% of its net profit or 100% of any dividend received from its investee companies, whichever is higher, subject to adequate liquidity and approval by its board.

Other Operations

Mobile Commerce

India is a cash economy with greater than 75% 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% of all retail transactions) including credit cards and debit cards (which account for approximately 2% 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. This enhanced version was launched in a pilot programme in 2011 in Delhi NCR and Chennai. Airtel money has been well received across employees, channel partners and customers.

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 15 countries in Africa. The Guarantor believes Airtel money offers mobile banking opportunities to many customers in Africa who may not utilize 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.

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 December 31, 2012, SingTel held 32.3% of the Guarantor's shares through direct and indirect ownership.

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.

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 minimized 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 utilizing GSM technology that can be setup and maintained with standardized 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 April 10, 2012, ZTE was awarded the contract for building and operating the network. ZTE is also currently building the Guarantor's 4G network in Greater Chandigarh, where the Guarantor intends to launch 4G services in the coming months. 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" on page 100 of this Offering Memorandum.

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 December 31, 2012, 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.

Telemedia Partners

For Telemedia services (e.g., fixed-line broadband and telephony), the Guarantor has partnered with Alcatel-Lucent Network Management Services India Limited ("ALU"), a special purpose vehicle of Alcatel-Lucent India Limited, under a Managed Service Agreement. Under this agreement, ALU is

responsible for the deployment of fiber, copper and service provisioning, cabling, wiring, network planning, engineering and end-to-end management of services such as DSL, voice and IPTV. However, the Guarantor is free to choose the electronic equipment, switches and routers from any other competent suppliers and the Guarantor does purchase equipment from world leaders such as Cisco Systems, Juniper, ECI Telecom Ltd. ("ECI"), Tejas Networks and Huawei, among others. Payment terms of the Managed Service Agreement are based on network growth and revenue sharing of the Guarantor's Telemedia business. On February 5, 2013, the Guarantor announced its intent to purchase Alcatel-Lucent India Limited's entire equity stake in ALU. The Guarantor believes this acquisition will allow it to better manage its fixed line and broadband networks, thereby improving customer satisfaction.

The Guarantor has also partnered with ALU, Huawei, ECI, Tejas Networks and Cisco Systems for fiber and carrier ethernet based 3G and 4G backhaul products supply and deployment during the fiscal year ended March 31, 2012 and the nine months ended December 31, 2012. In May 2012, the Guarantor entered a three-year agreement with ALU and Huawei for the implementation of an internet protocol access network across India. This 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

IBM has been the Guarantor's strategic partner for all business and enterprise IT systems since 2004. The Guarantor's contract with IBM caters to, among other things, financial systems, reporting and analytics tools, customer web portal, digital goods (e.g., ringtone, wallpaper, etc.) delivery, technology 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 African regions. Under this contract, IBM agreed to provide and run all telecom related IT Systems, software and services to support the Guarantor's business requirements. This contract will help the Guarantor to benefit from economies of scale, scope enhancements and parity, similar customer services and experience across regions. The Guarantor shares a percentage of its revenue with IBM for its services.

IBM is also the Guarantor's technology partner 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 center partners are IBM Daksh, Wipro, Mphasis, Firstsource, Teleperformance, Aegis and HGSL, amongst others, providing a strong customer experience through dedicated contact center operations. The Guarantor's existing call center 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 organizations such as Comviva, OnMobile, Yahoo, Google and Spice Digital among others to provide each of its customers with a unique experience in

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.

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 utilize 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 "— 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 authorization 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 ten African countries, holding 10 MHz or more in nine of these countries.

For more information on the Guarantor's licenses and regulations affecting the Guarantor, see "Regulation".

Employees

As of December 31, 2012, the Guarantor's total number of employees was 23,413 (including the Guarantor's proportionate consolidation of Indus Towers). The total number of employees as of December 31, 2011 was 20,675.

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 24 months. The Guarantor had an approximate 8.9% market share lead over its nearest rival in wireless revenue market share (based on September 2012 numbers reported by TRAI) and an approximate 3.9% lead in terms of customer market share (based on December 2012 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 February 2, 2012 to cancel 122 2G telecom licenses and the January 30, 2013 notice inviting

applications setting forth the process for an auction of 2G spectrum in the 800 Mhz, 900 Mhz and 1,800 Mhz bands. 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 fibers 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.

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 seven countries, second ranked operator in seven countries, third ranked operator in two countries and fourth ranked operator in one country (all ranked by number of subscribers) as of December 2012, according to World Cellular Information Service.

The Guarantor's total number of market subscribers in the 17 countries was 61.7 million as of December 2012. According to 2013 Informa Telecoms & Media, active SIM penetration rates vary

widely across these 17 countries from approximately 28% in Madagascar to approximately 190% in Gabon as of December 2012. Subscribers are unevenly distributed across countries. Nigeria has the largest number of reported market subscribers at approximately 113 million followed by Kenya at 31 million while Seychelles and Gabon have the least number of reported market subscribers, according to 2013 Informa Telecoms & Media.

The chief competitors of the Guarantor are Etisalat (five countries), MTN (five countries), Millicom (four countries), France Telecom / Orange (four countries) and Vodafone / Vodacom (three countries).

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 and tax cases involving an amount of USD 100 million and regulatory matters involving an amount of Rs. 500 million or more have been disclosed below. Additionally all material cases pertaining to the Guarantor being in the nature of criminal cases, have also been disclosed below.

CBI investigation

1. The Central Bureau of Investigation ("CBI") has filed a first information report ("FIR") which was registered on November 17, 2011 against the Guarantor and other telecom providers on account of alleged irregularities in spectrum allocation by the DoT in 2002. The CBI has alleged in the FIR that the DoT in allocating additional spectrum (between eight and 10 Mhz)

to telecom operators without charging for further spectrum usage charge from these telecom operators (per an order dated February 1, 2002) had caused a loss to the Government for an amount of Rs. 5,080 million. According to news reports the CBI has on December 21, 2012 filed a charge sheet before a special court dealing with 2G spectrum cases, against the then Secretary, Telecom in the Government of India, the Guarantor and two Vodafone entities in India, in relation to the allocation of additional spectrum to the Guarantor for the Delhi circle and to Vodafone for Mumbai and Delhi circles during the years 2002 and 2003. Further the reports, also state, that the special court is to consider the charge sheet on March 8, 2013. However the Guarantor is not aware of, or in receipt of any charge sheet or any communication from the special court or any other court.

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 April 20, 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 or the CBI. 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 February 25, 2010 issued an order (the "DoT Order") where under the 2G spectrum charges, applicable on telecom service providers, have been increased by 1-2% with effect from April 1, 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 September 1, 2010 the TDSAT ruled in favor 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 October 22, 2010, stayed the operation of the DoT Order, imposing the following conditions:

    1. The Guarantor to deposit 50% of the outstanding principal amount net of interest in its registry within a period of two weeks;

    2. The balance 50% of the disputed outstanding amount net of interest be secured by way of bank guarantee of a nationalized 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. 7,706 million.

Regulatory matters

1. Subsequent to a Government approval to the decision of levying of a one-time spectrum charge on November 8, 2012, an order dated December 28, 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 December 28, 2012 on entities holding spectrum above 6.2 MHz between the period of July 1, 2008 to December 31, 2012. Additionally, a one-time charge for holding more than 4.4 MHz of spectrum prospectively from January 1, 2013, is being levied in accordance with the rates provided in the schedule of the decision dated December 28, 2012. Thereafter on January 8, 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 January 28, 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 GoI introduced a new package known as 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") against which the Guarantor would be required to pay its fee before the TDSAT, which by orders dated July 7, 2006 and August 30, 2007 ("Orders"), held that license fee would only be payable on revenues arising only out of the "licensed activity" and not revenue from activities outside the license. Aggrieved by this, the DoT filed an appeal before the Supreme Court which, by an order dated October 11, 2011, set aside the Orders and held that TDSAT had no power to get into the validity of the definitions 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 amount involved in the case is approximately Rs. 8,730 million. The Guarantor has also received various additional demands to the extent of Rs. 11,199 million which are the subject matter of litigation in the Kerala High Court and the TDSAT. The Guarantor has also 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 June 8, 2012 in favor of the Guarantor, ordering it to continue making payments only in the way as it was being

made throughout the period of its license for telecom activities. Subsequently the DoT has also raised demands against Guarantor for 2006 – 2007, 2007 – 2008 and Special Audit wherein again the Hon'ble Kerala High Court has passed interim Orders in favor of the Guarantor. The Guarantor has filed an petition before the TDSAT, regarding interpretation of the definition of AGR. A demand dated January 31, 2013 for the year 2006-2007 has been challenged. TDSAT has stayed the demand through its order dated February 15, 2013 and February 18, 2013. The matter is currently pending. The additional demand raised by the DoT on account of license fee assessment and special audit which has been challenged in Kerala High Court and TDSAT is Rs. 11,199.18 million for the Guarantor.

3. The Government on November 3, 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 April 22, 2010, allowed COAI's petition. While the matter was pending adjudication in TDSAT, the DoT further increased the microwave charges on November 10, 2008 and made the decision effective retrospectively from November 3, 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. 9,070 million.

4. On December 23, 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 TDSAT, which stayed the DoT order. On July 3, 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 remained pending. On September 28, 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 October 3, 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 November 26, 2012 and a personal hearing was also accorded by DoT on January 4, 2013. The Guarantor is awaiting a final order on the show cause notice.

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. The TDSAT has allowed the petitions of the Guarantor in respect of four such matters involving Rs. 2,500 million. The Guarantor is currently seeking a refund of all the amounts aggregating to Rs. 329.19 paid under protest in respect of these four 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 favor 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 September 14, 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 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. 663.00 million. The Guarantor has paid Rs. 397.00 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 May 3, 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. 1,199.00 million. The Guarantor has paid Rs. 1,199.00 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. 2,840.00 million. This matter is pending.

10. The TRAI notified the Telecommunication Interconnection (Port Charges) Regulations, 2001 (the "Port Charges Regulations") on December 28, 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 vide its order dated December 15, 2010 directed all mobile operators (including the Guarantor) 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 September 18, 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 vide its order dated November 29, 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 securitization of the bank guarantees. The Guarantor along with the other telecom operators are in the process of taking appropriate legal advise for the next legal recourse including filing of appropriate legal proceedings before the Delhi High Court. Both matters are currently pending.

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 is also pending.

14. TDSAT had through an order dated March 31, 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 March 12, 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 February 27, 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 *vide* an order dated December 22, 2006 against which an appeal has been filed in the Supreme Court. On account of the same, TRAI on March 22, 2007 had directed all cellular operators to calculate the excess amount charged to the customers on this account effective May 20, 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 *vide* an order dated April 5, 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 August 30, 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 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 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 September 24, 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 December 5, 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.

General show-cause notices

1. The DoT had issued a show-cause notice dated September 28, 2012 to the Guarantor to stop 3G services in non-licensed circles which are being provided by it under the intra circle roaming category arrangement with IDEA Cellular Limited and Vodafone Cellular Limited. The show-cause notice amounting to Rs. 3,500 million was received in relation to seven circles namely Haryana, Maharashtra, Uttar Pradesh (East), Kolkata, Gujarat, Kerala and Madhya Pradesh. The Guarantor contested the show-cause notice before the Delhi High Court by way of an appeal dated October 1, 2012. On October 3, 2012, the High Court ordered that no coercive action be taken against Guarantor. Consequently, the Guarantor could continue to provide services under the existing arrangements. Thereafter, the Guarantor filed a response to the show-cause notice by way of a letter dated November 26, 2012 *amongst others* stating that the 3G intra circle roaming agreements had been fully complied with as regards all conditions pertaining to the unified access service license/cellular mobile telephone service license and that the DoT had wrongly treated the intra circle roaming agreement as a mobile virtual network operator. The final order of DoT is currently awaited in the matter.

2. The DoT had raised the demands on account of license fee assessments for the financial years 2006 – 2007 on November 30, 2012 which was later revised through a letter dated December 20, 2012 to Rs. 1,872.9 million. The Guarantor has made representations against the demand were submitted to DoT on December 7, 2012 and December 31, 2012. Another demand for financial year 2007 - 2008 for Rs. 6,108.5 million was raised on the Guarantor on December 20, 2012. A representation challenging this demand was sent to DoT on January 7, 2013 by the Guarantor. These demands were challenged in Kerala High Court and were stayed by its orders dated December 17, 2012 and January 11, 2013.

3. The Guarantor has received various show-cause notices from TRAI and DoT as provided herein-below:

    a) Eleven show-cause notices dated November 1, 2010 with respect to non-compliance by the Guarantor of guideline issued by DoT on November 27, 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 March 25, 2008 and six show-cause notices dated June 4, 2007 were received by the Guarantor with respect to non-fulfillment 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 February 12, 2008, six show-cause notices dated June 12, 2007, one show-cause notice dated August 30, 2007, and one show-cause notice dated September 11, 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 July 18, 2012 with regard to non-compliance of para 9(i) of TRAI direction dated July 4, 2011 on VAS, one show-cause notice dated April 18, 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 October 29, 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 January 10, 2011 and November 23, 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 July 18, 2011 received by the Guarantor in relation to the direction on VAS, the Guarantor had filed its reply on August 6, 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 vide 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.

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 vide its order dated April 12, 2012 upheld the industry benchmark of slab wise calculation, pursuant to which a penalty of Rs. 7,605.1 million was levied on the Guarantor, out of which Rs. 1,194.2 million has already been paid by the Guarantor. Rs. 1,028.7 million has been waived by the TDSAT and Rs. 1,421.4 million is disputed with DoT but a petition has not been filed in TDSAT as of yet. For the balance amount, see paragraph 5 on pages 143 and 144.

4. The DoT had raised the demand cum show cause notice on account of license fee assessment on the Guarantor for financial years 2008 - 2009 and 2010 - 2011 amounting to Rs. 6,652.7 million and Rs. 3,163.5 million respectively through letters dated February 12 and February 13, 2013 and February 19, 2013 respectively. The Guarantor is in the process of pursuing appropriate legal recourse against such show cause notices.

5. The DoT by its demand letter dated February 19, 2013 had raised a demand for Rs. 7,597.9 million and Rs. 1,044.7 million on the Guarantor on account of assessment of spectrum charges for financial years 2010 - 2011 and 2011 - 2012 respectively. The Guarantor is in the process of pursuing appropriate legal recourse against such demand letters.

Taxation matters and show-cause notices

1. The Guarantor has filed a writ petition (writ petition no. 970/2012) dated February 14, 2012 against the Union of India and another before the Delhi High Court challenging the assessment and demand order dated January 12, 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 financial 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% (against the applicable rate of 10.5575%) 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 February 22, 2012 has stayed the recovery of the aforesaid demand, subject to deposit of Rs. 2,369.00 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.2,500.00 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 May 21, 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 April 17, 2013. The matter was also heard before the Delhi High Court on November 30, 2012 when the High Court asked the Department to file an affidavit confirming the amount due from the Guarantor and adjourned further proceedings until February 15, 2013. On February 15, 2013, the Delhi High Court modified its order dated February 22, 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 March 5, 2012 by the Department seeking information pertaining to the interconnection usage charges paid by the Guarantor to the international operators during the financial 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 January 21, 2013 granted a stay 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 April 22, 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 erection/construction of transmission towers and the input services used in erection 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 December 19, 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 matter is currently pending.

4. The Commissioner of Service Tax issued a show-cause notice dated April 20, 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.

Environmental matters

1. Mr. Prakhar Goyal, Mr. Akbar and Mr. Mohammad Rais have filed three 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 Organization 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. Mr. Ram Kishore Bhattacharjee has filed a writ petition against the Guarantor and others before the Guwahati High Court seeking judicial interference to protect the interest and rights of the petitioner to lead a life in a healthy and peaceful atmosphere guaranteed under Article 21 of the Constitution of India. The petitioner alleged that a tower and the generator sets had been installed in an unregulated manner causing danger and hazards to the petitioner and his family members. The matter is pending.

8. 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 November 27, 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.

Other Matters

1. A complaint under section 138 of Negotiable Instruments Act 1881 was instituted by the Guarantor against Mr. Rakesh Malviya, which was dismissed and later withdrawn and a statement was issued by 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 Court) alleging that false statements had been given in the court by the then executive of the 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 Company. The matter is currently pending.

2. The Directorate of Enforcement issued a notice dated August 19, 2009 to the Guarantor (successor-in-interest of Comsat Max Limited) stating that the Guarantor had acquired a 100% equity stake in Bharti Broadband Limited (formerly known as Comsat Max Limited) and Comsat Max Limited had made remittances amounting to U.S.$37,770.00 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.

3. 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. This matter is pending.

4. The Office of the Regional Director, Ministry of Corporate Affairs, Government of India (the "Regional Director"), through its letter dated November 15, 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 vide its letter dated August 16, 2012 has sought clarification on compliance of certain provisions of the Companies Act, 1956 by the Guarantor. The Regional Director 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.

5. SEBI in its letter dated March 26, 2012 issued to the Guarantor, sought certain information and documents relating to the trading in the scrip of the Guarantor. On May 25, 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 September 30, 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 May 10, 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 November 16, 2012. SEBI has not made further requests after the last response provided by the Guarantor.

6. 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 favorable 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 June 1, 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

Including the above, there are currently 91 criminal cases initiated against Guarantor including cases relating to its employees pending before various forums in relation to *amongst others,* 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, failure to pay rent, illegal erection of tower, non-display of name in vernacular language, forged documents and pre-activated SIMs, dispute over the property, 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, violation of the provisions of the Minimum Wages Act, 1948, extortion, atrocity against scheduled caste and scheduled tribe, criminal trespass, mischief, theft by the employee, failure to meet the fire safety standards, threat, obscene

activities by the employee, assault and breach of promise, construction of tank without permission from the relevant authorities, violation of certain provisions of the Bombay Shops and Establishments Act, 1948, false evidence provided by the authorized representative of the Guarantor, misuse of property, criminal intimidation and false charge of offence made, dishonour of cheque issued by third parties, 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, forgery of record, violation of certain provisions of the Standards of Weights and Measures Act, 1976, the Legal Metrology Act, 2009, 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

The Commissioner of Service Tax, New Delhi issued a notice to Bharti Infratel Limited in relation to disallowance of central value added tax ("CENVAT") credit amounting to Rs. 5,504.62 million for excise duty charged by suppliers on equipments including towers, diesel generator sets and shelters, air conditioners and service tax payable on certain operation and maintenance services for the period from August 2007 until September 2009. This notice is pending. The Guarantor 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. These matters are pending.

Africa Litigation

Econet Wireless Limited Litigation

Airtel Networks Limited (formerly known as Celtel Nigeria Limited), an indirect subsidiary of the Guarantor, 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% 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 Guarantor's indirect subsidiary, Bharti Airtel Nigeria BV, which is the current owner of 65.7% of the equity in Airtel Networks Limited has been defending these cases 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 partial final award. Bharti Airtel Nigeria BV has lodged an appeal against the judgment of October 4, 2012 and a similar application for injunction at the Court of Appeal in Lagos, Nigeria. A hearing date for the application for injunction has been set for February 25, 2013.

Without prejudice to the application filed by Bharti Airtel Nigeria BV before the Nigerian courts for injunction and to set aside the partial final award, preliminary steps are ongoing in relation to the damages hearing in the Arbitration and EWL on Jan 25, 2013 filed its damages claim based on an expert report. The Guarantor is considering the claim in detail, but at this early stage, based on a preliminary analysis of its legal advisers, considers that the claim lacks merit and is accordingly, disputable.

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 Guarantor 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% 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% shareholder in Airtel Networks Limited. Despite the fact that the 5% 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 Nigeria BV on a fully diluted basis in Airtel Networks Limited, the Guarantor believes that there are good grounds to appeal the first instance judgment. The Guarantor accordingly filed a notice of appeal and made two further applications before the Federal High Court in Nigeria 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, the ruling at the Federal High Court stated that Guarantor 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. The Court of Appeal has also indicated that in the event that all briefs in relation to the substantive appeal have been filed by April 30, 2013, then the court may dispense with the interlocutory applications and instead proceed to the substantive appeal.

Africa Regulatory Matters

Chad

Airtel Chad received a letter dated February 19, 2013 from Office Tchadien de Régulation des Télécommunications ("OTRT"), the Chadian telecom regulator, claiming Airtel Chad violated laws on non-transferability of its telecom licence, through an indirect change of control. While the Guarantor believes this claim is without merit, Airtel Chad must answer this letter within 30 days and will do so. A further legal dispute could arise relating to the claim and a substantial penalty could be imposed. Moreover, on February 4, 2013, OTRT notified Airtel Chad of a penalty of 3.6 billion CFA for alleged false declarations of traffic.

In a separate dispute with Chadian customs authorities regarding import duties, the Appeal Court of N'Djamena, which had been requested to rule on whether the first instance court was competent to rule on the merits, did rule that the first instance court was competent, but instead of sending back the case to such first instance court for it to rule on the merits of the case, gave a ruling on the merits (ordering Airtel Chad to pay 6 billion CFA). Airtel Chad's arguments in defense were not responded to, nor did the Appeal Court give any motivation to its decision. Airtel Chad filed a request for immediate hearing with the Supreme Court of N'Djamena to have the Appeal Court decision suspended, in order to stop payment. A hearing date has not yet been set.

Gabon

On December 28, 2012, Airtel Gabon was notified of two new penalties by ARCEP, the Gabonese Regulator.

The first penalty relates to the alleged claim that Airtel Gabon did have offers on the market which implied on-network call rates below the minimum on-network call rate determined by ARCEP. A penalty of 2% of Airtel Gabon's turnover corresponding to 2.7 billion CFA was levied on that basis.

The second penalty relates to an alleged false declaration of incoming international traffic to ARCEP in June 2012, which was rectified in October 2012, after an audit by ARCEP. A penalty of 5% of Airtel Gabon's turnover corresponding to 6.7 billion CFA has been levied.

The Guarantor is contesting these penalties.

In a separate tax matter, Airtel Gabon was notified on February 12, 2013, of a final tax reassessment over the period from 2007 to 2011, of an amount of 16 billion CFA, of which nine billion CFA fall within Zain's 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 liberalizing 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% 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 7 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. The Guarantor's Executive Chairman, Mr. Sunil Bharti Mittal, was appointed as a non-rotational director by a resolution passed at the annual general meeting of the Guarantor's shareholders held on September 1, 2011, and Mr. Manoj Kohli, Managing Director and CEO (International), was appointed as a non-rotational director by a resolution passed through postal ballot on September 27, 2008.

The Guarantor's promoters and persons acting in concert with them controlled approximately 68.50% of the Guarantor's issued equity shares as at December 31, 2012 (68.50% of the voting rights).

As of the date of this Offering Memorandum, the Board consists of the following members:

Name	Age	Position	Date Appointed
Sunil Bharti Mittal	55	Executive Chairman	July 7, 1995
Manoj Kohli	54	Managing Director and CEO (International)	August 1, 2008
Gopal Vittal	46	Joint Managing Director	February 1, 2013
Rajan Bharti Mittal	53	Non-executive Director	July 7, 1995
Chua Sock Koong	55	Non-executive Director	May 7, 2001
Tan Yong Choo	48	Non-executive Director	January 21, 2010
Ajay Lal	51	Independent Director	January 23, 2006
Craig Edward Ehrlich	57	Independent Director	April 29, 2009
Manish Kejriwal	44	Independent Director	September 26, 2012
Nikesh Arora	45	Independent Director	October 30, 2008
Obiageli Katryn Ezekwesili	49	Independent Director	September 26, 2012
Pulak Chandan Prasad	44	Independent Director	November 22, 2001
Tsun Yan Hsieh	60	Independent Director	November 9, 2010

Sunil Bharti Mittal, *Executive Chairman*

Sunil Bharti Mittal, Executive Chairman of the Guarantor is the Founder, Chairman and CEO of Bharti Enterprises, one of India's leading business groups with interests in telecom, retail, realty, financial services and agri-products. The Guarantor is the flagship company of Bharti Enterprises. The Guarantor has joint ventures with several global leaders: Singtel, Wal-Mart, AXA and Del Monte. Sunil started his career at 18 after graduating from Panjab University in India in 1976 and founded the Guarantor. Today, at 55, he heads a successful enterprise which employs over 30,000 people.

Sunil has been recognized with the Padma Bhushan, one of India's highest civilian awards. He has also been conferred the Lal Bahadur Shastri National Award for 2009. He is a member of the Prime Minister's Council on Trade & Industry. Sunil has served as the President of the Confederation of Indian Industry, the premier industry body in India (2007-08). He also serves on the Board of Directors of Unilever PLC, Unilever NV and SoftBank, Japan.

Sunil has been awarded the INSEAD Business Leader for the World Award 2011 and the NDTV Profit Business Leadership Award 2011 for "Corporate Conscience". He has earlier 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. In 2006, he was chosen Asia Businessman of the Year by Fortune and Asia Pacific CEO of the Year by Frost & Sullivan. He has been named Business Leader of the Year by several important media houses, including The Economic Times, Business Standard, and NDTV. Sunil was the Ernst & Young Entrepreneur of the Year in 2004. He is also a member of the Academy of Distinguished Entrepreneurs, Babson College, Wellesley, Massachusetts.

Sunil was the Co-Chair of the World Economic Forum at Davos in 2007 and is a member of its International Business Council. He is a member of several premier international bodies — Board of Trustees of the Carnegie Endowment for International Peace, Reuters Editorial Advisory Board, Telecom Board of the International Telecommunication Union (ITU), the leading UN Agency and also a Commissioner of the Broadband Commission at ITU. He is a member of the Indo-US CEO Forum and the Indo- UK CEO Forum. He is also the Co-Chair of the India-Africa Business Council and the India-Sri Lanka CEO Forum, appointed by the Prime Minister of India.

Sunil is associated with several academic institutions — member of the Board of Governors of the Indian Institute of Management Ahmedabad; member of the Executive Board of the Indian School of Business; member of the Governing Body of London Business School, member of Harvard University's Global Advisory Council and the Dean's Advisory Board of Harvard Business School.

Sunil has been conferred with the degree of Doctor of Laws (Honoris Causa) by the University of Leeds, UK, Doctor of Science (Honoris Causa) by the Indian Institute of Technology (Kharagpur) and Doctor of Science (Honoris Causa) by the Govind Ballabh Pant University of Agriculture & Technology. He is an Honorary Fellow of The Institution of Electronics and Telecommunication Engineers. He is an alumnus of the president management program at Harvard Business School, USA.

Sunil is also founder of the Bharti Foundation, which is operating 254 schools catering to over 38,000 under-privileged children in rural India. Sunil was ranked among the Top 25 Philanthropists in the World in 2009 by the Barron's Magazine.

Manoj Kohli, *Managing Director and CEO (International)*

Manoj Kohli is the Managing Director and CEO (International) of the Guarantor. He has 34 years of work experience, equally divided between the manufacturing and telecom sectors. He heads the International Business Group which leads the international strategy and vision and is also responsible

for leading the Africa operations (17 countries), which the Guarantor acquired in June 2010. Manoj has spearheaded the turnaround and transformation 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), Manoj held multiple roles as CEO (International), JMD, CEO and JMD, President and CEO, and President of Mobile Services business at the Guarantor since 2002. Before moving to Africa, Manoj led Bharti Airtel's India operations for eight years and grew the customer base from one million to 140 million.

Manoj started his career in 1979 with the Shriram Group, where he initially led the HR function, followed by leadership positions in the foods, chemicals and fertilizer businesses and assignments in engineering projects, including Shriram Honda. He left as Vice President, responsible for the Air Conditioning and Refrigeration business unit (now known as Tecumseh and Daikin) after a total stint of 15 years. He subsequently worked at AlliedSignal/Honeywell, where he was Executive Director in charge of its new Industrial Park and operations in India.

Manoj joined Escotel, which he led for over five years as Executive Director and CEO, before coming on board at Bharti Airtel.

Manoj was the Chairman — Confederation of Indian Industry National Committee on Telecom & Broadband. He was member of the Board of GSM Association (GSMA) in 2008. He was the Chairman of Cellular Operators Association of India. He was adjudged "Telecom Man of the Year" and "Telecom Person of the Year" by Media Transasia and Voice & Data respectively. He is a member of the Academic Council of the Faculty of Management Studies & Faculty of Commerce & Business and has been awarded the "Best Alumni Award" by SRCC, Delhi University.

Manoj holds degrees in Commerce, Law and an MBA from Delhi University. Manoj also attended the "Executive Business Program" at the Michigan Business School and the "Advanced Management Program" at the Wharton Business School.

Gopal Vittal, *Joint Managing Director*

Gopal Vittal is the Guarantor's Joint Managing Director and will take-over as the Guarantor's CEO — India effective March 1, 2013.

Gopal has been appointed as a non-rotational director by the board of directors, with effect from February 1, 2013, subject to shareholder approval. In his role as the CEO of country's largest private integrated telecom operator, Gopal is responsible for defining and delivering the business strategy and providing overall leadership for Airtel's India operations.

He moves into this role from Bharti Enterprises where he was the Group Director — Special Projects from April 2012 to February 2013. In this capacity, he worked towards formulating and supporting Airtel's international strategy and data expansion.

Prior to this he was at Hindustan Unilever, where he led the US$3.5bn 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 at the Guarantor from 2006 to 2008, he had made significant contributions towards driving revenue growth, market leadership and building Airtel 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 a non-executive director on the board of the Guarantor. He holds a degree of Bachelors of Arts from the Panjab University and has participated in the Owner President Management Program organized by the Harvard Business School. He is the Vice President of International Chamber of Commerce in India and member of the Federation of Indian Chambers of Commerce and Industry ("FICCI") Executive and Steering Committees. In the past he has been the President of FICCI for the year 2010 2011. In FICCI he was also Chairman of Retail Committee in 2007, Infrastructure Committee in 2006, Telecom and IT Committee in 2004 and 2005, and Telecom Committee in 2001, 2002 and 2003. He has been honored with the "Indian Business Leader of the Year Award 2011" at the global India business meeting 2011 and has also been awarded the "Premio Leonardo International 2011".

Chua Sock Koong, *Non-executive Director*

Chua Sock Koong is a nominee of SingTel and is a non-executive director on the board of the Guarantor. She holds a first class honors degree in Accountancy from the University of Singapore. She has been the group chief executive officer of SingTel since April 2007. She joined SingTel in June 1989 as treasurer and was promoted to chief financial officer in April 1999. She held the position of group chief financial officer and chief executive officer international from February 2006 until October 12, 2006. She was appointed as Deputy Group CEO of Singtel on October 12, 2006.

Tan Yong Choo, *Non-executive Director*

Tan Yong Choo is a nominee of SingTel and is a non-executive director on the board of the Guarantor. She holds a honors degree in Accountancy from the National University of Singapore. She has been the vice president, group finance at SingTel since June 2007. She had joined SingTel as a manager in November 1994 and was promoted to the position of director, group accounts, finance in February 1996.

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 Kejriwal*, Independent Director*

Manish 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.

Pulak Chandan Prasad, *Independent Director*

Pulak Chandan Prasad is an independent director on the board of the Guarantor. He holds a degree of Bachelors of Technology in mechanical engineering from the Indian Institute of Technology, New Delhi and a Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad. He is the founder and managing director of Nalanda Capital Private Limited, a Singapore based fund management company. He was previously employed with McKinsey & Co and Warburg Pincus India.

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:

- providing overall direction to the Guarantor's corporate philosophy and mission;
- review of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance in light of strategic and business plans, including reviewing operating results on a regular basis;
- ensuring ethical behavior and compliance with laws and regulations;
- approving borrowing limits;
- approving capital raising exercises;
- dividend declaration; and
- making of loans and investments, mergers and acquisitions, joint ventures and collaborations.

Committees of the Board of Directors

The Board has constituted six committees and is authorized to constitute additional committees from time to time, depending on the business needs of the Guarantor.

Audit Committee

The Audit Committee comprises six Board members, five of whom are non-executive directors and four of whom are independent. The Audit Committee's current chairman is Ajay Lal, an independent director.

The Audit Committee is primarily responsible for supervising the Guarantor's financial reporting process internal controls, risk management and disclosure of its financial information to ensure that the financial statements are correct. The Audit Committee reviews (along with management) the Guarantor's annual and quarterly financial statements and recommends the same to the Board for approval. The Audit Committee also makes recommendations to the Board relating to auditors and their fees.

Human Resources Committee

The Human Resources Committee ("HR Committee") comprises five non-executive directors, of whom three are independent directors. The current chairman of the HR Committee is Tsun Yan Hsieh, an independent director.

The HR Committee is primarily responsible for overseeing remuneration of executive directors, recruitment and retention strategies for employees, employee development strategies, compensation of key senior leaders, and any other critical human resources issues facing the Guarantor as well as providing counsel and direction on human resources policies and practices of the Guarantor.

ESOP Compensation Committee

The ESOP Compensation Committee is composed of five non-executive directors, of which three members are independent directors. The current chairman of the ESOP Compensation Committee is Rajan Bharti Mittal, a non-executive director.

The ESOP Compensation Committee is primarily responsible for formulating ESOP plans and terms and conditions of various ESOP Schemes of the Guarantor in force.

Investors' Grievance Committee

The Investors' Grievance Committee comprises of three members, all of whom are non-executive directors and two of whom are independent directors. The current chairman is Rajan Bharti Mittal, a non-executive director.

The Investors' Grievance Committee is primarily responsible for redressing shareholder and investor grievances, approving or rejecting the transfer or transmission of shares and other securities, formulating procedures to ensure that the Guarantor quickly addressing shareholder complaints, and delegating powers to employees of the Guarantor to address shareholder or investor grievances.

Committee of Directors

The Committee of Directors is comprised of three directors, all of whom are non-executive directors and two of whom are independent directors, and perform other functions as may be delegated by the Board from time to time.

The Committee of Directors serves primarily to cater to various day-to-day requirements and to facilitate the seamless operations of the Guarantor.

Nomination Committee

The Nomination Committee is composed of five members, all of whom are non-executive directors of whom three are independent directors.

The Nomination Committee is primarily responsible for reviewing and making recommendations relating to Board composition and structure, reviewing succession planning, and other related matters.

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 December 31, 2012, the Guarantor's promoter (Bharti Telecom Limited) and persons acting in concert (Indian Continent Investment Limited) (the "Promoter Group") with them held approximately 52.7% of the Guarantor's issued equity shares. 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% of the Guarantor's issued equity shares as at December 31, 2012.

SingTel owns directly and indirectly 32.3% 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 favorable than those arranged with third parties.

See Note 16 to the Guarantor's Interim Financial Statements for the nine months ended December 31, 2012 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 Standardization Sector ("ITU-T"), Development Sector ("ITU-D"), International Telecommunication Satellite Organization ("INTELSAT"), International Mobile Satellite Organization ("INMARSAT") and Asia Pacific Telecommunication ("APT");

- Promotion of standardization, 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, standardization/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, siting 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 vide 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 recognized 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 March 26, 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 recognized 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 recognized 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 May 31, 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;
- liberalization 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
- recognize 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 liberalized environment with a level playing field.

By formulating a clear policy regime, the National Telecom Policy 2012 endeavors 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% 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% of the District Headquarters ("DHQ") within the circle, in the first year and 50% 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% 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 July 31, 1999 was treated as a one-time entry fee. From August 1, 1999, the license fee payable is a percentage of the revenue earned under the license. The provisional license fee was fixed at 15% of gross revenues (as determined according to the license agreement with the DoT) for all categories of Telecom Circles.

With effect from April 1, 2004, the license fee, excluding spectrum charges for cellular mobile telephone services was 10% of AGR for metro service areas and category A Telecom Circles, 8% of AGR for category B Telecom Circles and 6% of AGR for category C Telecom Circles. However, via an amendment to the UAS / CMTS Licence agreement dated June 25, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began July 1, 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 October 1, 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 organizational 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 June 25, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began July 1, 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 vide notification dated December 14, 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 February 2, 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 January 10, 2008 pursuant to two press releases issued on January 10, 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 August 27, 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 November 12, 2012 and notices to invite applications for the auction was scheduled to be issued on September 28, 2012. The base price in the 1800 Mhz band for a minimum block of 1.25 Mhz of pan-India spectrum was fixed at Rs. 34,999.9 million, and in 800 Mhz band for a minimum block of 1.25 Mhz of spectrum the base price was fixed at Rs. 45,499.9 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 January 22, 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 Rs. 41.1 million to Rs. 4,504.9 million, in the 900 Mhz band the base price has been fixed between Rs. 2,274.4 million to Rs. 9,703.0 million, and in the 1800 Mhz band the base price has been fixed between Rs. 469.6 million to Rs. 4,851.5 million. On January 30, 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 is scheduled to begin on March 11, 2013.

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 August 1, 2008 and issued a separate license for the MNP service w.e.f. March 20, 2009.

Value Added Services ("VAS")

The TRAI pursuant to its directions dated July 4, 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 August 9, 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 August 1, 2008 followed by a 'notice inviting applications' dated February 25, 2010 and allotment of spectrum has been completed through simultaneously ascending e-auction process by a specialized 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 September 1, 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 authorized 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., September 1, 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., September 1, 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., September 1, 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 September 1, 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 authorized 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., September 1, 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., September 1, 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. September 1, 2010, using the BWA spectrum. Coverage of a rural SDCA would mean that at least 90% 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 January 1, 2000, which formed the basis for development, manufacturing and spectrum utilization 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 utilization 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 October 1, 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 April 1, 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 October 31, 2003. For those licensees who obtained the license prior to October 31, 2003, a token license fee of Re.1/- per annum is payable with effect from November 1, 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 June 25, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began July 1, 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 vide an amendment dated January 25, 2010, to the ISP Guidelines, the validity period of new ISP license (granted subsequent to January 25, 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

Recognizing 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 fiber, 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 December 14, 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% of the AGR. However, via an amendment to the licence agreement dated June 29, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began July 1, 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 April 1, 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 fulfillment of the rollout obligations. Non-fulfillment 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 June 28, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began July 1, 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 authorized 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% 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% of the AGR. However, via an amendment to the licence agreement dated June 29, 2012, the DoT has prescribed a uniform license fee of 8%, in two steps, which began July 1, 2012. The VSAT licenses do not authorize 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%. However the FDI component must not exceed 20% and government approval must be sought. The companies seeking license to provide DTH services in India cannot have more than 20% 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, visualizes 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 authorized 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 categorized 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 December 14, 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 fibers, 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 March 9, 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 "siting procedure", which has categorized 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 June 28, 2006, all antenna towers located beyond seven (7) kilometers from the nearest airport and having a total height of not more than 40 meters above ground level not undergo the detailed SACFA siting 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 September 1, 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 siting and 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 January 1, 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% 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 utilized 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. Furthermore, this summary relates only to the Guarantor's principal long-term indebtedness. The Guarantor utilizes a variety of short-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 December 31, 2012, the Guarantor had total borrowings of U.S.$13,584 million, or Rs. 744,107 million, compared to U.S.$13,492 million as at March 31, 2012, or Rs. 690,232 million. As at March 31, 2012, approximately 80.7% of the Guarantor's total borrowings were denominated in foreign currency, principally in U.S. dollars, with the remainder was 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 December 31, 2012, the Guarantor had long term debt, net of current portion, of Rs. 603,302 million, including debt to finance the acquisition of Zain and pay auction fees for 3G and BWA spectrum.

Acquisition Facility Agreement

On March 31, 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 Issuer has also entered into bilateral facility agreements totaling U.S.$2.0 billion. The total amount outstanding under the U.S.$7.5 billion acquisition financing agreement as at December 31, 2012 was approximately U.S.$6.275 billion. The bilateral agreement has since been repaid.

Borrowings under this U.S.$7.5 billion facility agreement and bilateral agreements bear interest at a rate equal to the aggregate of applicable LIBOR plus the applicable margin (which is between 0.9% and 1.95% per annum). The U.S.$7.5 billion facility agreement was drawn from a syndicate of banks on June 7, 2010 and the U.S.$2.0 billion bilateral agreements were drawn by the Guarantor at various dates beginning June 7, 2010. Portions of these amounts 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, these facility agreements require the Guarantor and certain subsidiaries to maintain certain financial covenants. The Guarantor must ensure that consolidated total net borrowings ending on or

after March 31, 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 amortization contribute at any time 90% or more of its gross assets and earnings before interest, tax, depreciation and amortization at that time.

Indian Facility Agreements

The Guarantor has Rs. 176,011 million or U.S.$3,213 million of Rupee facilities outstanding as of December 31, 2012. 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 centralized treasury function. The Guarantor has stable relationships with a large variety of debt providers, principally commercial banks. As at March 31, 2012, after taking into account the effect of interest rate swaps, approximately 8.85% of the Guarantor's total debt carried a fixed interest rate. As at December 31, 2012, the proportion of the Guarantor's short-term debt to total debt was 18.9% (as at March 31, 2012: 28.0%), and its proportion of secured to unsecured debt as at December 31, 2012 was 23.5% (as at March 31, 2012: 21.2%).

Maturity of Borrowings

The table below summarizes 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 December 31, 2012
	(Rs. in millions) (Unaudited)
Within one year	140,830
Between one and two years	218,400
Between two and five years	372,441
Over five years	14,764
Total	746,435

Existing Foreign Currency 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 December 31, 2012:

	Currency of borrowings as at December 31, 2012		
	Total Borrowings	Floating rate borrowings	Fixed rate borrowings
		(Rs. in millions) (Unaudited)	
Rupee	176,011	147,583	28,428
U.S. Dollar	473,203	469,838	3,365
Yen	2,196	2,196	—
Nigerian Naira	61,752	58,592	3,160
Central African CFA Franc	11,151	—	11,151
West African CFA Franc	7,608	—	7,608
Others	14,514	6,299	8,215
Total	746,435	684,508	61,927

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 March 19, 2010.

Business

The Issuer holds all of the Group's African assets and approximately U.S.$5.878 billion of its debt, including debt associated with the purchase of these African assets on a non-consolidated basis as of December 31, 2012. 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 May 11, 2011.

The directors of the Issuer at the date of this Offering Memorandum are Jantina Catharina Uneken-van Vreede, who was appointed on March 19, 2010, Manoj Kumar Kohli, who was appointed on March 19, 2010, Yong Choo Tan, who was appointed on March, 1, 2011, and D. J. de Haan, who was appointed on August 1, 2011.

The registered office of the Issuer is at Herengracht 574, 1017CJ Amsterdam, Netherlands.

Capitalization

The following table sets forth the capitalization of the Issuer on a non-consolidated basis as of December 31, 2012 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 December 31, 2012	
	Actual	**As Adjusted**
	(U.S.$ in millions) (Unaudited)	
Indebtedness		
Current borrowings	668	668
Non-current borrowings	5,210	5,210
Notes offered hereby	—	1,000
Total indebtedness	**5,878**	**6,878**
Shareholders' Equity		
Equity Shares[(1)]	2,359	2,359
Reserves and surplus	1,888	1,888
Total shareholders' equity	**4,247**	**4,247**
Total indebtedness and shareholders' equity	**10,125**	**11,125**

(1) 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.

DESCRIPTION OF THE NOTES AND GUARANTEE

For purposes of this "Description of the Notes and Guarantee," the term "Issuer" refers only to Bharti Airtel International (Netherlands) B.V., a company incorporated with limited liability under the laws of The Netherlands, and any successor obligor on the Notes, and not to any of its subsidiaries or affiliates. The term "Guarantor" refers only to Bharti Airtel Limited, a company incorporated with limited liability under the laws of India, and not to any of its subsidiaries or affiliates.

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, among the Issuer, the Guarantor and The Bank of New York Mellon, as trustee (the "Trustee").

The following is a summary of certain provisions of the Indenture, the Notes and the Guarantee. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Guarantee. It does not restate those instruments or agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available on or after the Original Issue Date during normal office hours at the corporate trust office of the Trustee at The Bank of New York Mellon, 101 Barclay Street, Floor 4E, New York, NY, 10286, United States of America.

Brief Description of the Notes

The Notes are:

- general unsecured 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 other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);

- guaranteed by the Guarantor on a senior unsecured basis, subject to the limitations described below under "— The Guarantee" and in "Risk Factors — Risks Relating to the Offering;" and

- effectively subordinated to the secured obligations of the Issuer and 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 Issuer.

The Notes will mature on March 11, 2023 unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Indenture allows additional Notes to be issued from time to time (the "Additional Notes"), subject to certain limitations described under "— Further Issues." Unless the context requires otherwise,

references to the "Notes" for all purposes of the Indenture and this "Description of the Notes and Guarantee" include any Additional Notes that are actually issued. The Notes will bear interest at 5.125% per annum from the Original Issue Date or from the most recent interest payment date on which interest has been paid or duly provided for, payable semi-annually in arrears on March 11 and September 11 of each year (each an "Interest Payment Date"), commencing September 11, 2013.

Interest on the Notes will be paid to Holders of record at the close of business on February 25 and August 28 immediately preceding an Interest Payment Date (each, a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. In any case in which the date of the payment of principal of, premium (if any) on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as described under "— Optional Redemption" and "— Redemption for Tax Reasons" and as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Issuer).

The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of the Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by the Issuer at the office or agency of the Issuer maintained for that purpose in the Borough of Manhattan, The City of New York (which initially will be the corporate trust administration office of the Trustee, currently located at The Bank of New York Mellon, 101 Barclay Street, Floor 4E, New York, NY, 10286, United States of America), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Issuer, payment of interest may be made by check mailed at the Issuer's expense to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through DTC will be available to DTC participants (as defined herein) on the Business Day following payment thereof.

The Guarantee

On the Original Issue Date, the Notes will be irrevocably guaranteed by the Guarantor.

The Guarantee:

- is a general unsecured obligation of the Guarantor limited to the Guaranteed Amount (as defined below);

- is 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;

- is senior in right of payment to all future obligations of the Guarantor expressly subordinated in right of payment to the Guarantee; and

- ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of the Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

Under the Indenture, 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 Guarantor will (1) agree that its obligations under the Guarantee will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Guarantee. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Guarantee will be reinstated with respect to such payment as though such payment had not been made. All payments under the Guarantee are required to be made in U.S. dollars.

Under the Indenture, the Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the Guarantor without rendering the Guarantee, as it relates to the Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If the Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor and, depending on the amount of such indebtedness, the Guarantor's liability on the Guarantee could be reduced to zero.

On the Original Issue Date, the Guarantor's potential liability under the Guarantee is capped at an amount equal to 200% of the total initial aggregate principal amount of the Notes, being U.S.$2,000,000,000 (the "Guaranteed Amount"). The Guaranteed Amount will be reduced by any amounts paid by the Guarantor under the Guarantee from time to time.

The Guarantee shall be in effect for the period commencing on (and including) the Original Issue Date and ending on (and including) the first anniversary of the Maturity Date (the "**Guarantee Period**"), if not earlier released (as provided below), For the avoidance of doubt, any rights of the Holders and any liability of the Guarantor that have arisen or accrued under the Guarantee during the Guarantee Period shall continue after the Guarantee Period and shall survive any release.

The Guarantee may be released in certain circumstances, including:

- upon fulfillment of all obligations under the Notes; or

- upon a defeasance as described under "— Defeasance — Defeasance and Discharge."

No release of the Guarantee under (i) and (ii) above shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements relating to such release have been complied with and that such release is authorized and permitted by the terms of the Indenture.

The Guarantor's obligations under the Guarantee will be effectively subordinated to all existing and future obligations of the existing or future subsidiaries of the Guarantor and all claims of creditors of such subsidiaries, including trade creditors, lenders and all other creditors, and the rights of holders of preferred shares of such entities (if any) will have priority as to the assets of such entities over claims of the Guarantor and those of creditors of the Guarantor, including holders of the Notes.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Guarantee) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "Further Issue") so that such Additional Notes may be consolidated with and form a single series with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that Additional Notes that are consolidated and form a single class with the outstanding Notes must be fungible with the outstanding Notes for U.S. federal income tax purposes. The Bank of New York Mellon may serve as Trustee with respect to any Additional Notes.

Optional Redemption

The Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% 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. The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption.

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 make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% 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 in the Indenture 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 the Indenture. Notwithstanding this agreement of the Issuer, it is important to note that if the Issuer is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would

otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the failure by the Issuer to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain other debt instruments. Future debt of the Issuer may also (i) prohibit the Issuer from purchasing Notes in the event of a Change of Control Triggering Event, (ii) provide that a Change of Control Triggering Event is a default or (iii) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under other indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Issuer. The ability of the Issuer to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Issuer's then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the Offering — We may not be able to repurchase the Notes upon a Change of Control Triggering Event."

The definition of "Change of Control" includes a phrase "all or substantially all" as used with respect to the assets of the Guarantor. No precise definition of the phrase has been established under applicable law, and the phrase will likely be interpreted under applicable law of the relevant jurisdictions based on particular facts and circumstances. Accordingly, there may be a degree of uncertainty as to the ability of a Holder to require the Issuer to repurchase such Holder's Notes as a result of a sale of less than all the assets of the Guarantor to another person or group.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Issuer purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on, the Notes and under the Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, a Surviving Person (as defined under "— Consolidation, Merger and Sale of Assets") or the Guarantor is organized or resident for tax purposes (each, as applicable, a "Relevant Taxing Jurisdiction") or any jurisdiction from or through which payment is made (or any political subdivision or taxing authority thereof or therein) (together with each Relevant Taxing Jurisdiction, a "Relevant Jurisdiction"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, a Surviving Person or the Guarantor, as the case may be, will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of each Note of

such amounts payable under the Notes, the Guarantee as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(a) for or on account of:

(i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder 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 Holder 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;

(B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly *provided* for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on the last day of such 30 day period;

(C) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, a Surviving Person or the Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder'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 Holder or beneficial owner and such request is made to a Holder or beneficial owner at least 60 days before it will be required to comply with such request; or

(D) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

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

(iii) any withholding or deduction that is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), and (iii); or

(b) to a Holder 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.

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

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note or the Guarantee, such mention shall be deemed to include payment of Additional Amounts *provided* for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Tax Reasons

The Notes may be redeemed, at the option of the Issuer or a Surviving Person (as defined under "— Consolidation, Merger and Sale of Assets"), as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or

(2) any change in the existing official position, or the stating of an official position, regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective on or after the Original Issue Date, with respect to any payment due or to become due under the Notes, the Guarantee, any intercompany loan between the Issuer and a Subsidiary of the Guarantor entered into for the onlending of proceeds of the Notes or the Indenture, the Issuer, the Guarantor or such Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Issuer, the Guarantor or such Surviving Person, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer, the Guarantor or such Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

At least 15 days prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, the Guarantor or a Surviving Person, as the case may be, will deliver to the Trustee:

(1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement

cannot be avoided by the Issuer, such Surviving Person or the Guarantor, as the case may be, by taking reasonable measures available to it; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case, of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders. The Trustee has no duty to and will not investigate or verify such certificate and opinion.

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 "Certain Covenants — 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 thereafter 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 "Certain Covenants — 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 the covenant described under "Certain Covenants — 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 the covenant described under "Certain Covenants — Limitation on Indebtedness."

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

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 Additional Notes) 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) 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 Subsidiary 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 utilized 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% 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 "Limitation on Indebtedness" covenant, 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 covenant, 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.

Limitation on Liens

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.

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 applicable law or regulation.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(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 covenant described under "— Consolidation, Merger and Sale of Assets," or "— Certain Covenants — Limitation on Liens" or "— Ownership of Issuer" or the failure by the Issuer to make or consummate an Offer to Purchase in the manner described under "— Repurchase of Notes Upon a Change of Control Triggering Event";

(d) the Issuer, the Guarantor or any Significant Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) 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 Holders of 25.0% or more in aggregate 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% 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 the "Ownership of Issuer" above; and

(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.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% 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 Holders), may, and the Trustee at the request of such Holders (the Trustee having been pre-funding and/or secured and/or indemnified to its satisfaction by such Holders) shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to 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. If an Event of Default specified in clause (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 Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may on behalf of all Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(a) 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

(b) 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.

If an Event of Default occurs and is continuing, the Trustee may (but shall not be obligated to) pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture that may involve the Trustee in any personal liability,

or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. A Holder may not pursue any remedy with respect to the Indenture or the Notes unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders provide the Trustee with pre-funding and / or indemnity and / or security satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the pre-funding and / or indemnity and / or security; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

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:

(1) the resulting, surviving or transferee person (the "Successor") will be a person organized and existing under the laws of India, The Netherlands, the United States of America, any State thereof or the District of Columbia, or any other country that is a member country of the European Union or of the Organization for Economic Co-operation and Development on the date of the Indenture, and the Successor will expressly assume, by a supplemental indenture to the Indenture, 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 Indenture;

(2) the Successor, if not organized and existing under the laws of the jurisdiction of incorporation of the Issuer or the Guarantor, undertakes, in such supplemental indenture, 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 "— Additional Amounts";

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

(4) 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 indenture, if any, comply with the Indenture.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer and the Guarantor will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

(a) the Issuer or the Guarantor has (1) deposited with the Trustee, in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (2) delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer or the Guarantor is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture;

(b) the Issuer or the Guarantor has delivered to the Trustee (1) either (x) an Opinion of Counsel from a firm of recognized international standing with respect to U.S. federal tax laws which is based on a change in applicable U.S. federal income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Issuer's exercise of its option under this "Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel, and (2) an Opinion of Counsel from a firm of recognized international standing to the effect that the creation of the defeasance trust does not violate the Investment Company Act and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and

(c) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of or constitute a default under, any other agreement or instrument to which the Issuer, the Guarantor or any Significant Subsidiary is a party or by which the Issuer, the Guarantor or any Significant Subsidiary is bound.

In the case of either discharge or defeasance, the Guarantee will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that with respect to the other events set forth in such clause, clause (d) under "— Events of Default" with respect to such other covenants and clauses (e) and (f) under "— Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee, in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (b)(2) of the preceding paragraph and the delivery by the Company to the Trustee of an Opinion of Counsel from a firm of recognized international standing with respect to U.S. federal income tax matters to the effect that beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

In the event the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer and the Guarantor will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture may be amended, without the consent of any Holder, to:

(a) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes, *provided* that any such amendment may not adversely affect the interests of the Holders;

(b) comply with the provisions described under "— Consolidation, Merger and Sale of Assets;"

(c) evidence and provide for the acceptance of appointment by a successor Trustee;

(d) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(e) pledge collateral to secure the Notes or the Guarantee and create or register Liens on any such collateral;

(f) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(g) effect any changes to the Indenture in a manner necessary to comply with the procedures of DTC, Euroclear or Clearstream;

(h) make any other change that does not materially and adversely affect the rights of any Holder; or

(i) conform the text of the Indenture, the Notes or the Guarantee to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision in the Indenture, the Notes or the Guarantee.

Amendments With Consent of Holders

The Indenture may be modified or amended, and future compliance with any provision thereof may be waived, with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes; *provided*, *however*, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(b) reduce the principal amount of, or premium, if any, or interest on, any Note;

(c) change the currency, time or place of payment of principal of, or premium, if any, or interest on, any Note or the Guarantee;

(d) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;

(e) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(f) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(g) release the Guarantor from its Guarantee, except as provided in the Indenture;

(h) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(i) amend, change or modify the Guarantee in a manner that adversely affects the Holders;

(j) reduce the amount payable upon a Change of Control Offer or change the time or manner by which a Change of Control Offer may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer;

(k) change the redemption date or the redemption price of the Notes from that stated under "— Optional Redemption" or "— Redemption for Tax Reasons;"

(l) amend, change or modify the obligation of the Issuer or the Guarantor to pay Additional Amounts; or

(m) amend, change or modify any provision of the Indenture or the related definitions affecting the ranking of the Notes or the Guarantee in a manner which adversely affects any Holder.

Unclaimed Money

Claims against the Issuer for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer or the Guarantor in the Indenture, or in any of the Notes or the Guarantee or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Issuer or the Guarantor or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Guarantee. Such waiver may not be effective to waive liabilities under applicable law, including the U.S. federal securities laws.

Concerning the Trustee, the Paying Agent and the Security Agent

The Bank of New York Mellon is to be appointed as Trustee under the Indenture and as registrar and paying and transfer agent (the "Paying Agent") with regard to the Notes. Except during the continuance

of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Trustee and the Paying Agent assume no responsibility for the accuracy or completeness of the information concerning the Issuer, the Guarantor or their affiliates or any other party referenced in this Offering Memorandum or for any failure of the Issuer, the Guarantor or any other party to disclose events that may have occurred or may affect the completeness or accuracy of such information.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the holders of Notes unless such holders have offered to the Trustee pre-funding and/or indemnity and/or security satisfactory to the Trustee against any loss, liability or expense.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer or the Guarantor, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Issuer and its Affiliates and shall not be obligated to account for any profits therefrom and no Trustee and no director or officer of any corporation being a Trustee hereof shall by reason of the fiduciary position of such Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with the Issuer or any Guarantor, or any person or body corporate directly or indirectly associated with the Issuer or any Guarantor, or from accepting the trusteeship of any other debenture stock, debentures or securities of the Issuer or any Guarantor or any person or body corporate directly or indirectly associated with the Issuer or any Guarantor, and neither the Trustee nor any such director or officer shall be accountable to the Noteholders or the Issuer or any Guarantor, or any person or body corporate directly or indirectly associated with the Issuer or any Guarantor, for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

If the Issuer maintains a paying agent with respect to the Notes in a member state of the European Union, such paying agent will be located in a member state of the European Union that is not obligated to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or such other directive.

The Trustee shall not be responsible for the performance by any other person appointed by the Company in relation to the Notes and, unless notified in writing to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Holders or any other person for any action taken by the Holders or the Trustee in accordance with the instructions of the Holders. The Trustee shall be entitled to rely on any written direction of the Holders which has been duly given by the Holders of the requisite principal amount of the Notes outstanding.

Book-entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons, Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Regulation S Global Note") and will be deposited with The Bank of New York Mellon as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each, a "Restricted Global Note," and, together with the Regulation S Global Notes, the "Global Notes") and will be deposited with The Bank of New York Mellon as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Notice to Investors."

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Qualified institutional buyers may hold their interests in a Restricted Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such system. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Issuer nor the Guarantor, the Trustee nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

The Issuer expects that DTC will take any action permitted to be taken by a Holder (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading "Notice to Investors."

The Issuer understands that: DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies and certain other organizations that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("indirect participants").

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Trustee or the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by the Issuer within 90 days, the Issuer will issue Certificated Notes in registered form, which may bear the legend referred to under "Notice to Investors," in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under "Notice to Investors," in accordance with the DTC's rules and procedures in addition to those *provided* for under the Indenture.

The Clearing Systems

General

DTC, Euroclear and Clearstream have advised the Issuer as follows:

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the Initial Purchaser. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Initial Settlement

Initial settlement for the Notes will be made in immediately available funds. The Rule 144A Notes will be deposited on or about the issuance date of the Notes with the Trustee as custodian for, and registered in the name of, Cede & Co. as nominee of DTC. The Regulation S Notes will be deposited on or about the issuance date of the Notes with, and registered in the name of, The Bank of New York Depository (Nominees) Limited as nominee for The Bank of New York Mellon, as common depository for, and in respect of, interests held through Euroclear and Clearstream (the "Common Depository"). Except as described in this Offering Circular, beneficial interests in the Global Notes will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC, Euroclear and Clearstream. Investors may elect to hold interests in the Regulation S Notes through Euroclear or Clearstream in Europe, if they are participants in such systems, or indirectly through organizations that are participants in such systems.

Except as described in this Offering Circular, owners of beneficial interests in the Global Notes will not be entitled to have the Offered Notes of the relevant Series registered in their names, will not receive or be entitled to receive physical delivery of the Offered Notes of the relevant Series in definitive form and will not be considered holders of the Offered Notes of the relevant Series under such Offered Notes, the Indenture or the applicable Indenture Supplement.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream Holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Notes where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Trading between DTC Participants. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in same-day funds using DTC's Same Day Funds Settlement System.

Trading between Euroclear and Clearstream Participants. Secondary market trading between Euroclear participants and Clearstream participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

Trading between DTC Seller and Euroclear or Clearstream Purchaser. When Notes are to be transferred from the account of a DTC participant to the account of a Euroclear participant or a Clearstream participant, the purchaser must send instructions to Euroclear or Clearstream through a participant at least one business day prior to settlement. Euroclear or Clearstream, as the case may be, will receive the Notes against payment. Payment will then be made to the DTC participant's account against delivery of the Notes. Payment will include interest accrued on the Notes from and including the last interest payment date to and excluding the settlement date, on the basis of a calendar year consisting of twelve 30-day calendar months. For transactions settling on the 31st day of the month, payment will include interest accrued to and excluding the first day of the following month. Payment will then be made to the DTC participant's account against delivery of the Notes. After settlement has been completed, the Notes will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear participant's or Clearstream participant's account. Credit for the Notes will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Notes will accrue from, the value date (which would be

the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade date fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Euroclear participants or Clearstream participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream. Under this approach, they may take on credit exposure to Euroclear or Clearstream until the Notes are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream has extended a line of credit to them, participants can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear participants or Clearstream participants purchasing Notes would incur overdraft charges for one day, assuming they cleared the overdraft when the Notes were credited to their accounts. However, interest on the Notes would accrue from the value date. Therefore, in many cases, the investment income on Notes earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's particular cost of funds.

The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

Finally, day traders that use Euroclear or Clearstream and that purchase Notes from DTC participants for credit to Euroclear participants or Clearstream participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

(1) borrowing through Euroclear or Clearstream for one day (until the purchase side of the day trade is reflected in their Euroclear account or Clearstream account) in accordance with the clearing system's customary procedures;

(2) borrowing the Notes in the United States from a DTC participant no later than one day prior to settlement, which would give the Notes sufficient time to be reflected in the borrower's Euroclear account or Clearstream account in order to settle the sale side of the trade; or

(3) staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC participant is at least one day prior to the value date for the sale to the Euroclear participants or Clearstream participants.

Trading between Euroclear or Clearstream Seller and DTC Purchaser. Due to the time zone differences in their favor, Euroclear participants or Clearstream participants may employ their customary procedures for transactions in which Notes are to be transferred by the respective clearing system to another DTC participant. The seller must send instructions to Euroclear or Clearstream

through a participant at least one business day prior to settlement. In these cases, Euroclear or Clearstream will credit the Notes to the DTC participant's account against payment. Payment will include interest accrued on the Notes from and including the last interest payment date to and excluding the settlement date, on the basis of a calendar year consisting of twelve 30-day calendar months. For transactions settling on the 31st day of the month, payment will include interest accrued to the Notes excluding the first day of the following month. Payment will then be made to the DTC participant's account against delivery of the Notes. The payment will then be reflected in the account of the Euroclear participant or Clearstream participant the following day, and receipt of the cash proceeds in the Euroclear or Clearstream participant's account will be back-valued to the value date (which would be the preceding day when settlement occurs in New York). If the Euroclear participant or Clearstream participant has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over the one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear or Clearstream participant's account would instead be valued as of the actual settlement date.

As in the case with respect to sales by a DTC participant to a Euroclear or Clearstream participant, participants in Euroclear and Clearstream will have their accounts credited the day after their settlement date. See "— Trading between DTC Seller and Euroclear or Clearstream Purchaser" above.

None of the Issuer, the Guarantor, the Trustee or the Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Issuer, the Guarantor, the Trustee or the Paying Agent) addressed to the Issuer, the Guarantor, the Trustee or the Paying Agent, as the case may be, at the office of each of the respective parties as specified in the Indenture, with a copy to the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of DTC. Any such notice shall be deemed to have been delivered on the day such notice is delivered to DTC or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Issuer and the Guarantor will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, the Guarantee,

the Indenture or any transaction contemplated thereby and (ii) designate and appoint Law Debenture Corporate Services Inc., currently at 400 Madison Avenue, 4th Floor, New York, New York 10017, U.S.A., for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Guarantee and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes and Guarantee" for which no definition is provided.

"*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).

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"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% 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 Adjusted Treasury 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.

"Board of Directors" means the board of directors elected or appointed by the stockholders of the Issuer to manage the business of the Guarantor or any committee of such board duly authorized to take the action purported to be taken by such committee.

"Board Resolution" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution in lieu of a meeting executed by every member of the Board of Directors.

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

"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 Original 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% of the total voting power of the Voting Stock of the Guarantor; or

(4) individuals who on the Original 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 Original 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 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 Original Issue Date, and includes, without limitation, all series and classes of such common stock or ordinary shares.

"Comparable Treasury Issue" means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes from the redemption date to March 11, 2023.

"Comparable Treasury Price" means, with respect to any redemption date:

(1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities;" or

(2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

"*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 next 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) amortization of debt discount and debt issuance cost, including commitment fees;

(c) capitalized 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 amortization 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) realized 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.

"Control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), for purposes of the definition of "Change of Control" and as used in (i) under "Events of Default", means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"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 favorable to the holders of such Capital Stock than the provisions contained under "— Repurchase of 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 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 U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"DTC" means The Depository Trust Company and its successors.

"*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 utilized in computing net loss;

(2) Consolidated Interest Expense;

(3) depreciation;

(4) amortization 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, amortization 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 S.A./N.V., as operator of the Euroclear System.

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

"*Existing Indebtedness*" means Indebtedness of the Guarantors and its Subsidiaries in 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 Board Resolution.

"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.

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

"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 Company, 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 unamortized 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.

"Indian Rupees" means the legal currency of India.

"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 Company Act" means the U.S. Investment Company Act of 1940, as amended.

"*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 recognized rating agency or agencies, as the case may be, which will have been designated by the Guarantor as having been substituted for S&P or Fitch or both, as the case may be.

"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).

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

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

(1) the provision of the Indenture 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 Holders 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 Holder 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 Holders 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 Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders 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 US$200,000 or integral multiples of US$1,000.

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 Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Holders 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 US$200,000 or integral multiples of US$1,000. The Issuer will publicly announce the results of an Offer to Purchase as soon s practicable after the Offer to Purchase Payment Date. The Issuer will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws and regulations are applicable, in the event that the Issuer is required to repurchase Notes pursuant to an Offer to Purchase.

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 Holders 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 Holders to tender Notes pursuant to the Offer to Purchase.

"Officer" means one of the executive officers of the Issuer or, in the case of the Guarantor, one of the executive officers of the Guarantor.

"Officers' Certificate" means a certificate signed by two Officers.

"Opinion of Counsel" means a written opinion from legal counsel acceptable to the Trustee, addressed to the Trustee, in form and substance acceptable to the Trustee, and that meets the requirements of the Indenture.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

"Permitted Liens" means:

(1) any Lien existing on the date of the Indenture, any Lien pursuant to any agreement or instrument existing on the date of the Indenture; 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 Indenture; 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 Indenture 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 labor 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 favor 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 favor 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 favor 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% 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;

"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% 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 Indenture, 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 "nationally recognized statistical rating organizations," as the case may be, within the meaning of Rule l5c3-l(c)(2)(iv)(F) under the Exchange Act, selected by the Guarantor, which will be 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," "Caa," "Ca," "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 Company 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 Company 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).

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Trustee by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

"*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.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement relating to Property now owned or hereafter acquired whereby the Guarantor or any Subsidiary of the Guarantor transfers such Property to another Person and the Guarantor or such Subsidiary of the Guarantor leases it back from such Person.

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

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"*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% 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% 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 installment 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 installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment 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% 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.

"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.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"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.

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 / Wholly Owned Subsidiary Abroad that are periodically updated by the RBI, with the latest master circular dated July 2, 2012 ("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 favor 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 400% 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 100% of the amount of equity shares, 100% of the amount of compulsorily and mandatorily convertible preference shares, 100% of the amount of other preference shares, 100% of the amount of loan, 100% of the amount of guarantee (other than performance guarantee) issued by the Indian company, 100% 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% of the amount of performance guarantee issued by the Indian company.

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% 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 authorized to issue the Guarantee as set out in the Indenture.

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 authorized 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% 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% 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 "holding company" (as defined in the Indian Companies Act) in respect of a loan made to its wholly owned subsidiary.

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* Please note that 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.

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 U.S. federal, state or local taxes as well as the 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 *"Description of the Notes and Guarantee"*, 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 rate of 20% (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.

Certain U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE (IRS) CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of certain U.S. federal income tax considerations relevant to U.S. Holders and Non-U.S. Holders (as defined below) acquiring, holding and disposing of Notes. This summary addresses only the U.S. federal income tax considerations for initial purchasers of Notes at their original issuance that will hold the Notes as capital assets (generally, property held for investment). This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), final, temporary and proposed U.S. Treasury regulations, administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organizations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) investors that have a functional currency other than the U.S. dollar and (x) U.S. expatriates and former long-term residents of the United States), all of whom may be subject to tax rules that differ significantly from those summarized below. This summary does not address U.S. federal estate, gift or alternative minimum tax considerations, the Medicare tax on net investment income or Non-U.S., state or local tax considerations.

For the purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organized under the laws of, the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (iv) a trust the administration of which is subject to the primary supervision of a U.S. court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes. A "Non-U.S. Holder" is a beneficial owner of Notes that is not a U.S. Holder. If a partnership holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult their own tax advisors.

Payments of Interest

Interest on a Note, including the payment of any Additional Amounts, will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the holder's method of accounting for tax purposes. Interest paid by the Issuer on the Notes will generally constitute passive category income from sources outside the United States under the rules regarding the U.S. foreign tax credit allowable to a U.S. Holder (and the limitations imposed thereon). The rules governing U.S. foreign tax credits are complex, and U.S. Holders should consult their own tax advisors regarding the availability of U.S. foreign tax credits in their particular circumstances.

Effect of Indian Withholding Taxes

As discussed in "— *Taxation — Indian Taxation*", under current law payments of interest on the Notes to foreign investors may become subject to Indian withholding tax at the rate of 20% (plus applicable surcharge and education cess and secondary and higher education cess) if the Guarantor pays such interest. If such payments become subject to Indian withholding taxes, the Issuer may become liable for the payment of Additional Amounts to U.S. Holders (see "*Description of the Notes and Guarantee — Additional Amounts*") so that U.S. Holders receive the same amounts they would have received had no Indian withholding taxes been imposed. For U.S. federal income tax purposes, U.S. Holders would be treated as having received the amount of Indian taxes withheld by the Guarantor with respect to a Note, and as then having paid over the withheld taxes to the Indian tax authorities. As a result of this rule, the amount of interest income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of interest may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from the Guarantor with respect to the payment. Subject to certain limitations, a U.S. Holder will generally be entitled to a credit against its U.S. federal income tax liability, or a reduction in computing its U.S. federal taxable income, for Indian income taxes withheld by the Guarantor.

Sale or Other Disposition of Notes

A U.S. Holder's tax basis in a Note will generally be its cost. A U.S. Holder will generally recognize gain or loss on the sale or other disposition of a Note equal to the difference between the amount realized on the sale or other disposition and the tax basis of the Note. Except to the extent attributable

to accrued but unpaid interest (which will be taxable as interest income to the extent not previously included in income), gain or loss recognized on the sale or other disposition of a Note will be capital gain or loss and will generally be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. Therefore, a U.S. Holder may have insufficient foreign source income to utilize foreign tax credits attributable to Indian withholding taxes, if any, imposed on the sale or other disposition. See "*Taxation — Indian Taxation*." Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Notes. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S.; (ii) in the case of any gain realized on the sale or exchange of a Note by an individual Non-U.S. Holder, that Holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates.

Backup Withholding and Information Reporting

In general, payments of principal, interest and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise to comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be refunded or claimed as a credit against such U.S. Holder's U.S. federal income tax liability, provided that the required information is furnished to the IRS. Prospective investors in the Notes should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

U.S. Holders may be required to report to the IRS certain information with respect to their beneficial ownership of the Notes. Investors who fail to report required information could be subject to substantial penalties. U.S. Holders should consult their tax advisors regarding the application of this legislation.

In general, payments of principal, interest and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a Non-U.S. Holder by a U.S. paying agent or other U.S. intermediary will not be subject to backup withholding tax and information reporting requirements if appropriate certification (IRS Form W-8BEN or other appropriate form) is provided by the Non-U.S. Holder to the payer and the payer does not have actual knowledge that the certificate is false.

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 in relation thereto. 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 an investment in 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) 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% or more of the total issued capital of the Issuer or of 5% 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;

(ii) investment institutions (*fiscale beleggingsinstellingen*);

(iii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax; and

(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 (*Successiewet 1956*).

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 is a resident or deemed to be a resident of the Netherlands for Netherlands 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 realized upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realized upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52%) under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), if:

(i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder 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 include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined 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 realized. This deemed return on income from savings and investments has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (January 1), insofar as the individual's yield basis exceeds a certain threshold. The individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on January 1. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4% deemed return on income from savings and investments is taxed at a rate of 30%.

(b) Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes (nor has opted to be taxed as a resident of the Netherlands), such holder is not liable for Netherlands income tax in respect of income derived from the Notes and gains realized upon the settlement, redemption or disposal of the Notes, unless:

(i) the holder is not an individual and such holder (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, or (3) is a resident of Aruba, Curaçao or Saint Martin with a permanent establishment or permanent representative in Bonaire, Saint Eustatius or Saba to which the Notes are attributable, while the profits of such Holder are taxable in the Netherlands pursuant to article 17(3)(c) of the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*). This income is subject to Netherlands corporate income tax at up to a maximum rate of 25%.

(ii) the holder is an individual and such holder (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) realizes income or gains with respect to the Notes that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Notes which 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 up to a maximum rate of 52% Income derived from a share in the profits 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 and inheritance tax 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 that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death. A gift made under a condition precedent is deemed to be a made at the time the condition precedent is fulfilled and is subject to Dutch gift and inheritance tax if the donor is a (deemed) 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 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 Netherlands gift tax 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 taxes will arise 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 Netherlands gift and inheritance tax, unless 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, 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. 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).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated March 4, 2013 (the "Purchase Agreement") between the Guarantor and the Initial Purchasers named below (the "Initial Purchasers"), the Initial Purchasers have severally agreed to purchase from us, and we have agreed to sell to the Initial Purchasers, the aggregate principal amount of the Notes set forth opposite its name below:

Initial Purchasers	Principal Amount of Notes
Barclays Bank PLC	U.S.$140,000,000
BNP Paribas Securities Corp.	U.S.$140,000,000
Citigroup Global Markets Inc.	U.S.$140,000,000
Deutsche Bank AG, Singapore Branch	U.S.$140,000,000
The Hongkong and Shanghai Banking and Corporation Limited	U.S.$140,000,000
Standard Chartered Bank	U.S.$140,000,000
UBS AG, Singapore Branch	U.S.$140,000,000
Banca IMI S.p.A.	U.S.$20,000,000
Total	U.S.$1,000,000,000

The Purchase Agreement provides that the obligations of the Initial Purchasers to take and pay for the Notes is subject to the approval of certain legal matters by their counsel and certain other conditions. The Initial Purchasers have severally agreed to take and pay for all of the Notices if any are taken. The Purchase Agreement provides that upon the occurrence of certain events (including a default by the Guarantor), the Purchase Agreement may be terminated by the Initial Purchasers. After the initial offering , the offering price and other selling terms may be varied from time to time by the Initial purchasers.

The Guarantor has agreed to indemnify the Initial Purchasers against certain liabilities and to contribute to payments which the Initial Purchasers may be required to make in respect thereof.

The Notes are a new issue of securities with no established trading market. Approval-in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. We have been advised that the Initial Purchasers presently intend to make a market in the Notes, as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any such market making may be discontinued at any time without prior notice at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. We have been advised by the Initial Purchasers that, in connection with the offering of the Notes, the Stabilizing Manager or any of its affiliates (or any person acting on behalf of any of them) may, to the extent permitted by applicable laws and regulations, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. In doing so, the Stabilizing Manager acts as principal and not as agent of the Company and any loss resulting from over-allotment or stabilization will be borne, and any profit arising from them shall be retained, by the Initial Purchasers, as applicable, in equal proportion. However, there is no assurance that the Stabilizing Manager or any of its affiliates (or persons acting on behalf of any Stabilizing Manager) will undertake

any stabilizing action. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

The Initial Purchasers or certain of its affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

We expect that delivery of the Notes will be made against payment therefore on or about the closing date specified on the cover page of this offering memorandum, which will be on or about the fifth business day following the pricing date of the Notes (this settlement cycle being referred to as "T+5"). Trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or succeeding business days should consult their own legal advisors.

Each of the Company and the Issuer will not, for a period of 60 days from the Closing Date, without the prior written consent of the Initial Purchaser representatives, (A) directly or indirectly, issue, offer, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any securities or any securities convertible into or exercisable or exchangeable for securities or publicly announce an intention with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the securities or any securities convertible into or exercisable or exchangeable for securities or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in Clause (A) or (B) hereof is to be settled by delivery of securities or such other securities, in cash or otherwise, or (C) deposit securities or any securities convertible into or exercisable or exchangeable for securities or which carry the right to subscribe for or purchase securities in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of securities in any depositary receipt facility, or publicly announce any intention to enter into any transaction.

Selling restrictions

United States

Each Initial Purchaser has represented, warranted and agreed the Notes may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the Act or in transactions not subject to those registration requirements. Each Initial Purchaser represents and warrants that: (A) during the initial distribution of the Notes, it will directly, or indirectly through its U.S. broker-dealer affiliates, offer or sell the Notes within the United States only to qualified institutional buyers in compliance with Rule 144A, outside of the United States in accordance with Regulation S, or pursuant to any other available exemption from the registration requirements of the Act; and (B) until 40 days following the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the Issue) may violate the

registration requirements of the Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from the registration requirements of the Act.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser has represented, warranted 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 the subject of the offering contemplated by this Offering Memorandum to the public in that Relevant Member State other than: (a) to legal entities which are qualified investors as defined in the Prospectus Directive; (b) to fewer than 100 or if the Relevant Member State has implemented the relevant provision of the 2010 Prospectus Directive Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive. The expression an "offer of the 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, 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 the expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom

Each Initial Purchaser has represented, warranted and agreed that (i) 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 ("FSMA")) received by it in connection with the issue or sale of the Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Company; and (ii) it has complied, and will comply with, all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

India

Each Initial Purchaser has represented, warranted and agreed that it has not offered or sold and will not offer or sell any Notes in the Republic of India and has not made and will not make any invitation in the Republic of India to subscribe for the Securities.

Singapore

Each Initial Purchaser has represented, warranted and agreed that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore, and the Securities will be

offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the Securities and Futures Act). Accordingly, the Initial Purchasers represent and agrees 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 document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

The Netherlands

The offer is not a public offering in The Netherlands. The notes may not be offered or sold to individuals or legal entities in The Netherlands unless (i) a prospectus relating to the offer is available to the public, which has been approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) or by the competent supervisory authority of another state that is a member of the European Union or party to the Agreement on the European Economic Area, as amended or (ii) an exception or exemption applies to the offer pursuant to Article 5:3 of The Netherlands Financial Supervision Act (*Wet op het financieel toezicht*) or Article 53 paragraph 2 or 3 of the Exemption Regulation of the Financial Supervision Act, for instance due to the offer targeting exclusively "qualified investors" (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of The Netherlands Financial Supervision Act.

Hong Kong

Each Initial Purchaser has represented, warranted and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances that do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance") or that do not constitute an offer to the public within the meaning of the Companies Ordinance; and (ii) 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 that 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 that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Japan

Each Initial Purchaser has represented, warranted and agreed that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as

amended; the "FIEL") and may not be offered or sold directly or indirectly, 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 organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Canada

Each Initial Purchaser has represented, warranted and agreed that (i) the Notes have not been and will not be registered under the laws of any province or territory of Canada, and (ii) the Notes may not be offered or sold in Canada or to, or for the benefit of, residents of Canada except to purchaser resident in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland which are an "accredited investor" as defined in National Instrument 45-106 *Prospectus and Registration Exemptions* or, as the case may be, a "permitted client" as defined in National Instrument 31-103 "*Registration Requirements, Exemptions and Ongoing Registrant Obligations*".

Other relationships

Certain of the Initial Purchasers 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 Initial Purchasers 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 Initial Purchasers, which, in the case of the Issuer, may include transactions relating to its 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 Initial Purchasers or their respective affiliates may own securities issued by the Guarantor. Such Initial Purchaser 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, some of whom include Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Inc., Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, UBS AG, Singapore Branch and Banca IMI S.p.A., who are also Initial Purchasers, or their affiliates.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

Each purchaser of the Notes and Guarantee, by accepting the delivery of this Offering Memorandum, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

1. it is purchasing the Notes and Guarantee for its own account or an account with respect to which it exercises sole investment discretion, and it and any such account (A)(i) is a "qualified institutional buyer" as defined in Rule 144A and (ii) is aware that the sale of the Notes and the Guarantee to it is being made in reliance on Rule 144A, or (B) is outside the United States (as defined in Regulation S);

2. it understands and acknowledges that the Notes and Guarantee are being offered only in a transaction not involving any public offering in the United States, within the meaning of the Securities Act, and the Notes and Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States except as set forth below;

3. it understands and agrees that if in the future it decides to offer, sell, resell, pledge or otherwise transfer any Notes or any beneficial interests in any Notes other than Notes represented by a Regulation S Global Note, such Notes may be offered, sold, resold, pledged or otherwise transferred only (A) by an initial investor (i) to the Issuer or to the Guarantor or any subsidiary thereof, (ii) so long as the Notes are eligible for resale pursuant to Rule 144A, to a person whom the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) that purchases for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act or (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available) (resales described in subclauses (i) through (iv) of this clause (A), "Permitted Resales"), or (B) by a subsequent investor, in a Permitted Resale or pursuant to any other available exemption from the registration requirements under the Securities Act (provided that, as a condition to the registration of transfer of any Notes otherwise than in a Permitted Resale, the Issuer or the Guarantor may require delivery of any documents or other evidence (including but not limited to an opinion of counsel) that it, in its sole discretion, may deem necessary or appropriate to evidence compliance with such exemption), or (C) pursuant to an effective registration statement under the Securities Act, and in each of such cases, in accordance with any applicable securities laws of any state of the United States and any other jurisdiction. It understands that no representation has been made as to the availability of Rule 144A or any other exemption under the Securities Act or any state securities laws for the offer, sale, resale, pledge or transfer of the Notes.

4. it agrees to, and each subsequent holder is required to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph 3 above, if then applicable;

5. it understands and agrees that (A) Notes initially offered in the United States to qualified institutional buyers will be represented by Rule 144A Global Notes and (B) that Notes offered outside the United States in reliance on Regulation S will be represented by Regulation S Global Notes;

6. it understands that the Rule 144A Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Guarantor:

   "THIS SECURITY AND THE GUARANTEE RELATED TO THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF BHARTI AIRTEL INTERNATIONAL NETHERLANDS B.V. (THE "ISSUER") AND BHARTI AIRTEL LIMITED (THE "GUARANTOR") THAT THIS SECURITY MAY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) BY AN INITIAL INVESTOR (AS DEFINED BELOW) (1) TO THE ISSUER OR TO THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) (RESALES DESCRIBED IN SUBCLAUSES (1) THROUGH (4) OF THIS CLAUSE (A), "PERMITTED RESALES"), OR (B) BY A SUBSEQUENT INVESTOR, IN A PERMITTED RESALE OR PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT (PROVIDED THAT, AS A CONDITION TO THE REGISTRATION OF TRANSFER OF ANY SECURITIES OTHERWISE THAN IN A PERMITTED RESALE, THE ISSUER OR THE GUARANTOR MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR OTHER EVIDENCE (INCLUDING BUT NOT LIMITED TO AN OPINION OF COUNSEL) THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION), OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144A UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES.

   FOR ALL PURPOSES OF THIS SECURITY, THE TERM "INITIAL INVESTOR" MEANS ANY PERSON WHO, IN CONNECTION WITH THE INITIAL DISTRIBUTION OF THIS SECURITY, ACQUIRES SUCH SECURITY FROM THE ISSUER OR THE INITIAL

PURCHASERS (AS SUCH TERM IS DEFINED IN THE INDENTURE) PARTICIPATING IN SUCH DISTRIBUTION OR ANY AFFILIATE OF ANY OF THE FOREGOING."

7. it understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any Notes represented by Regulation S Global Notes or any beneficial interest in any Notes represented by Regulation S Global Notes, such Notes may be resold, pledged or transferred only in accordance with the requirements of the legends set forth in paragraph 8 below;

8. it understands that the Notes represented by Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Guarantor:

   "THIS SECURITY AND THE GUARANTEE RELATED TO THIS SECURITY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED IN THE UNITED STATES, UNLESS SUCH SECURITIES AND GUARANTEE ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE.

9. it acknowledges that, prior to any proposed transfer of Notes in certificated form or of beneficial interests in Notes represented by a global certificate (in each case other than pursuant to an effective registration statement), the holder of Notes or the holder of beneficial interests in Notes represented by a global certificate, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Indenture; and

10. it acknowledges that the Issuer, the Guarantor and the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of such acknowledgments, representations or warranties deemed to have been made by it by its purchase of Notes are no longer accurate, it shall promptly notify the Issuer and the Guarantor, and if it is acquiring any Notes as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of transfer certificates) under the Indenture to effect exchanges of transfer of interests in Notes represented by a global certificate and of Notes in certificated form, see "Description of the Notes and Guarantee — Notes; Delivery and Form".

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for the Guarantor and the Issuer by Allen & Overy, the Guarantor's U.S. counsel and Allen & Overy LLP, the Guarantor's Netherlands counsel, as to matters of United States federal and New York State law and of Dutch law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Milbank, Tweed, Hadley & McCloy, the Initial Purchasers' U.S. counsel, as to matters of United States federal and New York State law, and by Axon Partners LLP, the Initial Purchasers' Indian counsel, as to matters of Indian law.

INDEPENDENT AUDITORS

The Annual Financial Statements of the Guarantor as of and for each of the fiscal years ended March 31, 2010, 2011 and 2012 and the Interim Financial Statements of the Guarantor as at and for each of the three and nine months ended December 31, 2012 included in this Offering Memorandum and as at and for each of the three and nine months ended December 31, 2011 have been audited by S.R. Batliboi & Associates, Chartered Accountants, as stated in their reports.

GENERAL INFORMATION

1. The creation and issue of the Notes has been authorized by resolutions of the Issuer's board of directors dated May 11, 2011.

2. The issue of the Guarantee has been authorized by the resolutions of the Guarantor's board of directors and the Guarantor's committee of directors of the board of directors dated May 4, 2011 and February 1, 2013, respectively.

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 position.

4. Save as disclosed in this Offering Memorandum, there has been no material change in the Guarantor's financial or trading position since December 31, 2012 and, since such date, save as disclosed in this Offering Memorandum, there has been no material adverse change in the Guarantor's financial position or prospects.

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 Principal Paying Agent or the offices of Allen & Overy at 9/F, Three Exchange Square, Central, Hong Kong 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 Indenture; and

(d) The Guarantor's audited consolidated financial statements for the years ended March 31, 2010, 2011 and 2012 and its audited financial statements for the three and nine months ended December 31, 2011 and 2012.

6. The Notes are expected to be accepted for clearance through Clearstream, Banking, Euroclear and DTC. The ISIN, Common Code and CUSIP for each of the Rule 144A Notes and the Regulation S Notes are as follows:

	Rule 144A Notes	Regulation S Notes
ISIN	US08861JAA79	USN1384FAA32
CUSIP	N1384F AA3	N1384F AA3
Common Code	089993563	089993555

7. Approval-in-principle has been received from the SGX-ST for the listing of the Notes on the Official List of the SGX-ST. The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Memorandum. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor or the Notes. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note is exchanged for Certificated Notes. In addition, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore.

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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 the Offering Memorandum.

BHARTI AIRTEL LIMITED AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements — IFRS

For the three months and nine months period ended December 31, 2012

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Golf View Corporate Tower-B
Sector-42, Sector Road
Gurgaon-122 002, Haryana, India
Tel : +91 124 464 4000
Fax : +91 124 464 4050

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 December 31, 2012, comprising of the consolidated statement of financial position as at December 31, 2012 and the related consolidated income statement and consolidated statement of comprehensive income for the three month and nine month period then ended, consolidated statement of changes in equity and consolidated statement of cash flows for the nine month period then ended and a summary of select 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(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 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.

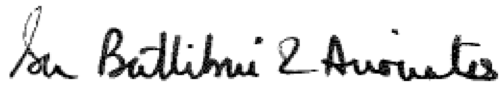
Emphasis of Matter

We draw attention to Note 17 (ii) (f) to the interim condensed consolidated financial statements which describes 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.

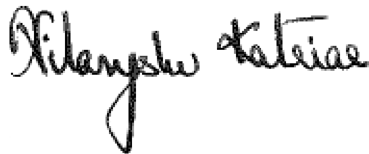
S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Other Matter

We did not audit the financial statements of a joint venture, included herein with the Company's share of total assets of Rs 69,014 million as at December 31, 2012, total revenue (including recovery of power and fuel charges) of Rs 14,125 million for the three month period and Rs 40,872 million for the nine month period then ended and cash outflows (net) of Rs 95 million for the nine month period 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.



For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants
Firm's Registration Number 101049W



per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: February 1, 2013

(Rupees Millions, except per share data)

	Notes	Three months period ended December 31, 2012	Three months period ended December 31, 2011	Nine months period ended December 31, 2012	Nine months period ended December 31, 2011
Revenue	6	202,395	184,767	598,628	527,214
Other operating income		142	311	358	456
Operating expenses	8	(140,698)	(125,494)	(415,152)	(352,876)
		61,839	**59,584**	**183,834**	**174,794**
Depreciation and amortisation		(39,005)	(35,845)	(115,136)	(98,998)
Profit from operating activities		**22,834**	**23,739**	**68,698**	**75,796**
Share of results of associates		-	(56)	(76)	(56)
Profit before finance income, finance cost and tax		**22,834**	**23,683**	**68,622**	**75,740**
Finance income		927	925	3,707	4,085
Finance costs		(14,246)	(8,802)	(35,456)	(31,698)
Profit before tax		**9,515**	**15,806**	**36,873**	**48,127**
Income tax expense	9	(6,675)	(5,585)	(19,267)	(15,626)
Net profit for the period		**2,840**	**10,221**	**17,606**	**32,501**
attributable to :					
Equity holders of the Parent		2,837	10,113	17,671	32,535
Non-controlling interests		3	108	(65)	(34)
Net profit		**2,840**	**10,221**	**17,606**	**32,501**
Earnings per share (In Rupees)					
Basic, profit attributable to equity holders of the Parent		0.75	2.66	4.66	8.57
Diluted, profit attributable to equity holders of the Parent		0.75	2.66	4.66	8.57

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

(Rupees Millions)

	Three months period ended December 31, 2012	Three months period ended December 31, 2011	Nine months period ended December 31, 2012	Nine months period ended December 31, 2011
Net profit for the period	**2,840**	**10,221**	**17,606**	**32,501**
Other comprehensive income				
Exchange differences on translation of foreign operations	3,583	(3,074)	(19,123)	(24,422)
Income tax effect	-	-	-	-
Other comprehensive income / (loss) for the period, net of tax	**3,583**	**(3,074)**	**(19,123)**	**(24,422)**
Total comprehensive income / (loss) for the period, net of tax	**6,423**	**7,147**	**(1,517)**	**8,079**
attributable to :				
Equity holders of the Parent	6,447	7,336	(1,572)	8,381
Non-controlling interests	(24)	(189)	55	(302)
Total comprehensive income / (loss)	**6,423**	**7,147**	**(1,517)**	**8,079**

The accompanying notes form an integral part of these interim condensed 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

Rajan Bharti Mittal
Director

Mukesh Bhavnani
Group General Counsel &
Company Secretary

per Nilangshu Katriar
Partner
Membership No: 58814

Sanjay Kapoor
CEO (India & South Asia)

Srikanth Balachandran
Global Chief Financial Officer

Place : Gurgaon
Date : February 1, 2013

(Rupees Millions)

	Notes	As of December 31, 2012	As of March 31, 2012
Assets			
Non-current assets			
Property, plant and equipment	10	687,660	674,932
Intangible assets	11	691,688	660,889
Investment in associates		-	24
Derivative financial assets		3,812	2,756
Other financial assets		16,712	17,086
Other non - financial assets		19,992	15,568
Deferred tax asset		58,685	51,277
		1,478,549	**1,422,532**
Current assets			
Inventories		1,252	1,308
Trade and other receivables		68,873	63,735
Derivative financial assets		1,684	2,137
Prepayments and other assets		37,670	32,621
Income tax recoverable		11,584	9,049
Short term investments		68,963	18,132
Other financial assets		13,166	802
Cash and cash equivalents	12	27,085	20,300
		230,277	**148,084**
Total assets		**1,708,826**	**1,570,616**
Equity and liabilities			
Equity			
Issued capital		18,988	18,988
Treasury shares		(720)	(282)
Share premium		56,499	56,499
Retained earnings		408,941	395,682
Foreign currency translation reserve		(25,269)	(6,026)
Other components of equity	14	57,835	41,252
Equity attributable to equity holders of parent		**516,274**	**506,113**
Non-controlling interest		41,981	27,695
Total equity		**558,255**	**533,808**
Non-current liabilities			
Borrowings	13	603,302	497,154
Deferred revenue		9,444	2,892
Provisions		8,766	7,240
Derivative financial liabilities		657	401
Deferred tax liability		15,029	11,621
Other financial liabilities		26,082	23,076
Other non - financial liabilities		3,574	5,551
		666,854	**547,935**
Current liabilities			
Borrowings	13	140,805	193,078
Deferred revenue		38,443	43,282
Provisions		1,637	1,290
Other non - financial liabilities		17,863	10,811
Derivative financial liabilities		491	166
Income tax liabilities		5,176	7,596
Trade & other payables		279,302	232,650
		483,717	**488,873**
Total liabilities		**1,150,571**	**1,036,808**
Total equity and liabilities		**1,708,826**	**1,570,616**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

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Membership No: 58814

Sanjay Kapoor
CEO (India & South Asia)

Srikanth Balachandran
Global Chief Financial Officer

Place : Gurgaon
Date : February 1, 2013

Interim consolidated statement of changes in equity

(Rupees Millions, except as stated otherwise)

	Attributable to equity holders of the Parent									
	No of shares (in '000) (Note 14)	Share capital (Note 14)	Treasury shares (Note 14)	Share premium	Retained earnings	Foreign currency translation reserve (Note 14)	Other components of equity (Note 14)	Total	Non controlling interest	Total equity
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 period	-	-	-	-	32,535	-	-	32,535	(34)	32,501
Other comprehensive income / (loss)	-	-	-	-	-	(24,154)	-	(24,154)	(268)	(24,422)
Total comprehensive income / (loss)	-	-	-	-	32,535	(24,154)	-	8,381	(302)	8,079
Share based compensation	-	-	-	-	-	-	695	695	32	727
Reclassification to provision for payment of stock options (ref note 14)	-	-	-	-	-	-	(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	-	-	466	-	-	-	(301)	165	-	165
Transaction with non-controlling interest (ref note 7)	-	-	-	-	-	-	(100)	(100)	100	-
Change in non-controlling interest arising on a business combination (primarily on account of acquisition referred in note 7)	-	-	-	-	-	-	-	-	(715)	(715)
Dividend paid to Company's shareholders (refer note 14)	-	-	-	-	(4,411)	-	-	(4,411)	-	(4,411)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(157)	(157)
Others (ref note 7)	-	-	-	-	-	-	-	-	263	263
As of December 31, 2011	3,797,531	18,988	(346)	56,499	385,623	(10,136)	41,105	491,733	27,764	519,497
Net income / (loss) for the period	-	-	-	-	10,059	-	-	10,059	21	10,080
Other comprehensive income / (loss)	-	-	-	-	-	4,110	-	4,110	(98)	4,012
Total comprehensive income / (loss)	-	-	-	-	10,059	4,110	-	14,169	(77)	14,092
Share based compensation	-	-	-	-	-	-	189	189	8	197
Receipt on exercise of share options	-	-	64	-	-	-	(42)	22	-	22
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 period	-	-	-	-	17,671	-	-	17,671	(65)	17,606
Other comprehensive income / (loss)	-	-	-	-	-	(19,243)	-	(19,243)	120	(19,123)
Total comprehensive income / (loss)	-	-	-	-	17,671	(19,243)	-	(1,572)	55	(1,517)
Share based compensation	-	-	-	-	-	-	249	249	12	261
Reclassification to provision for payment of stock option (ref note 14)	-	-	-	-	-	-	(3)	(3)	-	(3)
Purchase of treasury shares from market	-	-	(762)	-	-	-	-	(762)	-	(762)
Receipt on exercise of share options	-	-	324	-	-	-	(267)	57	-	57
Transaction with non-controlling interest (ref note 27)	-	-	-	-	-	-	16,604	16,604	(16,604)	-
Proceeds from issuance of equity shares to non - controlling interest (refer note 27)	-	-	-	-	-	-	-	-	32,303	32,303
Share issue expenses (net of tax) (refer note 27)	-	-	-	-	-	-	-	-	(451)	(451)
Dividend paid to Company's shareholders (refer note 14)	-	-	-	-	(4,412)	-	-	(4,412)	-	(4,412)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(1,029)	(1,029)
As of December 31, 2012	3,797,531	18,988	(720)	56,499	408,941	(25,269)	57,835	516,274	41,981	558,255

The accompanying notes form an integral part of these interim condensed 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

Rajan Bharti Mittal
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Sanjay Kapoor
CEO (India & South Asia)

Srikanth Balachandran
Global Chief Financial Officer

Place : Gurgaon
Date : February 1, 2013

		(Rupees Millions)
	Nine months period ended December 31, 2012	**Nine months period ended December 31, 2011**
Cash flows from operating activities		
Profit before tax	**36,873**	**48,127**
Adjustments for -		
Depreciation and amortization	115,136	98,998
Finance income	(3,707)	(4,085)
Finance cost	35,456	31,698
Share of results of associates	76	56
Amortization of stock based compensation	261	586
Other non-cash items	425	1,294
Operating cash flow before changes in assets and liabilities	**184,520**	**176,674**
Trade & other receivables and prepayments	(9,976)	(13,589)
Inventories	98	206
Trade and other payables	29,928	32,570
Provisions	876	218
Other financial and non financial liabilities	740	5,474
Other financial and non financial assets	(1,959)	(2,375)
Cash generated from operations	**204,227**	**199,178**
Interest received	1,017	385
Income tax paid	(25,537)	(20,474)
Net cash inflow from operating activities	**179,707**	**179,089**
Cash flows from investing activities		
Purchase of property, plant and equipment	(98,778)	(107,018)
Proceeds from sale of property, plant and equipment	1,392	890
Purchase of intangible assets	(3,460)	(4,990)
Short term investments (net)	(48,324)	(22,409)
Investment in subsidiary, net of cash acquired (refer note 7)	-	(24,985)
Investment in associate / joint venture (refer note 7)	(5,902)	(98)
Loan to associates	(100)	(122)
Loan repayment received from associates	-	210
Net cash outflow from investing activities	**(155,172)**	**(158,522)**
Cash flows from financing activities		
Proceeds from borrowings	233,974	117,806
Repayment of borrowings	(246,514)	(102,578)
Short term borrowings (net)	(2,028)	(3,240)
Purchase of treasury shares	(762)	(544)
Interest paid	(31,964)	(25,100)
Proceeds from exercise of share options	57	165
Dividend paid (including tax) to Company's shareholders (refer note 14)	(4,412)	(4,411)
Dividend paid (including tax) to non - controlling interests	(1,029)	(157)
Proceeds from issuance of equity shares to non - controlling interests (refer note 27)	32,303	-
Share issue expenses (refer note 27)	(646)	
Net cash inflow/ (outflow) from financing activities	**(21,021)**	**(18,059)**
Net increase/ (decrease) in cash and cash equivalents during the period	**3,514**	**2,508**
Effect of exchange rate changes on cash and cash equivalents	(1,487)	(187)
Add : Balance as at the beginning of the period	8,037	6,008
Balance as at the end of the period (refer note 12)	**10,064**	**8,329**

The accompanying notes form an integral part of these interim condensed 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

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Srikanth Balachandran
Global Chief Financial Officer

Place : Gurgaon
Date : February 1, 2013

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 20.

The services provided by the Group are disclosed in Note 6 under segment reporting.

The Group's principal shareholders as of December 31, 2012 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, 2012.

The consolidated financial statements were authorized for issue by the Board of Directors on February 1, 2013.

The preparation of the consolidated financial statements requires management to make judgements, 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 as disclosed in note 4.2 (a), "Impairment reviews" and for the following amendments to the Standards effective from the current period.

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.

4. Significant accounting judgements, 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 accompanying disclosures and the disclosure of contingent liabilities. 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 judgements 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, 2012, except for the following judgements, estimates and assumptions made during the period:

4.1 Critical judgments in applying the Group's accounting policies

a) 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 recognises 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

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 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.

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) Property, plant and equipment

During the nine months period ended December 31, 2012, the Group based on the reassessment of useful life of certain assets and their redeployment plan has revised the average remaining useful life in respect of those assets which has resulted in additional depreciation charge of Rs. 430 Mn and Rs. 1,299 Mn for the three months and nine months period ended December 31, 2012, respectively. The above change will also result in higher depreciation by Rs. 140 Mn, Rs. 110 Mn and Rs. 34 Mn for the three months period ending March 31, 2013, financial year ending March 31, 2014 and financial year ending March 31, 2015, respectively.

Effective October 1, 2012, the Group, changed the estimation basis for provisioning of aged capital inventory in one its Operations to make it reflective of the capital asset usage cycle of that operation. The revised basis of estimation is consistent with the estimation policy followed by the Group in other operations. Had the Group followed the earlier policy , the provision for capital inventory would have been higher by Rs. 839 Mn during the three months and nine months period ended December 31, 2012.

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5. Standards issued but not yet effective up to the date of issuance of the Group's financial statements

The following new standards, interpretations, other amendments and improvements 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/interpretations, and has not yet determined the impact on the consolidated financial statements.

S. No.	Standards/ Interpretations/ Amendments	Month of Issue	Effective date - annual periods beginning on or after
1	IFRS 9, "Financial Instruments"	November, 2009	January 1, 2015
2	IFRS 10, "Consolidated Financial Statements"	May, 2011	January 1, 2013
3	IFRS 11, "Joint Arrangements"	May, 2011	January 1, 2013
4	IFRS 12, "Disclosure of Interests in other entities"	May, 2011	January 1, 2013
5	Amendment to IAS 27, "Consolidated and Separate Financial Statements"	May, 2011	January 1, 2013
6	IAS 28 (Revised), "Investments in Associates and joint ventures"	May, 2011	January 1, 2013
7	IFRS 13, "Fair Value Measurement"	May, 2011	January 1, 2013
8	Amendment to IAS 1, "Presentation of Financial Statements"	June, 2011	July 1, 2012
9	Amendment to IAS 19, "Employee Benefits"	June, 2011	January 1, 2013
10	IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine"	October, 2011	January 1, 2013
11	Amendment to IAS 32, "Financial Instruments : Presentation"	December, 2011	January 1, 2014
12	Amendment to IFRS 7, "Financial Instruments: Disclosures"	December, 2011	January 1, 2013
13	Amendment to IFRS 1, "*First time adoption of International Financial Reporting Standards*"	March, 2012	January 1, 2013
14	Annual Improvements	May, 2012	January 1, 2013
15	Amendment to IFRS 10, "Consolidated Financial Statements"	June, 2012	January 1, 2013
16	Amendment to IFRS 11, "Joint Arrangements"	June, 2012	January 1, 2013
17	Amendment to IFRS 12, "Disclosure of Interests in other entities"	June, 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 Chairman and Managing Director 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)'. Accordingly, previous periods' / year's segment figures have been regrouped/ rearranged.

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: These services include setting up, operating and maintaining wireless communication towers.

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 are 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.

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Summary of the segmental information as of and for the three months period ended December 31, 2012 is as follows:

(Rupees Millions)

Description	Mobile Services India & South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	103,794	60,787	8,610	10,907	4,267	14,015	15	-	-	202,395
Inter segment revenue	5,570	907	956	3,312	13	12,335	806	-	(23,899)	-
Total revenues	**109,364**	**61,694**	**9,566**	**14,219**	**4,280**	**26,350**	**821**	**-**	**(23,899)**	**202,395**
Segment result	16,713	4,406	1,642	888	(1,828)	4,200	(172)	(3,021)	6	22,834
Share of profits / (loss) in associates										-
Finance income										927
Finance costs										(14,246)
Earnings before taxation										**9,515**
Other segment items										
Period capital expenditure	(9,102)	(9,148)	(2,346)	(3,438)	(1,370)	(4,066)	(1)	(335)	3,931	(25,875)
Depreciation and amortisation	(16,371)	(11,978)	(2,523)	(1,409)	(1,975)	(5,561)	(9)	(173)	994	(39,005)
As of December 31, 2012										
Segment assets	806,670	701,322	98,962	106,965	23,036	256,060	1,921	171,508	(457,618)	1,708,826
Segment liabilities	198,124	135,909	59,531	44,498	49,203	57,168	1,815	1,061,905	(457,582)	1,150,571

Summary of the segmental information for the three months period ended December 31, 2011 and segment assets and segment liabilities as of March 31, 2012 is as follows:

(Rupees Millions)

Description	Mobile Services India & South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	97,677	53,847	8,234	8,836	3,317	12,856	-	-	-	184,767
Inter segment revenue	4,087	(270)	894	3,045	10	11,537	680	-	(19,983)	-
Total revenues	**101,764**	**53,577**	**9,128**	**11,881**	**3,327**	**24,393**	**680**	**-**	**(19,983)**	**184,767**
Segment result	20,176	2,999	1,287	713	(1,955)	3,758	(8)	(3,233)	2	23,739
Share of profits / (loss) in associates										(56)
Finance income										925
Finance costs										(8,802)
Earnings before taxation										**15,806**
Other segment items										
Period capital expenditure	(7,096)	(13,506)	(1,737)	(1,459)	(1,542)	(2,469)	(639)	(66)	2,765	(25,749)
Depreciation and amortisation	(14,253)	(11,353)	(2,257)	(1,295)	(2,045)	(5,352)	-	(104)	814	(35,845)
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	886,427	(413,325)	1,036,808

Summary of the segmental information as of and for the nine months period ended December 31, 2012 is as follows:

(Rupees Millions)

Description	Mobile Services India & South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	311,999	177,722	25,672	30,434	11,836	40,940	25	-	-	598,628
Inter segment revenue	15,383	2,070	2,865	9,625	39	35,025	2,608	-	(67,615)	-
Total revenues	**327,382**	**179,792**	**28,537**	**40,059**	**11,875**	**75,965**	**2,633**	**-**	**(67,615)**	**598,628**
Segment result	52,163	12,208	4,778	2,249	(6,321)	11,710	(464)	(7,689)	64	68,698
Share of profits / (loss) in associates										(76)
Finance income										3,707
Finance costs										(35,456)
Earnings before taxation										**36,873**
Other segment items										
Period capital expenditure	(49,428)	(28,073)	(6,024)	(5,265)	(6,266)	(14,065)	(159)	(2,814)	6,369	(105,725)
Depreciation and amortisation	(47,708)	(35,513)	(7,236)	(4,159)	(6,477)	(16,415)	(27)	(372)	2,771	(115,136)
As of December 31, 2012										
Segment assets	806,670	701,322	98,962	106,965	23,036	256,060	1,921	171,508	(457,618)	1,708,826
Segment liabilities	198,124	135,909	59,531	44,498	49,203	57,168	1,815	1,061,905	(457,582)	1,150,571

Summary of the segmental information for the nine months period ended December 31, 2011 and segment assets and segment liabilities as of March 31, 2012 is as follows:

(Rupees Millions)

Description	Mobile Services India & South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	285,778	144,110	25,520	24,714	9,365	37,727	-	-	-	527,214
Inter segment revenue	12,217	283	2,592	8,618	30	33,199	2,364	-	(59,303)	-
Total revenues	**297,995**	**144,393**	**28,112**	**33,332**	**9,395**	**70,926**	**2,364**	**-**	**(59,303)**	**527,214**
Segment result	60,806	9,038	5,632	2,448	(5,254)	10,711	(15)	(7,558)	(12)	75,796
Share of profits / (loss) in associates										(56)
Finance income										4,085
Finance costs										(31,698)
Earnings before taxation										**48,127**
Other segment items										
Period capital expenditure	(32,169)	(59,913)	(6,550)	(4,619)	(7,220)	(10,366)	(1,403)	(182)	4,887	(117,535)
Depreciation and amortisation	(40,164)	(28,769)	(6,427)	(4,234)	(5,510)	(15,886)	-	(400)	2,392	(98,998)
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	886,427	(413,325)	1,036,808

(Rupees Millions)

	As of December 31, 2012	As of March 31, 2012
Unallocated Assets comprise of :		
Derivative financial assets	5,496	4,893
Deferred tax asset	58,685	51,277
Income tax recoverable	11,584	9,049
Intersegment loans/ receivables	50,974	130,334
Short term investments	21,348	6,615
Others	23,421	14,685
Total	**171,508**	**216,853**

(Rupees Millions)

	As of December 31, 2012	As of March 31, 2012
Unallocated Liabilities comprise of :		
Borrowings	744,107	690,232
Derivative financial liabilities	1,148	567
Deferred tax liability	15,029	11,621
Income tax liabilities	5,176	7,596
Intersegment loans/ payables	282,838	169,454
Others	13,607	6,957
	1,061,905	**886,427**

Borrowings include amount borrowed for the acquisition of 3G and BWA Licenses Rs. 52,225 Mn and Rs. 61,117 Mn and for funding the acquisition of Africa operations and other borrowings of Africa operations Rs. 532,385 Mn (USD 9.72 bn) and Rs. 508,113 Mn (USD 9.93 bn) as of December 31, 2012 and March 31, 2012, respectively.

7. Business Combination/ Disposal of subsidiary/ Other acquisitions

a) Acquisition of 49% 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, Bharti Airtel Limited has acquired 49% stake for a consideration of Rs 9,281 million (USD 165 million) 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% equity interest from its existing shareholders and balance 23% by way of subscription of fresh equity in the referred entities.

During the three months period ended June 30, 2012, 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 filed 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, Bharti 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 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 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.

	(Rupees Millions)
	As determined on the date of acquisition
Purchase consideration	
Cash * (A)	7,645
Acquisition related cost (included in Selling, general and administrative expenses in the interim consolidated income statement)	1
Recognised 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	
Non Current liabilities	(1,538)
Current liabilities	(26,269)
Net Identifiable assets (B)	6,470
Goodwill (A-B)	**1,175**

* *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.*

None of the goodwill recognized is deductible for income tax purposes.

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. 33 Mn and Rs. 141 Mn to the consolidated net profit before tax of the Group, for the three months and nine months period ended December 31, 2012, 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

(Rupees Millions)	Total
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 Rs. 2,380 Mn of the capital subscribed*

b) Acquisition of 100% 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% 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.

(Rupees Millions)

	As determined as of June 7, 2011	As determined as of March 31, 2011	As determined on the date of acquisition
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 interim consolidated income statement)	1,417	1,417	1,417

Recognised amount of Identifiable assets acquired and liabilities assumed

(Rupees Millions)

	As determined as of June 7, 2011	As determined as of March 31, 2011	As determined on the date of acquisition
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 Rs. 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 Rs. 17,077 Mn, increase in provisional fair valuation of intangible assets by Rs. 16,898 Mn and balance decrease of Rs. 1,197 Mn is on account of change in fair valuation of other assets and liabilities (including reduction in non controlling interest by Rs. 752 Mn). These have resulted in net reduction in goodwill by Rs. 9,845 Mn. Net depreciation and amortization expense (net of tax and non-controlling interest) of Rs. 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, during the three months period ended December 31, 2011, the Group has identified certain errors post the acquisition date resulting into further reduction of Goodwill by Rs. 1,708 Mn (including reduction in deferred consideration by Rs. 211 Mn and net of non-controlling interest of Rs. 263 Mn) from Rs. 339,408 Mn to Rs. 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 purpose.

The details of receivables acquired through business combination are as follows:

(Rupees Millions)

	Fair Value	Gross Contractual amount of Receivable	Best estimate of amount not expected to be collected
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

(Rupees Millions)

	Three months period ended June 30, 2011	Year ended March 31, 2011
Cash consideration paid (at exchange rate on the date of payment, including foreign exchange gain of Rs. 1,369 Mn for the three months period ended June 30, 2011 & Rs. 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 for 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 Rs. 511 Mn was incurred during the year ended March 31, 2010.

c) Acquisition of 100% 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% equity interest in Airtel (Seychelles) Limited on August 23, 2010 for Rs. 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 December 31, 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.

	(Rupees Millions) As determined on the date of acquisition & as of August 26, 2011
Purchase consideration	
Cash (A)	2,903

Recognised amount of Identifiable assets acquired and liabilities assumed	As determined as of March 31, 2011, and August 26, 2011	(Rupees Millions) As determined on the date of acquisition
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.

The details of receivables acquired through business combination are as follows:

(Rupees Millions)

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
Accounts Receivable	212	212	-

(Rupees Millions)

	Year ended March 31, 2011
Analysis of cash flows on acquisition	
Cash consideration paid	2,903
Net cash acquired with the subsidiary	(53)
Investment in subsidiary, net of cash acquired (A)	2,850
(included in cash flows from investing activities)	
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) Acquisition of additional interest in Celtel Zambia Plc

On December 17, 2010, the Group acquired 17.47% of the voting shares of Celtel Zambia Plc increasing its ownership to 96.36%. A cash consideration of Rs. 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 Rs. 8,479 Mn and the carrying value of the additional interest acquired was Rs. 1,481 Mn. The difference of Rs. 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 Rs. 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.

e) Acquisition of additional interest in Airtel Networks Kenya Limited

On February 24, 2011, the Group acquired 5% of the voting shares of Airtel Networks Kenya Limited increasing its ownership to 100%. A cash consideration of Rs. 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 Rs. 662 Mn and the carrying value of the additional interest acquired was Rs. 33 Mn. The difference of Rs. 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 Rs. 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.

f) Disposal of controlling interest in Aero Ventures Limited, Mauritius

On July 8, 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 Rs. 1,514 Mn (USD 30.21 Mn), conversion of interest receivable of Rs. 6 Mn (USD 0.12 Mn) and payment of Rs. 984 Mn (USD 19.64 Mn) in cash.

On March 20, 2012, the entire holding in AVL was sold for Rs. 2,543 Mn (USD 50.60 Mn) resulting in gain of Rs. 13 Mn (USD 0.27 Mn), (net of transaction costs of Rs. 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 Rs. 2,505 Mn (USD 49.84 Mn) and cash and cash equivalents of Rs. 18 thousands (USD 0.36 thousands) on the date of disposal.

8. Operating expenses

	Three months period ended December 31, 2012	Three months period ended December 31, 2011	Nine months period ended December 31, 2012	Nine months period ended December 31, 2011
Access charges	29,157	26,234	85,728	71,703
Licence fees, revenue share and spectrum charges	16,784	15,435	49,553	44,881
Network operations cost	48,461	40,669	140,183	116,015
Employee costs	10,211	8,505	29,250	26,442
Selling, general and adminstrative expenses	35,991	34,485	110,114	93,464
Charity & donations	94	166	324	371
	140,698	**125,494**	**415,152**	**352,876**

Selling, general and administrative expenses include following:

(Rupees Millions)

	Three months period ended December 31, 2012	Three months period ended December 31, 2011	Nine months period ended December 31, 2012	Nine months period ended December 31, 2011
Trading inventory consumption	3,413	2,526	8,827	7,339
Dimunition in value of inventory	432	58	451	402
Provision for doubtful debts	1,046	1,101	3,972	3,153

9. Income taxes

The major components of the income tax expense are:

	Three months period ended December 31, 2012	Three months period ended December 31, 2011	Nine months period ended December 31, 2012	Nine months period ended December 31, 2011
Current tax expense	5,707	6,981	22,014	19,684
Deferred tax income	968	(1,396)	(2,747)	(4,058)
	6,675	5,585	19,267	15,626

During the three months and nine months period ended December 31, 2012, the Group, for the first time, has recognized deferred tax asset of Rs. Nil (December 31, 2011 : Rs. Nil) and Rs. Nil (December 31, 2011 : Rs. 2,455 Mn), respectively, on carry forward unused tax losses in respect of its 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 three months and nine months period ended December 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 credit of Rs 410 Mn pertaining to earlier years and Rs 107 Mn pertaining to the period April 1, 2012 to September 30, 2012 has been reduced during the three months and nine months period ended December 31, 2012.

During the three months and nine months period ended December 31, 2012, the Group has recognized additional deferred tax charge of Rs. 586 Mn on account of decrease in carried forward deferred tax assets for one of it’s overseas subsidiary due to change in tax rate from 40% to 35% effective January 1, 2012.

10. 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, 2011	**17,893**	**823,005**	**42,741**	**48,234**	**931,873**
Additions	643	-	5,593	105,343	111,579
Adjustments relating to Fair value remeasurement ^	-	(16,723)	-	(354)	(17,077)
Disposals	(1,299)	(4,424)	(987)	-	(6,710)
Currency translation	511	14,192	1,162	6,784	22,649
Reclassification / adjustment	(563)	93,802	(702)	(92,075)	462
As of December 31, 2011	**17,185**	**909,852**	**47,807**	**67,932**	**1,042,776**
Additions	535	-	2,841	20,686	24,062
Disposals	(60)	(2,488)	(201)	(2,505) *	(5,254)
Currency translation	(95)	(5,980)	(536)	(1,499)	(8,110)
Reclassification / adjustment	219	39,794	-	(40,475)	(462)
As of March 31, 2012	**17,784**	**941,178**	**49,911**	**44,139**	**1,053,012**
Additions	2,392	-	7,074	90,587	100,053
Disposals	(49)	(4,220)	(1,696)	-	(5,965)
Currency translation	(144)	9,261	(596)	1,019	9,540
Reclassification / adjustment	891	86,991	9,527	(97,826)	(417)
As of December 31, 2012	**20,874**	**1,033,210**	**64,220**	**37,919**	**1,156,223**
Accumulated Depreciation					
As of April 1, 2011	**3,564**	**249,102**	**27,781**	**-**	**280,447**
Charge	4,150	66,160	6,560	-	76,870
Disposals	(241)	(3,030)	(870)	-	(4,141)
Currency translation	(41)	(1,970)	40	-	(1,971)
Reclassification / adjustment	(219)	903	(495)	-	189
As of December 31, 2011	**7,213**	**311,165**	**33,016**	**-**	**351,394**
Charge	530	25,833	2,193	-	28,556
Disposals	(56)	(1,838)	(213)	-	(2,107)
Currency translation	3,567	(3,097)	(44)	-	426
Reclassification / adjustment	(3,463)	4,079	(805)	-	(189)
As of March 31, 2012	**7,791**	**336,142**	**34,147**	**-**	**378,080**
Charge	1,173	86,112	7,720	-	95,005
Disposals	(30)	(2,837)	(1,454)	-	(4,321)
Currency translation	348	424	(647)	-	125
Reclassification / adjustment	(4,141)	(4,731)	8,546	-	(326)
As of December 31, 2012	**5,141**	**415,110**	**48,312**	**-**	**468,563**
Net Carrying Amount					
As of April 1, 2011	14,329	573,903	14,960	48,234	651,426
As of December 31, 2011	9,972	598,687	14,791	67,932	691,382
As of March 31, 2012	9,993	605,036	15,764	44,139	674,932
As of December 31, 2012	15,733	618,100	15,908	37,919	687,660

^ Refer note 7 (b)

* Refer note 7 (f)

11. Intangible assets

(Rupees Millions)

Particulars	Goodwill	Software	Bandwidth	License	Other acquired intangibles	Total
Cost						
As of April 1, 2011	**390,687**	**6,823**	**6,075**	**251,993**	**15,152**	**670,730**
Additions	-	2,004	1,293	2,613	46	5,956
Adjustments relating to Fair value remeasurement ^	(11,553)	-	-	12,932	3,966	5,345
Disposals	-	(12)	-	-	(48)	(60)
Currency translation	42,340	39	492	(3,376)	14,936	54,431
Reclassification / adjustment	-	5	-	13,491	(13,773)	(277)
As of December 31, 2011	**421,474**	**8,859**	**7,860**	**277,623**	**20,309**	**736,125**
Additions	-	529	1,441	411	(0)	2,381
Currency translation	(11,277)	(25)	136	(3,437)	(837)	(15,440)
Reclassification / adjustment	-	(26)	3	(13)	313	277
As of March 31, 2012	**410,197**	**9,337**	**9,440**	**274,584**	**19,785**	**723,343**
Additions	-	2,059	337	3,265	11	5,672
Acquisition through Business Combinations	1,175	-	-	28,812	-	29,987
Disposals	-	(7)	-	-	-	(7)
Currency translation	11,913	71	308	5,167	(289)	17,170
Reclassification / adjustment *	-	11	(1,410)	(35)	(216)	(1,650)
As of December 31, 2012	**423,285**	**11,471**	**8,675**	**311,793**	**19,291**	**774,515**
Accumulated amortisation						
As of April 1, 2011	**-**	**2,807**	**841**	**16,422**	**10,706**	**30,776**
Charge	-	1,602	343	14,074	6,110	22,129
Disposals	-	2	(65)	-	(47)	(110)
Currency translation	-	39	124	(3,882)	5,694	1,975
Reclassification / adjustment	-	5	-	1,719	(1,727)	(3)
As of December 31, 2011	**-**	**4,455**	**1,243**	**28,333**	**20,736**	**54,767**
Charge	-	653	128	4,594	751	6,126
Disposals	-	(5)	65	-	9	69
Currency translation	-	(26)	(61)	(437)	(624)	(1,148)
Reclassification / adjustment	-	(16)	-	4,220	(4,201)	3
As of March 31, 2012	**-**	**5,061**	**1,375**	**36,710**	**16,671**	**59,817**
Charge	-	2,074	460	15,225	2,372	20,131
Currency translation	-	73	23	732	(255)	573
Reclassification / adjustment	-	92	7	(234)	(196)	(331)
As of December 31, 2012	**-**	**7,300**	**1,865**	**52,433**	**18,592**	**80,190**
Accumulated impairment						
As of April 1, 2011	**2,637**	**-**	**-**	**-**	**-**	**2,637**
As of December 31, 2011	**2,637**	**-**	**-**	**-**	**-**	**2,637**
As of March 31, 2012	**2,637**	**-**	**-**	**-**	**-**	**2,637**
As of December 31, 2012	**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 December 31, 2011	418,837	4,404	6,617	249,290	(427)	678,721
As of March 31, 2012	407,560	4,276	8,065	237,874	3,114	660,889
As of December 31, 2012	420,648	4,171	6,810	259,360	699	691,688

^ Refer note 7 (b)

* Reclassification adjustment of Rs. 1,410 Mn in Bandwidth gross block pertains to inter-company transactions elimination, which has been adjusted in the current period.

12. Cash and cash equivalents

(Rupees Millions)

	As of December 31, 2012	As of March 31, 2012
Cash and bank balances	18,501	11,581
Fixed deposits with banks	8,584	8,719
	27,085	**20,300**

For the purpose of the consolidated cash flow statement, cash and cash equivalent comprise of following:-

(Rupees Millions)

	As of December 31, 2012	As of December 31, 2011
Cash and bank balances	18,501	12,289
Fixed deposits with banks	8,584	6,274
Less :- Bank overdraft (refer note 13.2)	(17,021)	(10,234)
	10,064	**8,329**

13. Borrowings

13.1 Long term debts

(Rupees Millions)

	As of December 31, 2012	As of March 31, 2012
Secured		
Term loans *	125,257	109,928
Others	21	31
Total	**125,278**	**109,959**
Less: Current portion	(13,811)	(13,964)
Total secured loans, net of current portion	**111,467**	**95,995**
Unsecured		
Term loans	524,478	501,201
Total	**524,478**	**501,201**
Less: Current portion	(32,643)	(100,042)
Total unsecured loans, net of current portion	**491,835**	**401,159**
Total	**603,302**	**497,154**

*Includes loan of Rs. 7,504 Mn on which charge over underlying assets is yet to be created.

13.2 Short term debts and current portion of long term debts

(Rupees Millions)

	As of December 31, 2012	As of March 31, 2012
Secured		
Term loans	10,390	6,036
Bank overdraft	6,040	4,898
Total	**16,430**	**10,934**
Add: Current portion of long term debts	13,811	13,964
Total secured loans, including current portion	**30,241**	**24,898**
Unsecured		
Term Loans	53,979	60,773
Non -convertible debentures	12,961	-
Bank overdraft	10,981	7,365
Total	**77,921**	**68,138**
Add: Current portion of long term debts	32,643	100,042
Total unsecured loans, including current portion	**110,564**	**168,180**
Total	**140,805**	**193,078**

13.3 The group borrowed Rs. 233,974 Mn and Rs. 117,806 Mn during the nine months period ended December 31, 2012 and December 31, 2011, respectively. The Group repaid borrowings of Rs. 246,514 Mn and Rs. 102,578 Mn during the nine months period ended December 31, 2012 and December 31, 2011, respectively. Other short term borrowings (net repayment) (maturity upto three months) amounted to Rs. 2,028 Mn and Rs. 3,240 Mn during the nine months period ended December 31, 2012 and December 31, 2011, respectively.

13.4 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 Rs 1,096 Mn and Rs 4,279 Mn as of December 31, 2012 and March 31, 2012, respectively, from non-current borrowing to current borrowing. The total outstanding balance of the loan is Rs 1,096 Mn and Rs 6,477 Mn as of December 31, 2012 and March 31, 2012, respectively.

14. Equity

(i) Shares

(Rupees Millions)

	As of December 31, 2012	As of March 31, 2012
Authorised shares		
5,000,000,000 (March 31, 2012 - 5,000,000,000) equity shares of Rs 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 Rs 5 each	18,988	18,988
Treasury shares		
4,144,661 (March 31, 2012- 2,456,750) equity shares of Rs 5 each	(720)	(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 December 31, 2012, March 31, 2012 and December 31, 2011 is Rs. 5,175 Mn, Rs. 5,196 Mn and Rs. 5,049 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 Rs. 144 Mn, Rs. 141 Mn and Rs. 141 Mn as of December 31, 2012, March 31, 2012 and December 31, 2011 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.

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 December 31, 2012, March 31, 2012 and December 31, 2011 is Rs. Nil, Rs. Nil and Rs. Nil, 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% 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 December 31, 2012, March 31, 2012 and December 31, 2011 is Rs. Nil, Rs. Nil and Rs. Nil, 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 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 December 31, 2012, March 31, 2012 and December 31, 2011 is Rs. 52,660 Mn, Rs. 36,056 Mn and 36,056 respectively.

(refer note 27).

(iii) Dividends paid and proposed

	Nine months period ended December 31, 2012	Year ended March 31, 2012	Nine months period ended December 31, 2011
Declared and paid during the period:			
Final dividend for 2011-12 : Re 1 per share of Rs 5 each	4,412	-	-
Dividend on treasury shares	2	-	-
(include dividend distribution tax of Rs. 616 Mn)			
Final dividend for 2010-11 : Re 1 per share of Rs 5 each	-	4,411	4,411
Dividend on treasury shares	-	3	3
(include dividend distribution tax of Rs. 616 Mn)			
Proposed for approval at the annual general meeting (not recognised as a liability):			
Final dividend for 2011-12 : Re 1 per share of Rs 5 each	-	3,798	-
Dividend distribution tax	-	616	-
	-	**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 had 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 Rs. Nil and Rs. Nil have been recognized in profit or loss for the three months and nine months period ended December 31, 2012 (Exchange loss of Rs. Nil and Rs. 732 Mn for the three months and nine months period ended December 31, 2011). Exchange loss of Rs. 155 Mn and Rs. 1,449 Mn have been recognized in other comprehensive income for the three months and nine months period ended December 31, 2012 (Exchange loss of Rs. 2,358 Mn and Rs. 247 Mn for the three months and nine months period ended December 31, 2011).

During the nine months period ended December 31, 2012, the Group after considering the long term funding requirements of its certain overseas subsidiaries, has approved conversion of outstanding loans of Rs 164,068 Mn (including accrued interest in some cases) into equity share capital of respective subsidiaries. The exchange gain/loss arising on these loans from the date of such approval are recognized in other comprehensive income in the consolidated financial statements. Consequently, the other comprehensive income for the three months period ended December 31, 2012 is higher by Rs. 4,744 Mn and comprehensive loss for the nine months period ended December 31, 2012 is higher by Rs. 2,454 Mn.

15. 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 period, 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:

(Rupees Millions)

	As of December 31, 2012	As of March 31, 2012
Mobile Services - India	32,371	31,195
Mobile Services - Bangladesh	7,234	6,618
Airtel business	4,923	4,611
Mobile Services - Africa	376,120	365,136
Total	**420,648**	**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 rate used ranged from 12.5% to 19.9% (higher rate used for CGU group '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 in extrapolating cash flows beyond the planning period ranged from 3.5% to 4.0% (higher rate used for CGU group 'Mobile Services – Africa' and 'Mobile Services – Bangladesh' CGU).

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 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%. An increase of 1.5% in discount rate shall equate the recoverable amount with the carrying amount of the Mobile Services — Africa CGU group.

16. 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 three months and nine months period ended December 31, 2012 and December 31, 2011, respectively, are described below:

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16.1 Summary of transactions with related parties (other than joint ventures)

a) Transactions for the period

(Rupees Millions)

Relationship	Three months period ended December 31, 2012			Three months period ended December 31, 2011		
	Significant influence entities	Associates	Other related parties	Significant influence entities	Associates	Other related parties
Purchase of assets	-	(475)	(640)	-	(169)	(287)
Sale / transfer of assets	5	-	1	-	-	-
Sale/Rendering of Services	340	35	19	25	-	29
Purchase/Receiving of Services	(69)	(607)	(1,238)	(252)	(892)	(684)
Loans to related party	-	-	-	-	25	-
Expenses incurred by the Group on behalf of Related Party	-	8	2	-	-	3
Expenses incurred by Related Party for the Group	(12)	-	(224)	-	-	(157)
Security deposit paid	-	-	26	-	-	5
Security deposit / Advance received	-	-	-	-	-	(3)
Interest Income on Loan	-	12	-	-	12	-

(Rupees Millions)

Relationship	Nine months period ended December 31, 2012			Nine months period ended December 31, 2011		
	Significant influence entities	Associates	Other related parties	Significant influence entities	Associates	Other related parties
Purchase of assets	-	(1,567)	(1,944)	-	(2,426)	(1,178)
Sale / transfer of assets	6	-	1	-	2	-
Sale/Rendering of Services	1,017	93	128	811	44	74
Purchase/Receiving of Services	(217)	(1,899)	(3,030)	(434)	(1,748)	(2,034)
Loans to related party	-	100	-	-	147	-
Expenses incurred by the Group on behalf of Related Party	-	28	12	-	-	13
Expenses incurred by Related Party for the Group	(12)	(3)	(601)	(13)	-	(404)
Security deposit paid	-	-	49	-	-	81
Security deposit / Advance received	-	(4,847) **	-	-	-	(8)
Interest Income on Loan	-	34	-	-	39	-
Dividend Paid	2,327	-	266	2,319	-	266

*** Refer note 7(a)*

b) Closing Balances

(Rupees Millions)

	Closing balance as of December 31,2012			Closing balance as of March 31,2012		
	Significant influence entities	Associates	Other related parties	Significant influence entities	Associates	Other related parties
Due From	529	279	1,067	351	258	1,243
Due To	-	(896)	(103)	-	(922)	(274)
	529	**(617)**	**964**	**351**	**(664)**	**969**

16.2 Summary of transactions with joint ventures (JVs)*:

	Three months period ended December 31, 2012	Three months period ended December 31, 2011	Nine months period ended December 31, 2012	Nine months period ended December 31, 2011
a) Transactions for the period				
Sale of fixed assets/ retirement of bandwidth	47	268	177	360
Rendering of services	1,354	1,380	4,062	4,173
Receiving of services	(7,107)	(6,394)	(20,949)	(19,581)
Reimbursement of energy expenses	(4,455)	(3,803)	(12,642)	(11,459)
Security deposit/Advances paid#	10	26	(2,090)	128
Loan given	-	-	-	1,206
Loan repaid	(10,001)	-	(10,001)	-
Dividend Received	-	-	4,050	-
Reimbursment of Expenses to Related Party	(35)	-	(221)	-

(Rupees Millions)

b) Closing balance*	**As of December 31, 2012**	**As of March 31, 2012**
Due from JVs	11,029	18,002
Due to JVs	(13,350)	(6,917)
	(2,321)	**11,085**

\# *Security deposit/Advances paid for nine months period ended December 31, 2012 is net of refund of security deposit of Rs. 2,235 Mn*

* *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 Rs. 1 Mn and Rs. 104 Mn for the three months and nine months period ended December 31, 2012, respectively, and Rs. 2 and 102 Mn for the three months and nine months period ended December 31, 2011, respectively on account of donation given to Bharti Foundation.

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 tower infrastructure services and maintenance charges towards network equipments.

Payments made to key management personnel were as follows:

(Rupees Millions)

	Three months period ended December 31, 2012	Three months period ended December 31, 2011	Nine months period ended December 31, 2012	Nine months period ended December 31, 2011
Short-Term employee benefits	91	85	254	217
Post-Employment benefits				
Defined contribution plan	3	3	9	10
Defined benefit plan*	-	-	-	-
Other long-term benefits*	-	-	-	-
Share-based payment**	-	-	-	-
	94	**88**	**263**	**227**

* As the liabilities for defined benefit plan i.e. gratuity and other long term employee benefits i.e. 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 period which has been considered for amortization over the vesting periods.

17. Commitments and contingencies

(i) Commitments

a. Capital commitments

	(Rupees Millions)	
	As of December 31, 2012	**As of March 31, 2012**
Contracts placed for future capital expenditure not provided for in the financial statements *	125,087	157,179

The above includes Rs. 55,549 Mn as of December 31, 2012 (Rs. 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 Rs. 962 Mn as of December 31, 2012, (Rs. 912 Mn as of March 31, 2012), pertaining to Joint Ventures.

b. Guarantees

		(Rupees Millions)
	As of December 31, 2012	**As of March 31, 2012**
Financial bank guarantees*	37,558	36,015
Guarantees to third parties	2,739	2,558

** The Company has issued corporate guarantees of Rs. 2,824 Mn and Rs. 2,385 Mn as of December 31, 2012 and March 31, 2012 respectively, to banks and financial institutions for issuing bank guarantees on behalf of the Group companies.*

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(ii) Contingencies

	(Rupees Millions)	
	As of December 31, 2012	As of March 31, 2012
Taxes, Duties and Other demands (under adjudication / appeal / dispute)		
-Sales Tax and Service Tax	13,568	10,495
-Income Tax	24,022	23,489
-Access Charges / Port Charges	4,863	4,821
-Customs Duty	5,620	3,083
-Entry Tax	4,900	4,293
-Stamp Duty	621	620
-Municipal Taxes	1,550	923
-DoT demands *	3,011	3,370
-Other miscellaneous demands	1,160	1,410
-Claims under legal cases including arbitration matters	3,230	3,025
Total	**62,545**	**55,529**

* in addition, refer note (f) below on demand for one time spectrum charge

The above also includes Rs. 1,804 Mn as of December 31, 2012, (Rs. 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 December 31, 2012 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 materialise 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 materialise and therefore, no provision has been recognized.

The service tax demands as of December 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% 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 materialise 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 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 Rs. 5,620 Mn as of December 31, 2012 (Rs. 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 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 December 31, 2012 is Rs. 4,900 Mn (Rs. 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 includes 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 Court

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.

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.

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, through 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 March 1, 2013. The Company believes, based on independent legal opinion and its evaluation, that it is not probable that the claim will materialise and therefore, pending outcome of this matter, no provision has been recognized.

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% 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% 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 and a similar application for injunction at the Court of Appeal in Lagos, Nigeria. A Hearing Date for the application for injunction has been set for February 25, 2013.

Without prejudice to the application filed by Bharti Airtel Nigeria BV before the Nigerian courts for injunction and to set aside the Partial Final Award, preliminary steps are ongoing in relation to the damages hearing in the Arbitration and EWL on Jan 25,2013 has filed its damages claim based on an expert report. The Company is considering the claim in detail, but at this early stage, based on a preliminary analysis of its legal advisers, considers that the claim lacks merit and is accordingly, disputable.

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% 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% shareholder in Airtel Networks Limited. Despite the fact that the 5% 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 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, ruling at the Federal High Court stated that 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 7 May 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. The Court of Appeal has also indicated that in the event that all briefs in relation to the substantive appeal have been filed by April 30, 2013, then the Court may dispense with the interlocutory applications and instead proceed to the substantive appeal.

18. Additional investment in subsidiaries and associates

a) The Group has made equity investment of Rs. 12,513 Mn (USD 229 Mn) and Rs. 30,208 Mn (USD 549 Mn) during the three months and nine months period ended December 31, 2012, respectively, in Bharti Airtel International (Mauritius) Limited and holds 100% shareholding as of December 31, 2012.

b) The Group has made equity investment of Rs. Nil and Rs. 1,060 Mn during the three months and nine months period ended December 31, 2012, respectively, in Airtel M Commerce Services Limited and holds 100% shareholding as of December 31, 2012.

c) During the three months period ended December 31, 2012, the Group has increased its equity investment in the following wholly owned subsidiaries on conversion of loan into equity (refer note 14 (iv))

- by Rs. 9,907 Mn (USD 177 Mn) in Bharti Airtel International (Mauritius) Limited
- by Rs. 67,353 Mn (USD 1203.30 Mn) in Bharti Airtel International (Netherlands) B.V.
- by Rs. 13,293 Mn (USD 237.48 Mn) in Bharti International (Singapore) Pte Limited.

19. New operations

During the nine months period ended December 31, 2012, the Group has completed the launch of BWA services in Karnataka, Kolkata and Maharashtra circles.

20. 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:-

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S.no	Name of subsidiary	Country of Incorporation	Principal activities	Percentage of holding (direct / indirect) by the Group	
				As of December 31, 2012 %	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
22	Bharti Airtel Africa B.V.	Netherlands	Investment Company	100	100
23	Bharti Airtel Burkina Faso Holdings B.V.	Netherlands	Investment Company	100	100
24	Airtel Burkina Faso S.A.	Burkina Faso	Telecommunication services	100	100
25	Bharti Airtel Chad Holdings B.V.	Netherlands	Investment Company	100	100
26	Airtel Tchad S.A.(formerly known as Celtel Tchad S.A.)	Chad	Telecommunication services	100	100
27	Bharti Airtel Gabon Holdings B.V.	Netherlands	Investment Company	100	100
28	Airtel Gabon S.A. (formerly known as Celtel Gabon S.A.)	Gabon	Telecommunication services	90	90
29	Bharti Airtel Cameroon Holdings B.V.#	Netherlands	Investment Company	100	100
30	Celtel Cameroon S.A.#	Cameroon	Telecommunication services	100	100
31	Bharti Airtel Congo Holdings B.V.	Netherlands	Investment Company	100	100
32	Airtel Congo S.A.	Congo Brazzavile	Telecommunication services	90	90
33	Bharti Airtel RDC 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 December 31, 2012 %	As of March 31, 2012 %
34	Partnership Investments S.p.r.l.	Democratic Republic of Congo	Investment Company	100	100
35	Celtel Congo (RDC) S.a.r.l.	Democratic Republic of Congo	Telecommunication services	98.5	98.5
36	Bharti Airtel Mali Holdings B.V.	Netherlands	Investment Company	100	100
37	Bharti Airtel Kenya Holdings B.V.	Netherlands	Investment Company	100	100
38	Bharti Airtel Kenya B.V.	Netherlands	Investment Company	100	100
39	Airtel Networks Kenya Limited	Kenya	Telecommunication services	100	100
40	Bharti Airtel Malawi Holdings B.V.	Netherlands	Investment Company	100	100
41	Airtel Malawi Limited	Malawi	Telecommunication services	100	100
42	Bharti Airtel Niger Holdings B.V.	Netherlands	Investment Company	100	100
43	Celtel Niger S.A.	Niger	Telecommunication services	90	90
44	Bharti Airtel Sierra Leone Holdings B.V.	Netherlands	Investment Company	100	100
45	Airtel (SL) Limited	Sierra Leone	Telecommunication services	100	100
46	Celtel Zambia Plc	Zambia	Telecommunication services	96.36	96.36
47	Bharti Airtel Uganda Holdings B.V.	Netherlands	Investment Company	100	100
48	Airtel Uganda Limited	Uganda	Telecommunication services	100	100
49	Bharti Airtel Tanzania B.V.	Netherlands	Investment Company	100	100
50	Airtel Tanzania Limited	Tanzania	Telecommunication services	60	60
51	Bharti Airtel Madagascar Holdings B.V.	Netherlands	Investment Company	100	100
52	Channel Sea Management Company Mauritius Limited	Mauritius	Investment Company	100	100
53	Zebrano (Mauritius) Limited	Mauritius	Investment Company	100	100
54	Montana International	Mauritius	Investment Company	100	100
55	Airtel Madagascar S.A.	Madagascar	Telecommunication services	100	100
56	Bharti Airtel Nigeria Holdings B.V.#	Netherlands	Investment Company	100	100
57	MSI-Celtel Nigeria Limited#	Nigeria	Investment Company	100	100
58	Bharti Airtel Nigeria Holdings II B.V.	Netherlands	Investment Company	100	100
59	Bharti Airtel Nigeria B.V.	Netherlands	Investment Company	100	100
60	Bharti Airtel Ghana Holdings B.V.	Netherlands	Investment Company	100	100
61	Airtel Ghana Limited	Ghana	Telecommunication services	75	75
62	Bharti Airtel Acquisition Holdings B.V.	Netherlands	Investment Company	100	100
63	Bharti Airtel Services B.V.	Netherlands	Investment Company	100	100
64	Airtel Networks Limited	Nigeria	Telecommunication services	65.7	65.7

S.no	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct / indirect) by the Group	
				As of December 31, 2012 %	As of March 31, 2012 %
65	Bharti Airtel Zambia Holdings B.V.	Netherlands	Investment Company	100	100
66	Airtel Mobile Commerce Limited	Malawi	Mobile commerce services	100	100
67	Airtel Mobile Commerce (Kenya) Limited	Kenya	Mobile commerce services	100	100
68	Airtel Mobile Commerce (Ghana) Limited	Ghana	Mobile commerce services	100	100
69	Celtel (Mauritius) Holdings Limited	Mauritius	Investment Company	100	100
70	ZMP Limited	Zambia	Mobile commerce services	100	100
71	Airtel Mobile Commerce (SL) Limited	Sierra Leone	Mobile commerce services	100	100
72	Airtel Mobile Commerce Tchad S.a.r.l.	Chad	Mobile commerce services	100	100
73	Airtel Mobile Commerce B.V.	Netherlands	Investment Company	100	100
74	Airtel Money S.A. (Gabon) (formerly known as Mobile Commerce Gabon S.A.)	Gabon	Mobile commerce services	100	100
75	Malawi Towers Limited	Malawi	Infrastructure sharing services	100	100
76	Airtel Money Niger S.A.	Niger	Mobile commerce services	100	100
77	Société Malgache de Téléphone Cellulaire S.A.	Mauritius	Investment Company	100	100
78	Airtel Mobile Commerce Holdings B.V.	Netherlands	Investment Company	100	100
79	Zap Trust Company Nigeria Limited	Nigeria	Mobile commerce services	100	100
80	Indian Ocean Telecom Limited	Jersey	Investment Company	100	100
81	Airtel (Seychelles) Limited	Seychelles	Telecommunication services	100	100
82	Airtel Mobile Commerce (Tanzania) Limited	Tanzania	Mobile commerce services	100	100
83	Airtel Mobile Commerce Uganda Limited	Uganda	Mobile commerce services	100	100
84	Uganda Towers Limited	Uganda	Infrastructure sharing services	100	100
85	Airtel DTH Services Ghana Limited	Ghana	Direct To Home services	100	100
86	Airtel DTH Services Malawi Limited#	Malawi	Direct To Home services	100	100
87	Airtel DTH Services Uganda Limited#	Uganda	Direct To Home services	100	100
88	Africa Towers N.V.	Netherlands	Investment Company	100	100
89	Airtel Towers (Ghana) Limited	Ghana	Infrastructure sharing services	100	100
90	Bharti Airtel DTH Holdings B.V.	Netherlands	Investment Company	100	100
91	Airtel Direct-to-Home Services (Kenya) Limited#	Kenya	Direct To Home services	100	100
92	Airtel DTH Services (SL) Limited#	Sierra Leone	Direct To Home services	100	100
93	Airtel DTH Service Burkina Faso S.A.	Burkina Faso	Direct To Home services	100	100
94	Airtel DTH Services Congo S.A.	Congo Brazzaville	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 December 31, 2012 %	As of March 31, 2012 %
95	Airtel DTH Services Madagascar S.A. (dissolved w.e.f October 25, 2012)	Madagascar	Direct To Home services	-	100
96	Airtel DTH Services Niger S.A. (dissolved w.e.f November 14, 2012)	Niger	Direct To Home services	-	100
97	Airtel DTH Services Nigeria Limited	Nigeria	Direct To Home services	100	100
98	Airtel DTH Services Tchad S.A.	Chad	Direct To Home services	100	100
99	Airtel DTH Services Tanzania Limited	Tanzania	Direct To Home services	100	100
100	Bharti DTH Services Zambia Limited	Zambia	Direct To Home services	100	100
101	Airtel Towers (SL) Company Limited	Sierra Leone	Infrastructure sharing services	100	100
102	Burkina Faso Towers S.A.	Burkina Faso	Infrastructure sharing services	100	100
103	Congo Towers S.A.	Congo Brazzaville	Infrastructure sharing services	100	100
104	Kenya Towers Limited	Kenya	Infrastructure sharing services	100	100
105	Madagascar Towers S.A.	Madagascar	Infrastructure sharing services	100	100
106	Mobile Commerce Congo S.A.	Congo Brazzaville	Mobile commerce services	100	100
107	Niger Towers S.A.	Niger	Infrastructure sharing services	100	100
108	Tanzania Towers Limited	Tanzania	Infrastructure sharing services	100	100
109	Tchad Towers S.A.	Chad	Infrastructure sharing services	100	100
110	Towers Support Nigeria Limited	Nigeria	Infrastructure sharing services	100	100
111	Bharti Airtel Developers Forum Limited	Zambia	Investment Company	100	100
112	Zambian Towers Limited	Zambia	Infrastructure sharing services	100	100
113	Airtel Money (RDC) S.p.r.l.	Democratic Republic of Congo	Mobile commerce services	100	100
114	Airtel Mobile Commerce Burkina Faso S.A.	Burkina Faso	Mobile commerce services	100	100
115	Airtel DTH Services Congo (RDC) S.p.r.l.	Democratic Republic of Congo	Direct to Home Services	100	100
116	Airtel DTH Services Gabon S.A.#	Gabon	Direct to Home Services	100	100
117	Congo RDC Towers S.p.r.l.	Democratic Republic of Congo	Infrastructure sharing services	100	100
118	Gabon Towers S.A.	Gabon	Infrastructure sharing services	100	100
119	Airtel Mobile Commerce Madagascar S.A.	Madagascar	Mobile commerce services	100	100
120	Bharti Airtel Cameroon B.V.	Netherlands	Investment Company	100	100
121	Airtel Rwanda Limited	Rwanda	Telecommunications company	100	100
122	Africa Towers Services Limited	Kenya	Infrastructure sharing services	100	100
123	Rwanda Towers Limited	Rwanda	Infrastructure sharing services	100	100

 # Under Liquidation

S.no	Name of associates	Country of incorporation	Principal activities	Percentage of holding (direct / indirect) by the Group	
				As of December 31, 2012 %	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	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 December 31, 2012 %	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% (86.09% as of March 31, 2012) equity interest, owns 42% of Indus Towers Limited.

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21. 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.

During the period ended December 31, 2012, the DoT served show cause notice (SCN) seeking Company's response on the said matter. The High Court in response to the Company's appeal against the SCN, had disposed off the petition directing the Company to provide details of new customers , revenue from 3G ICR as well as respond to the notice which shall be dealt with by the concerned authority after giving an opportunity of being heard to the Company. Further, the order directed DOT not to take any coercive measures in the interim. The Company believes that it is fully compliant with the License condition, consequently, chances of any adverse decision against the Company on the said matter is remote.

22. The Company is in the process of getting the independent evaluation done for certain transactions to determine whether the transactions with associated enterprises were undertaken at "arms length price". The Company believes that all domestic and international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms and is confident of there being no material adjustments on completion of the study.

23. During the three months period ended September 30, 2012, 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 judgment and independent legal opinion, has recognized revenue of Rs. Nil and Rs. 5,406 Mn, resulting in higher profit before tax by Rs. Nil and Rs. 3,161 Mn, and and net profit by Rs. Nil and Rs. 2,245 Mn, respectively, during the three months and nine months period ended December 31, 2012, relating to previous periods.

24. During the three months ended December 31, 2012, DoT has issued a demand notices in respect of assessment of license fee for the year 2006-07 and 2007-08 for Rs. 7,981 Mn. The Group has submitted its reply against the same and also has obtained stay from appropriate Hon'ble High Court and is confident that it is not probable that the claim will materialize and therefore, no additional provision has been recognized.

25. 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). On 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 arbitrator judgment. 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 three months and nine months period ended December 31, 2012.

26. 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 December 31, 2012 is Rs. 54,514 Mn and Rs. 10,841 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. As the accounting impact of the merger scheme is recorded on approval of the scheme under IFRS, it does not have any financial impact on the consolidated financial statements of the Group.

27. During the three months period ended December 31, 2012, 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 646 Mn. 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% to 79.42%. 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 16,604 Mn has been recognized directly in equity as attributable to the equity shareholders of the Parent.

28. Previous period's figures in the notes to consolidated financial statements have been reclassified / restated, wherever required to confirm to the current period's presentation/classification. This does not affect the previously reported net profit or shareholders' equity.

BHARTI AIRTEL LIMITED

ANNUAL AUDITED FINANCIAL STATEMENTS, ON A CONSOLIDATED BASIS, FOR THE YEARS ENDED MARCH 31, 2012 AND 2011 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

6th Floor, HT House
18-20, Kasturba Gandhi Marg
New Delhi-110 001, India
Tel: +91 11 4363 3000
Fax: +91 11 4363 3200

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.

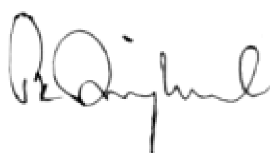
We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, 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.

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

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

Consolidated statement of changes in equity

Particulars	Attributable to equity holders of the Parent								Non Controlling Interest	Total equity
	Issued capital									
	Shares (in '000s)	Par value of ₹ 5 each	Treasury shares	Share premium	Retained earnings	Foreign currency translation reserve	Other components of equity (Note 30)	Total		
	(₹ 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

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Sanjay Kapoor
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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

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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% 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% 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% 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% 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% 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% 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% of the voting shares of Celtel Zambia Plc increasing its ownership to 96.36%. 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% of the voting shares of Airtel Networks Kenya Limited increasing its ownership to 100%. 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% 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% 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:

				Options Granted		Options Excercised	
Entity	Plan	Options Outstanding (thousands)	Remaining Contractual term(years)	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% 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% to 20.00775% during the financial year 2011-12 and from 16.995% to 19.9305% 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% to 45% 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% 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% to 20% (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% to 4.5% (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%. An increase of 0.52 % in discount rate or reduction of 0.87% 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:

		Outstanding loan amount		
Entity	Relation	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	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% 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% 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	Level 3
		(₹ Millions)	
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%, 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% 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% 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% 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% 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% shareholder in Airtel Networks Limited. Despite the fact that the 5% 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% of the Group's and its joint ventures' borrowings are at a fixed rate of interest (March 31, 2011: 3.78%).

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% 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% 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% 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% 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% 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

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
				%	%
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
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

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
				%	%
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**	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

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
				%	%
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. (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% equity interest, owns 42% 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.

BHARTI AIRTEL LIMITED

ANNUAL AUDITED FINANCIAL STATEMENTS , ON A CONSOLIDATED BASIS, FOR THE YEARS ENDED MARCH 31, 2011 AND 2010 TOGETHER WITH INDEPENDENT AUDITORS' REPORT

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

6th Floor, HT House
18-20, Kasturba Gandhi Marg
New Delhi-110 001, India
Tel: +91 11 4363 3000
Fax: +91 11 4363 3200

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") and its associates and joint ventures as at March 31, 2011, March 31,2010 and April 1, 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the years ended March 31, 2011 and March 31, 2010, 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.

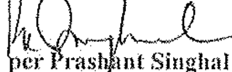
We did not audit the financial statements of a joint venture, included herein with the Company's share of total assets of Rs 63,406 million, Rs 54,577 million, and Rs 35,283 million as at March 31, 2011,March 31, 2010 and April 1, 2009, respectively, the total revenue (including recovery of power and fuel charges) of Rs 45,184 million and Rs 37,500 million for the years ended March 31, 2011 and March 31, 2010, respectively, and the cash outflows amounting to Rs 113 million and Rs 1,751 million for the year ended March 31, 2011 and March 31, 2010, respectively, 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 and its associates and joint ventures as of March 31, 2011, March 31, 2010 and April 1, 2009, and of its financial performance and its cash flows for each of the years ended March 31, 2011 and March 31, 2010, in accordance with International Financial Reporting Standards.

We have performed an audit of the financial statements of the Group and its associates and joint ventures containing amounts in respect of the three months periods and the years ended March 31, 2011 and March 31, 2010, in respect of which we have issued our audit report dated May 5, 2011 ("Earlier Report"). This current report is not a reissuance or redating of that Earlier Report.

For S.R. Batliboi & Associates
Firm Registration No.: 101049W
Chartered Accountants



per Prashant Singhal
Partner
Membership No.: 93283

Date: May 5, 2011
Place: New Delhi

Consolidated Statement of Comprehensive Income

(Amounts in millions of Indian Rupees, except share and per share data and as stated otherwise)

	Notes	Year ended March 31, 2011	Year ended March 31, 2010
Revenue		594,672	418,472
Operating expenses	7	(395,008)	(250,839)
		199,664	**167,633**
Depreciation and amortisation	9	(102,066)	(62,832)
Profit/(Loss) from operating activities		**97,598**	**104,801**
Share of results of associates		(57)	(48)
Other income	8	1,346	697
Non-operating expense	10	(292)	(181)
Profit/(Loss) before finance income and cost and tax		**98,595**	**105,269**
Finance income	11	3,536	17,381
Finance costs	11	(25,349)	(17,559)
Profit/(Loss) before tax		**76,782**	**105,091**
Income tax expense	12	(17,790)	(13,453)
Net profit/(loss) for the year		**58,992**	**91,638**
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		12,681	(1,028)
Other comprehensive income/(loss) for the year, net of tax		**12,681**	**(1,028)**
Total comprehensive income/(loss) for the year, net of tax		**71,673**	**90,610**
Profit/(loss) attributable to:			
Equity holders of the parent		60,467	89,768
Non-controlling interests		(1,475)	1,870
Net Profit/(Loss)		**58,992**	**91,638**
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		73,661	88,796
Non-controlling interests		(1,988)	1,814
Total Comprehensive Income/(Loss)		**71,673**	**90,610**
Earnings Per Share	38		
Basic, profit attributable to equity holders of parent		15.93	23.67
Diluted, profit attributable to equity holders of parent		15.93	23.66

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 5, 2011

Sanjay Kapoor
CEO (India & South Asia)

Vijaya Sampath
Group General Counsel & Company Secretary

Srikanth Balachander
Chief Financial Officer

Consolidated Statement of Financial Position

(Amounts in millions of Indian Rupees, except share and per share data and as stated otherwise)

	Notes	As of March 31, 2011	As of March 31, 2010	As of April 01, 2009
Assets				
Non-current assets				
Property, plant and equipment	13	651,426	482,629	436,482
Intangible assets	14	637,317	59,890	49,798
Investment in associates	16	-	57	14
Derivative financial assets	17	1,998	3,337	6,571
Other financial assets	18	7,930	7,368	4,674
Other non-financial assets	19	9,255	7,485	3,656
Deferred tax asset	12	45,061	12,489	3,987
		1,352,987	**573,255**	**505,182**
Current assets				
Inventories	20	2,139	484	962
Trade and other receivables	21	54,929	35,711	41,320
Derivative financial assets	17	2,682	144	4,563
Prepayments and other assets	22	30,504	20,835	27,172
Income tax recoverable		5,280	2,826	3,182
Short-term investments	23	6,224	52,264	36,638
Other financial assets	24	744	98	84
Cash and cash equivalents	25	9,575	25,323	14,432
		112,077	**137,685**	**128,353**
Total assets		**1,465,064**	**710,940**	**633,535**
Equity and liabilities				
Equity				
Issued capital		18,988	18,988	18,982
Treasury shares		(268)	(81)	(107)
Share premium		56,499	56,499	56,319
Retained earnings/(deficit)		357,446	301,342	215,978
Foreign currency translation reserve		14,018	824	1,796
Other components of equity	31	40,985	44,368	17,331
Equity attributable to equity holders of parent		**487,668**	**421,940**	**310,299**
Non-controlling interest		28,563	25,285	13,389
Total equity		**516,231**	**447,225**	**323,688**
Non-current liabilities				
Borrowings	26	532,338	81,474	53,400
Deferred revenue		8,700	11,222	11,478
Provisions	27	6,085	3,779	5,370
Derivative financial liabilities	17	151	289	227
Deferred tax liability	12	12,487	3,737	3,725
Other financial liabilities	28	13,856	10,860	7,211
Other non-financial liabilities	29	5,371	3,912	2,462
		578,988	**115,273**	**83,873**
Current liabilities				
Borrowings	26	84,370	20,424	79,621
Deferred revenue		30,599	19,027	22,923
Provisions	27	1,180	874	305
Other non-financial liabilities	29	10,053	5,399	5,672
Derivative financial liabilities	17	317	415	164
Income tax liabilities		3,642	-	-
Trade and other payables	32	239,684	102,303	117,289
		369,845	**148,442**	**225,974**
Total liabilities		**948,833**	**263,715**	**309,847**
Total equity and liabilities		**1,465,064**	**710,940**	**633,535**

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 5, 2011

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)

Vijaya Sampath
Group General Counsel & Company Secretary

Srikanth Balachander
Chief Financial Officer

Consolidated Statement of Changes in Equity

(Amounts in millions of Indian Rupees, except as stated otherwise)

	Attributable to equity holders of the Parent								Non-Controlling Intrest	Total equity
	Issued capital		Treasury Stock	Share Premium	Retained Earnings/ (deficit)	Foreign currency translation reserve	Other components of equity (Note 31)	Total		
	Shares (in '000s)	Par value of ₹ 5 each								
As of April 1, 2009	3,796,480	18,982	(107)	56,319	215,978	1,796	17,331	310,299	13,389	323,688
Net income/(loss) for the year	-	-	-	-	89,768	-	-	89,768	1,870	91,638
Other comprehensive income/(loss)										
Foreign currency translation reserve	-	-	-	-	-	(972)	-	(972)	(56)	(1,028)
Total comprehensive income/(loss)	-	-	-	-	89,768	(972)	-	88,796	1,814	90,610
Stock based compensation	-	-	-	-	-	-	1,494	1,494	-	1,494
Grants exercised	920	5	26	163	-	-	(168)	26	-	26
Due to conversion of debt	131	1	-	17	-	-	25,658	25,676	7,109	32,785
Subscription received in advance	-	-	-	-	-	-	165	165	-	165
Transferred from Debenture redemption reserve	-	-	-	-	38	-	(38)	-	-	-
Acquisition of Equity interest in subsidiary	-	-	-	-	-	-	(74)	(74)	-	(74)
Non-Controlling interest arising on a business combination (ref Note 6b)	-	-	-	-	-	-	-	-	2,973	2,973
Dividend	-	-	-	-	(4,442)	-	-	(4,442)	-	(4,442)
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)										
Foreign currency translation reserve	-	-	-	-	-	13,194	-	13,194	(513)	12,681
Total comprehensive income/(loss)	-	-	-	-	60,467	13,194	-	73,661	(1,988)	71,673
Stock based compensiation	-	-	-	-	-	-	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 6a)	-	-	-	-	-	-	-	-	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

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 5, 2011

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman & Managing Director

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Vijaya Sampath
Group General Counsel & Company Secretary

Srikanth Balachander
Chief Financial Officer

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Consolidated Statement of Cash Flows

(Amounts in millions of Indian Rupees, except as stated otherwise)

	Year ended March 31, 2011	Year ended March 31, 2010
Cash flows from operating activities		
Profit/(loss) before tax	**76,782**	**105,091**
Adjustments for -		
Depreciation and amortization	102,066	62,832
Finance income	(3,536)	(17,381)
Finance cost	25,349	17,559
Share of results of associates (post tax)	57	48
Amortization of stock based compensation	1,561	1,494
Other non-cash items	480	429
Operating cash flow before working capital changes	**202,759**	**170,072**
Trade and other receivables and prepayments	(9,207)	11,666
Inventories	(211)	479
Trade and other payables	16,987	648
Provisions	(160)	680
Other financial and non-financial liabilities	4,282	4,816
Other financial and non-financial assets	(2,114)	(6,062)
Cash generated from operations	**212,336**	**182,299**
Interest received	565	2,038
Income tax (paid)/refund	(24,388)	(21,961)
Net cash inflow/(outflow) from operating activities	**188,513**	**162,376**
Cash flows from investing activities		
Purchase of property, plant and equipment	(109,952)	(127,989)
Proceeds from sale of property, plant and equipment	783	6,202
Purchase of intangible assets	(167,925)	(2,527)
Short term investments (Net)	46,590	(13,198)
Investment in subsidiary, net of cash acquired (Refer Note 6)	(373,991)	(1)
Investment in associates	-	(90)
Net cash inflow/(outflow) from investing activities	**(604,495)**	**(137,603)**
Cash flows from financing activities		
Proceeds from issuance of borrowings	578,290	56,331
Repayment of borrowings	(148,704)	(57,504)
Purchase of Treasury stock	(402)	-
Interest paid	(21,595)	(6,368)
Proceeds from exercise of stock options	96	191
Dividend paid (including tax)	(4,428)	(4,442)
Acquisition of non-controlling interest	(6,104)	(74)
Net cash inflow/(outflow) from financing activities	**397,153**	**(11,866)**
Net (decrease)/increase in cash and cash equivalents during the year	**(18,829)**	**12,907**
Effect of exchange rate changes on cash and cash equivalents	(124)	(347)
Add: Balance as at the beginning of the year	24,961	12,401
Balance as at the end of the year (Refer note 25)	6,008	24,961

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 5, 2011

Sanjay Kapoor
CEO (India & South Asia)

Vijaya Sampath
Group General Counsel & Company Secretary

Srikanth Balachander
Chief Financial Officer

Notes to Consolidated Financial Statements

(Amounts in millions of Indian Rupees, except share and per share data and as stated otherwise)

1. Corporate information

Bharti Airtel Limited ('Bharti Airtel' or "Company" or "Parent") is domiciled and incorporated in India and publicly traded on the National Stock Exchange ('NSE') and the Mumbai 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 – 110 070.

Bharti Airtel together with its subsidiaries is hereinafter referred to as 'the Group'. The Group is a leading telecommunication service provider in India and has now established its 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 42.

The services provided by the Group are disclosed in Note 35 under segmental reporting.

The Group's principal shareholders as of March 31, 2011 include Bharti Telecom Limited and Singapore Telecommunication International Pte Limited.

2. Basis of preparation

The annual consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements are the Group's first IFRS financial statements and are covered by IFRS 1, *"First-time Adoption of International Financial Reporting Standards"*. The transition was carried out from accounting principles generally accepted in India (Indian GAAP) which is considered as the Previous GAAP, as defined in IFRS 1, with April 1, 2009 as the transition date. The reconciliation of effects of the transition from Indian GAAP on the equity as of April 1, 2009 and March 31, 2010 and on the net profit and cash flows for the year ended March 31, 2010, is disclosed in Note 44 to these financial statements.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on May 5, 2011.

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 recognised 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.

The significant accounting policies used in preparing the consolidated financial statements are set out in note 3 of the notes to financial statements.

3. Summary of significant accounting policies

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 millions of Indian Rupees, the national currency of India.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in Note 42.

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 statement of comprehensive income 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 into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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.

Whenever control over a subsidiary is given up, the Group derecognizes the carrying value of assets (including goodwill), liabilities, the attributable value of non-controlling interest, if any, and the cumulative translation differences earlier recorded in equity in respect of the subsidiary over which the control is lost. The profit or loss on disposal 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 recognised 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 recognised 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 recognised 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 recognised and contingent liabilities assumed.

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 recognised in profit or loss in the period they are incurred.

Any contingent consideration to be transferred by the acquirer is recognised 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 recognised in accordance with IAS 39, *"Financial Instrument: Recognition and Measurement"*, in the statement of comprehensive income or 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 recognised 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 recognised in accordance with IAS 37, *"Provisions, Contingent Liabilities and Contingent Assets"*, or amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

3.4 Interest in joint venture companies

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 parent 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 unrealised 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

The results and assets and liabilities of associates are incorporated in the consolidated financial statements 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 recognised. Additional losses are provided for, and a liability is recognised, 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 recognised 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.

Amortisation is recognised 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 or placed in service. The amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

a) **Goodwill**

Goodwill is initially recognised 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.

Negative goodwill arising on an acquisition is recognised directly in the statement of comprehensive income.

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 recognised in the statement of comprehensive income on disposal.

b) **Software**

Software is capitalised at the amounts paid to acquire the respective license for use and is amortised over the period of license, generally not exceeding three years. Software up to Rs 500 thousand is amortised over a period of 1 year.

c) **Bandwidth**

Bandwidths capacities are capitalized at the amounts incurred to acquire the right to use capacities and are amortised over the period of the agreement.

d) **Licenses**

Acquired licenses are initially recognised at cost. Licenses acquired in a business combination are initially recognised at fair value at the acquisition date. Subsequently, License and spectrum entry fees are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in profit or loss on a straight-line basis over the period of the license from the date of commencement of commercial operations in the respective jurisdiction and is disclosed under 'depreciation and amortisation'. The amortisation period 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, since it is not possible to reliably estimate the total amount payable on revenue share fees at the time of acquiring the license.

e) **Other intangible assets**

Other intangible assets comprising brands, customer relationships and distribution networks, are capitalised at fair values on the date of acquisition.

Amortisation is recognised 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 or placed in service. Other finite lived intangible assets are amortised 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: The estimated life of such relationships

3.7 **Property, plant and equipment ('PPE')**

Plant and equipment is stated at cost, net of accumulated depreciation and/or 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 recognised 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 so long 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, and adjusted if appropriate, at each date of statement of financial position. Land is not depreciated. Estimated useful lives of the assets are as follows:

	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 amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation 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.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. When conducting impairment reviews cash-generating units are the lowest level at which management monitors the return on investment on assets. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

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. Impairment losses, if any, are recognised in profit or loss as a component of depreciation and amortisation expense.

An impairment loss in respect of goodwill is not reversible. 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 recognised.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and 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.

Government securities, treasury bills and fixed deposits with an original maturity of more than three months are classified as loans and receivables; and mutual funds and quoted certificate of deposits are classified as held for trading investments and are accordingly included in short-term investments in the consolidated statement of financial position.

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.

3.10 Inventories

Inventories are valued at the lower of cost on a first-in-first out ('FIFO') basis and estimated net realisable value. Inventory costs include purchase price, freight inwards and transit insurance charges.

Net realisable 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.

For arrangements entered into prior to April 1, 2009, the date of inception is deemed to be April 1, 2009 in accordance with the transitional exemption under IFRS 1, *"First Time Adoption of International Financial Reporting Standards"*.

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 capitalised 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 recognised in the statement of comprehensive income.

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 recognised 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 recognised 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 recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Lease rentals under operating leases are recognised as income on a straight-line basis over the lease term.

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) 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 recognised as operating lease.

Direct expenditures incurred in connection with agreements are capitalised and expensed over the term of the agreement.

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

3.12 Financial instruments

Financial assets and financial liabilities are recognized on the Group's balance sheet 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 recognised initially at fair value plus, in the case of financial assets and liabilities not at fair value through profit or loss, directly attributable transaction costs.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 33.

A. Financial Assets

1. Financial assets - Recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market-place (regular way trades) are recognised 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 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 also 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 recognised in finance income or finance cost in the statement of comprehensive income.

The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

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 amortised 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 amortised cost are measured using the effective interest rate method (EIR), less impairment, if any. Amortised 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 amortisation is included in finance income in the statement of comprehensive income.

The Group does not have any Held-to-maturity investments.

3. Financial assets – Derecognition

The Group derecognises 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 to another entity.

B. Financial liabilities

1. Financial liabilities - Measurement

The measurement of financial liabilities depends on their classification as follows:

Trade payables

Trade payables are non-interest bearing and are stated at their nominal value.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised 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 amortisation is included in finance cost in the statement of comprehensive income.

2. Financial liabilities -Derecognition

A financial liability is de-recognised 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 recognised in the statement of comprehensive income.

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 recognised 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 and 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 derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

3.13 Compulsory Convertible Debentures

Compulsory Convertible Debentures are separated into liability and equity components based on the terms of the contract. On issuance of the convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability and measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is included in equity, net of transaction costs and is not re-measured in subsequent years.

3.14 Treasury shares

Own equity instruments which are reacquired (treasury shares) through Bharti Tele-Ventures Employees' Welfare Trust are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other components of equity.

3.15 Share-based compensation

The Group issues equity-settled share-based options to certain employees. Equity-settled share-based options are measured at fair value at the date of grant.

The fair value determined at 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.

Fair value is measured using lattice-based option valuation model, Black-Scholes and Monte Carlo Simulation framework and is recognised as an expense, together with a corresponding increase in equity, over the period in which the options vest using the graded vesting method. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural 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 recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the stock-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 recognised for the award is recognised 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.

3.16 Employee benefits

The Group 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 for the retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to vested employees at retirement or termination of employment based on respective employee salary and years of experience in 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 recognised as an asset or liability in the statement of financial position. Scheme liabilities are assessed 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 recognised in the profit or loss as incurred.

The amount charged to the statement of comprehensive income 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 recognised 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.

3.17 Foreign currency transactions

a) Functional and presentation currency

The Group's consolidated financial statements are presented in INR, which is also the parent company's 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.

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 recognised 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.

c) Translation of foreign operations' financial statements

The assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at average exchange rates prevailing during the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, 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 recognised in statement of other comprehensive Income.

3.18 Revenue recognition

Revenue is recognised 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. The Group has generally concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

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 recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid cards are recognised based on actual usage. Activation revenue and related activation costs, not exceeding the activation revenue, are deferred and amortised 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 recognised 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 amortised over their expected customer relationship period of 12 months. Service revenue is recognised 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 recognised on provision of services while revenue from provision of bandwidth services is recognised over the period of arrangement.

Unbilled receivables represent revenues recognised 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 recognised over the customer relationship period.

c) 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 separate units of accounting at the inception of the arrangement in accordance with the principle in U.S. GAAP (Accounting Standards Codification 605-25) in respect of *"Revenue Arrangements with Multiple Deliverables"* applying the hierarchy in IAS 8.12.

Revenue is determined for each of the units of accounting on the basis of their fair values. Arrangements involving the delivery of bundled products or services shall be separated into individual elements, each with own separate revenue contribution. Total arrangement consideration related to the bundled contract is allocated among the different elements 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).

d) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, classified as financial assets at fair value through profit or loss, interest income is recognised 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 statement of comprehensive income.

e) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

3.19 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 recognised directly in equity is recognised in equity and not in the statement of comprehensive income. 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 recognised 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 recognised 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 utilised 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 recognised 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 utilised.

Deferred tax benefits acquired as part of a business combination, but not satisfying the criteria for recognition on the date of acquisition, are recognised 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 realised are recognised 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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised 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 realised 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 recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised 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.

3.20 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 capitalised as part of the cost of the respective assets. The interest cost incurred for funding a qualifying asset during the construction period is capitalised based on actual investment in the asset at the average interest rate. All other borrowing costs are expensed in the period they occur.

3.21 Dividends Paid

Dividends paid are included in company financial statements in the periods in which the related dividends are approved by shareholders or Board of Directors, as appropriate.

3.22 Earnings per share

The Company's Earnings per Share ('EPS') is determined based on the net income attributable to the shareholders' of the parent company. 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 Foreign Currency Convertible Bonds ("FCCBs"), and stock options (using the treasury stock method for options), except where the result would be anti-dilutive.

3.23 Provisions

a) General

Provisions are recognised 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 recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income 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 recognised as a finance cost.

b) Contingencies

Contingent liabilities are only recognised at their fair value if they were assumed in the course of a business combination. Contingent liabilities not assumed in the course of a business combination are not recognised. Contingent assets are not recognized. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised 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 recognised 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 recognised in the statement of comprehensive income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

4. Significant accounting judgements, 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 judgements, 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 judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised 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 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 these contracts are in the nature of operating leases.

b) **Revenue recognition**

Presentation of Revenue: gross versus net:

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 generally concluded that it is acting as a principal in all of its revenue arrangements.

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 is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost.

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**

Impairment testing requires assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, timing and quantum of future capital expenditure; long term growth rates; and the selection of discount rates to reflect the risks involved.

The Group prepares and internally approves formal 5-10 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. Further details can be found in note 15 to the financial statements.

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.

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.

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 recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 12.

e) **Assets, liabilities and contingent liabilities acquired in a business combination**

The amount of goodwill initially recognised 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 judgement.

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

Identifiable intangible assets acquired under business combination include licences, 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 judgements surrounding the estimated useful lives critical to the Group's financial position and performance. The carrying value of intangible assets has been disclosed in Note 14.

f) **Intangible assets**

Refer Note 3.6 for the estimated useful life of intangible assets.

g) **Property, plant and equipment**

Refer Note 3.7 for the estimated useful life of property, plant and equipment.

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 licence, 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 amortised 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 amortisation income/charge.

5. **Standards issued but not yet effective up to the date of issuance of the Group's financial statements**

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 has fewer classification and measurement categories as compared to IAS 39 and has eliminated held to maturity, available for sale and loans and receivables categories. 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 recognised in other comprehensive income would ever be reclassified to profit or loss. For financial liabilities, the amendment largely retains the existing classification and measurement requirements in IAS 39, with two exceptions:

a) The effects of changes in the own credit risk will not affect profit or loss for financial liabilities designated at fair value through profit or loss using the fair value option; and

b) Liabilities arising from derivatives on investments in unquoted equity instruments will no longer be measured at cost.

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 9, and has not yet determined the impact on the consolidated financial statements.

The following Standards, Interpretations, amendments and improvements to IFRS have been issued as of March 31, 2011 but not yet effective and have not yet been adopted by the Group. These are not expected to have a material impact on the consolidated financial statements.

Sr. No.	IFRS	Month of Issue	Effective date - annual periods beginning on or after
1	IAS 24, "Related party Disclosures"	November, 2009	January 1, 2011
2	Amendment to IFRIC 14 IAS 19, *"The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"*	November, 2009	January 1, 2011
3	IFRIC 19, *"Extinguishing Financial Liabilities with Equity Instruments"*	November, 2009	July 1, 2010
4	Improvements to certain IFRS	May, 2010	April 1, 2011 and April 1, 2012
5	Amendment to IFRS 7, *"Financial Instruments: Disclosures"*	October, 2010	July 1, 2011
6	IAS 12, *"Income Taxes"*	December, 2010	January 1, 2012
7	IFRS 1, *"First-time Adoption of International Financial Reporting Standards"*	December, 2010	July 1, 2011

6. **Business Combination/acquisition of Non-Controlling Interest**

a) **Acquisition of 100% 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% equity interest in Zain Africa B.V. ('Zain') as on 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 has been allocated to the net assets.

The goodwill recognised 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 indefeasible right to use (IRU), one network arrangement, assembled work force, domain name and co-location agreement which have not been recognised separately as these do not meet the criteria for recognition as intangible assets under IAS 38 *"Intangible Assets"*.

The following table summarizes the preliminary fair value of the consideration paid, the amount at which assets acquired and the liabilities assumed are recognised and non-controlling interest in Bharti Airtel Africa B.V. as of the date of acquisition, i.e. June 8, 2010.

	As of June 8, 2010
Purchase consideration	
Cash	374,091
Deffered consideration at fair value	47,786
Total (A)	421,877
Acquisition related cost (included in Selling, general and administrative expenses in the group Consolidated statement of comprehensive income)	1,417

Recognised amount of Identifiable assets acquired and liabilities assumed

	As determined as of March 31, 2011	As determined on the date of acquisition
Assets acquired		
Property, plant and equipments	122,002	126,271
Intangibles assets	81,036	81,035
Current assets	63,685	63,312
Liabilities assumed		
Non current liabilities	(76,182)	(75,543)
Current liabilities	(103,871)	(102,126)
Contingent liability (legal and tax cases)	(7,435)	(8,347)
Net identifiable assets (B)	79,236	84,602
Non-controlling interest in Zain (C)	6,610	7,418
Goodwill (A - B + C)	349,253	344,693

Considering the time involved in valuation and complexities involved in the acquired business, the above figures are provisional as the management is still in the process of finalising the fair valuation.

The changes in the above provisional figures are mainly on account of prior period errors as identified by the management subsequent to the date of acquisition.

None of the goodwill recognised is deductible for Income tax purposes.

From the date of acquisition, Bharti Airtel Africa B.V. has contributed revenue of ₹ 130,418 and loss before tax of ₹ 3,843 to the consolidated revenue and net profit before tax of the Group, respectively.

The details of receivables acquired through business combination are as follows:

As of June 8, 2010	Fair Value	Gross Contractual amount of Receivable	Best estimate of amount not expected to be collected
Accounts Receivable	12,607	17,833	(5,226)

Analysis of cash flows on acquisition

Cash consideration paid (at exchange rate on the date of payment, including foreign exchange impact of ₹ 464)	₹	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)	₹	371,141
Transaction costs of the acquisition (included in cash flows from operating activities)		
- During the year ended March 31, 2010 (B)	₹	511
- During the year ended March 31, 2011 (C)	₹	906
Total cash outflow in respect of business combination (A + B + C)	₹	372,558

b) **Acquisition of 70% 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% equity interest in Airtel Bangladesh Limited on January 12, 2010 for ₹ 13,912. 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 recognised 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 summarises the fair value of the consideration paid, the amount at which assets acquired and the liabilities assumed are recognised and the non-controlling interest in Airtel Bangladesh Limited as of February 25, 2010.

	As on February 25, 2010
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
Recognised amount of Identifiable assets acquired and liabilities assumed	
Assets Acquired	
Property, plant and 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-Controlling 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 recognised ₹ 219 towards dispute with various tax authorities in Bangladesh.

From the date of acquisition till March 31, 2010, Airtel Bangladesh Limited has contributed revenue of ₹ 407 and loss before tax of ₹ 231 to the consolidated revenue and net profit before tax of the Group, respectively.

The details of receivables acquired through business combination are as follows:

As of June 8, 2010	Fair Value	Gross Contractual amount of Receivable	Best estimate of amount not expected to be collected
Accounts Receivable	162	216	54
Other Receivable	23	23	-

Analysis of cash flows on acquisition

Cash consideration paid	13,912
Net cash acquired with the subsidiary	(13,911)
Investment in subsidiary, net of cash acquired (A)	1
(included in cash flows from investing activities)	
Transaction costs of the acquisition (included in cash flows from operating activities)	
- 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% interest in Telecom Seychelles Limited, Seychelles**

The Group entered into a share purchase agreement with Seejay Cellular Limited to acquire 100% equity interest in Telecom Seychelles Limited on August 23, 2010 for ₹ 2,903. 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 recognised in the transaction consists largely of the synergies and economies of scale expected from the combined operation of the Group and Telecom Seychelles Limited.

The following table summarizes the preliminary fair value of the consideration paid, the amount at which assets acquired and the liabilities assumed are recognised and the fair value of the interest in Telecom Seychelles Limited as of August 27, 2010.

	As on August 27, 2010
Purchase consideration	
Cash (A)	2,903

Recognised amount of Identifiable assets acquired and liabilities assumed

	As determined as of March 31, 2011	As determined on the date of acquisition
Assets acquired		
Property, plant and 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-controlling interest (C)	-	-
Goodwill (A - B + C)	2,601	2,695

None of the goodwill recognised is deductible for Income tax purposes.

From the date of acquisition, Telecom Seychelles Limited has contributed revenue of ₹ 416 and profit before tax of ₹ 176 to the consolidated revenue and net profit before tax of the Group, respectively.

The details of receivables acquired through business combination are as follows:

As of August 27, 2010	Fair Value	Gross Contractual amount of Receivable	Best estimate of amount not expected to be collected
Accounts Receivable	212	212	-

Analysis of cash flows on acquisition

Cash consideration paid	₹	2,903
Net cash acquired with the subsidiary	₹	(53)
Investment in subsidiary, net of cash acquired (A)	₹	2,850
(included in cash flows from investing activities)		
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 venture and associates would have been ₹ 623,477 and ₹ 74,084 respectively, had all the acquisitions been effective for the full year 2010-11.

e) **Acquisition of additional interest in Celtel Zambia Plc**

On December 17, 2010, the Group acquired 17.47% of the voting shares of Celtel Zambia Plc increasing its ownership to 96.36%. A cash consideration of ₹ 5,601 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 and the carrying value of the additional interest acquired was ₹ 1,481. The difference of ₹ 4,120 between the consideration and the carrying value of the interest acquired has been recognized in other components of equity.

f) **Acquisition of additional interest in Airtel Networks Kenya Limited**

On February 24, 2011, the Group acquired 5% of the voting shares of Airtel Networks Kenya Limited increasing its ownership to 100%. A cash consideration of ₹ 503 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 and the carrying value of the additional interest acquired was ₹ 33. The difference of ₹ 470 between the consideration and the carrying value of the interest acquired has been recognized in other components of equity.

7. Operating expenses

	Notes	Year ended March 31, 2011	Year ended March 31, 2010
Access charges		74,718	44,806
Licence fees, revenue share and spectrum charges		52,600	40,875
Network operations cost		127,163	89,316
Employee costs	7.1	32,784	19,028
Selling, general and adminstrative expenses		107,743	56,814
		395,008	250,839

Selling, general and administrative expenses include following:

	Year ended March 31, 2011	Year ended March 31, 2010
Trading inventory consumption	8,169	3,395
Dimunition in value of inventory	342	219
Provision for doubtful debts	2,613	3,072

7.1 Employee costs

	Notes	Year ended March 31, 2011	Year ended March 31, 2010
Salaries, allowances & others		29,230	15,059
Defined contribution plan		797	702
Defined benefit plan		1,196	1,773
Stock based compensation		1,561	1,494
		32,784	19,028

7.2 **Stock based compensation plans**

The following table provides an overview of all existing stock option plans of the Group and its joint ventures:

Entity	Scheme	Plan	Year of issuance	Stock 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	10.68	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	4,813	1 - 5	7	5.55	Equity settled
Bharti Airtel	Scheme 2005	2005 Plan	2005	11,232	1 - 4	7	237.30	Equity settled
Bharti Airtel	Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	2008	8,783	1 - 3	7	352.05	Equity settled
Bharti Airtel	Scheme 2005	Performance Share Plan (PSP) 2009 Plan	2009	1,651	3 - 4	7	5.00	Equity settled
Bharti Airtel	Scheme 2005	Special ESOP & Restricted Share Units (RSU)	2010	3,255	1 - 5	7	5.00	Equity settled
Bharti Infratel	Infratel plan	2008 Plan	2008	3,649	1 - 5	7	329.00	Equity settled
Indus Towers Ltd#	Indus Plan	2009 Plan	2009	1.20	1 - 4	7	249,300.00	Equity settled

The following table exhibits the net compensation expense under respective schemes:

Entity	Scheme	Plan	Year ended March 2011	Year ended March 2010
Bharti Airtel	Scheme I	2001 Plan	-	-
Bharti Airtel	Scheme I	2004 Plan	-	-
Bharti Airtel	Scheme I	Superpot	-	-
Bharti Airtel	Scheme I	2006 Plan	176	186
Bharti Airtel	Scheme 2005	2005 Plan	84	163
Bharti Airtel	Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	295	517
Bharti Airtel	Scheme 2005	Performance Share Plan (PSP) 2009 Plan	120	72
Bharti Airtel	Scheme 2005	Special ESOP & Ristricted Share Units (RSU)	420	-
Bharti Infratel	Infratel plan	2008 Plan	371	498
Indus Towers Ltd#	Indus Plan	2009 Plan	95	58
			1,561	1,494

Information concerning the stock options issued to directors, officers and employees is presented below:

(Shares in Thousands)	As of March 31, 2011		As of March 31, 2010		As of April 1, 2009	
	Number of stock options	Weighted average exercise price (₹)	Number of stock options	Weighted average exercise price (₹)	Number of stock options	Weighted average exercise price (₹)
Scheme I - 2001 plan						
Number of shares under option:						
Outstanding at beginning of year	16	60.00	36	32.92	73	44.48
Granted	-	-	-	-	-	-
Exercised	(16)	60.00	(4)	11.25	(23)	11.25
Expired	-	-	(16)	11.25	-	-
Forfeited	-	-	-	-	(14)	11.25
Outstanding at year end	-	-	16	60.00	36	32.92
Exercisable at end of year	-	-	16	60.00	36	32.92
Scheme I - 2004 plan						
Number of shares under option:						
Outstanding at beginning of year	170	35.00	576	35.00	955	35.00
Granted	-	-	-	-	-	-

(Shares in Thousands)	As of March 31, 2011		As of March 31, 2010		As of April 1, 2009	
	Number of stock options	Weighted average exercise price (₹)	Number of stock options	Weighted average exercise price (₹)	Number of stock options	Weighted average exercise price (₹)
Exercised	(170)	35.00	(406)	35.00	(379)	35.00
Expired	-	-	-	-	-	-
Forfeited	-	-	-	-	-	-
Outstanding at year end	-	-	170	35.00	576	35.00
Exercisable at end of year	-	-	170	35.00	576	35.00
Scheme I - Superpot						
Number of shares under option:						
Outstanding at beginning of year	12	-	12	-	12	-
Granted	-	-	-	-	-	-
Exercised	(4)	-	-	-	-	-
Expired	-	-	-	-	-	-
Forfeited	(8)	-	-	-	-	-
Outstanding at year end	-	-	12	-	12	-
Exercisable at end of year	-	-	12	-	12	-
Scheme I - 2006 plan						
Number of shares under option:						
Outstanding at beginning of year	2,096	5.50	2,410	5.77	2,785	5.95
Granted	867	5.00	454	5.00	261	5.00
Exercised	(554)	5.00	(640)	6.24	(36)	26.98
Expired	-	-	-	-	-	-
Forfeited	(352)	5.00	(128)	5.00	(600)	5.00
Outstanding at year end	2,057	5.51	2,096	5.50	2,410	5.77
Exercisable at end of year	832	6.27	357	7.96	68	5.00
Scheme 2005 - 2005 plan						
Number of shares under option:						
Outstanding at beginning of year	4,515	292.34	5,998	274.44	7,682	271.40
Granted	-	-	-	-	-	-
Exercised	(568)	148.73	(920)	128.37	(478)	134.08
Expired	-	-	-	-	-	-
Forfeited	(479)	339.29	(563)	365.28	(1,206)	310.73
Outstanding at year end	3,468	309.34	4,515	292.34	5,998	274.44
Exercisable at end of year	2,816	280.68	2,576	228.52	1,876	189.95
Scheme 2005 - 2008 plan and AGP						
Number of shares under option:						
Outstanding at beginning of year	7,031	354.94	5,794	330.97	-	-
Granted	-	-	2,566	402.50	6,216	331.22
Exercised	(11)	336.50	(1)	336.50	-	-
Expired	-	-	-	-	-	-
Forfeited	(1,105)	353.96	(1,328)	342.28	(422)	334.64
Outstanding at year end	5,915	355.16	7,031	354.94	5,794	330.97
Exercisable at end of year	3,043	345.70	1,282	331.36	-	-
Scheme 2005 - PSP 2009 plan						
Number of shares under option:						
Outstanding at beginning of year	1,282	5.00	-	-	-	-
Granted	328	5.00	1,323	5.00	-	-
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Forfeited	(154)	5.00	(41)	5.00	-	-
Outstanding at year end	1,456	5.00	1,282	5.00	-	-
Exercisable at end of year	-	-	-	-	-	-

(Shares in Thousands)	As of March 31, 2011		As of March 31, 2010		As of April 1, 2009	
	Number of stock options	Weighted average exercise price (₹)	Number of stock options	Weighted average exercise price (₹)	Number of stock options	Weighted average exercise price (₹)
Scheme 2005 - Special ESOP & RSU Plan						
Number of shares under option:						
Outstanding at beginning of year	-	-	-	-	-	-
Granted	3,255	5.00	-	-	-	-
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Forfeited	(280)	5.00	-	-	-	-
Outstanding at year end	2,975	5.00	-	-	-	-
Exercisable at end of year	-	-	-	-	-	-
Infratel Options*						
Number of shares under option:						
Outstanding at beginning of year	2,898	340.00	2,000	340.00	-	-
Granted	654	329.00	995	340.00	2,000	340.00
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Forfeited	(306)	329.00	(97)	340.00	-	-
Outstanding at year end	3,246	329.00	2,898	340.00	2,000	340.00
Exercisable at end of year	983	329.00	482	340.00	-	-
** The exercise price of the options granted has been changed from ₹ 340 per option to ₹ 329 per option during the year ended March 31, 2011.*						
Indus Options#						
Number of shares under option:						
Outstanding at beginning of year	0.84	249,300.00	-	-	-	-
Granted	0.30	249,300.00	0.90	249,300.00	-	-
Exercised	-	-	-	-	-	-
Expired	-	-	-	-	-	-
Forfeited	(0.14)	249,300.00	(0.06)	249,300.00	-	-
Outstanding at year end	1.00	249,300.00	0.84	249,300.00	-	-
Exercisable at end of year	0.10	249,300.00	-	-	-	-

The following table summarizes information about options exercised and granted during the year and about options outstanding and their remaining contractual life:

				Options Granted		Options Excercised	
Entity	Plan	Options Outstanding (thousands)	Remaining Contractual term (years)	Options	Weighted Average Fair Value	Options	Weighted Average Share Price
Bharti Airtel	2001 Plan	-	-	-	-	16	328.40
Bharti Airtel	2004 Plan	-	-	-	-	170	340.23
Bharti Airtel	Superpot	-	-	-	-	4	347.55
Bharti Airtel	2006 Plan	2,057	2.17 to 6.94	867	287.39	554	343.53
Bharti Airtel	2005 Plan	3,468	1.44 to 3.92	-	-	568	336.63
Bharti Airtel	2008 Plan Annual grant plan	5,915	4.25 to 5.25	-	-	11	334.84
Bharti Airtel	PSP 2009 Plan	1,456	5.34 to 6.34	328	281.97	-	-
Bharti Airtel	Special ESOP & RSU	2,975	6.01 to 6.19	3,255	280.17	-	-
Bharti Infratel	2008 Plan	3,246	4.42 to 6.36	654	468.00	-	-
Indus Towers Ltd#	2009 Plan	1.00	5.42 to 6.42	0.3	340,750.00	-	-

Represents 42% 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:

	Year Ended March 31, 2011	Year Ended March 31, 2010	Year Ended March 31, 2009
Risk free interest rates	7.14% to 8.84%	5.35% to 8.50%	4.45% to 9.70%
Expected life	48 to 72 months	48 to 84 months	48 to 72 months
Volatility	37.26% to 58%	36.13% to 58%	36.23% to 49.26%
Dividend yield	0 to 0.39%	0% to 0.31%	0.00%
Weighted average share price on the date of grant exluding Infratel and Indus	256.95 to 368.00	307.42 to 412.13	308.40 to 416.27
Weighted average share price on the date of grant - Infratel	658	680	680
Weighted average share price on the date of grant - Indus	498,600	498,600	-

The expected life of the share option is based on historical data and 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 year ended March 31, 2011, Bharti Airtel Employee Welfare Trust ('trust') (a trust set up for administration of ESOP Schemes of the Company) has acquired 1,157,025 Bharti Airtel equity shares from the open market at an average price of ₹ 347.44 per share and has transferred 578,726 shares to the employees of the Company upon exercise of stock options, under ESOP Scheme 2005.

8. Other income

	Year ended March 31, 2011	Year ended March 31, 2010
Miscellaneous income	635	221
Rental income from Site Sharing	711	476
	1,346	697

9. Depreciation and amortisation

	Notes	Year ended March 31, 2011	Year ended March 31, 2010
Depreciation	13	86,980	60,816
Amortisation	14	15,086	2,016
		102,066	62,832

10. Non-operating Expense

The Group's and its joint ventures', non-operating expense consisting of charity and donations for the years ended March 31, 2011, March 31, 2010, are ₹ 292, and ₹ 181, respectively.

11. Finance income and costs

	Year ended March 31, 2011	Year ended March 31, 2010
Finance income		
Interest Income on securities held for trading	10	14
Interest Income on deposits	475	591
Interest Income on loans to joint ventures	23	833
Interest Income on others	398	378
Net gain on securities held for trading	1,196	2,442
Net exchange gain	-	13,123
Net gain on derivative financial instruments	1,434	-
	3,536	17,381
Finance costs		
Interest on borrowings	20,378	7,626
Unwinding of discount on provisions	176	219
Net exchange loss	3,112	-
Net loss on derivative financial instruments	-	7,968
Other finance charges	1,683	1,746
	25,349	17,559

"Interest income on Others" include ₹ 259 and ₹ 160 towards unwinding of discount on other financial assets for years ended March 31, 2011 and March 31, 2010, respectively.

"Interest on borrowings" includes ₹ Nil and ₹ 2,672 towards unwinding of interest on compounded financial instruments for years ended March 31, 2011 and March 31, 2010, respectively.

"Other finance charges" comprise bank charges, trade finance charges and charges relating to derivative instruments and includes ₹ 175 and ₹ 120 towards unwinding of discount on other financial liabilities for years ended March 31, 2011 and March 31, 2010, respectively.

12. Income taxes

The major components of the income tax expense are:

	Year ended March 31,	
	2011	2010
Current Income Tax		
- India	20,177	21,182
- Overseas	3,642	101
	23,819	21,283
Deferred Tax*		
- Relating to origination and reversal of temporary differences	(5,644)	(8,477)
Tax expense attributable to current year's profit	18,175	12,806
Adjustments in respect of income tax of previous year		
- Current Income Tax	142	1,036
- Deferred Tax*	(527)	(389)
	(385)	647
Income tax expense recorded in the Consolidated Statement of Comprehensive Income	17,790	13,453
Consolidated Statement of Change in Equity		
Deferred tax related to items charged or credited directly to equity during the year:		
- Extension of conversion of compulsory convertible debt net of amount transferred to equity on early redemption of the same	-	376
Deferred Tax charged/(credited) directly to Equity	-	376

Note:
* Includes minimum alternate tax (MAT) credit of ₹ 14,140 and ₹ 11,320 during the years ended March 31, 2011 and March 31, 2010, respectively.

During the years ended March 31, 2011 and March 31, 2010, the Company recognised additional income tax charge of ₹ 2,980 and ₹ 6,872 under 'current income tax' and additional MAT credit of ₹ 2,980 and ₹ 6,872 under 'deferred tax', respectively on account of change in effective MAT rate from 16.995% to 19.9305% during the financial year 2010-11 and from 11.33% to 16.995% during the financial year 2009-10.

The reconciliation between tax expense and product of net income before tax multiplied by enacted tax rates in India is summarized below:

	Year ended March 31,	
	2011	2010
Net Income before taxes	76,782	105,091
Enacted tax rates in India	33.22%	33.99%
Computed tax expense	25,505	35,721
Increase/(reduction) in taxes on account of:		
Share of losses in associates	19	16
Benefit claimed under tax holiday provisions of Income Tax Act	(19,679)	(25,233)
Temporary differences reversed during the tax holiday period	726	(305)
Effect of Changes in tax rate	(118)	-
Adjustment in respect to current income tax of previous years	142	1,036
Adjustment in respect to MAT credit of previous years	(345)	(887)
Deferred tax recognised in respect of previous years	(182)	498
Effect of different tax rate in other countries	1,123	(254)
Losses and deductible temporary difference against which no deferred tax asset recognised	9,052	1,835
(Income)/Expenses (net) not taxable/ deductible	484	575
Reversal of previously recognised Deferred tax asset	129	-
Others	934	451
Income tax expense recorded in the Consolidated Statement of Comprehensive Income	17,790	13,453

The components that gave rise to deferred tax assets and liabilities are as follows:

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Deferred Tax Asset/ (Liabilities)			
Provision for Impairment of Debtors and Advances	7,058	5,122	4,312
Losses available for offset against future taxable income	1,977	2,193	1,605
Employee Stock Options	1,001	840	426
License Fees	648	848	900
Post employment benefits	380	343	445
Minimum Tax Credit	28,543	14,403	3,083
Lease Rent Equalization - Expense	3,707	2,706	1,587
Fair valuation of Derivative Instruments and unrealised exchange fluctuation	1,247	(342)	1,307
Accelerated depreciation for tax purposes	(8,222)	(14,810)	(11,559)
Fair valuation of intangibles/ property plant and equipments on business combination	1,548	(773)	(824)
Lease Rent Equalisation - Income	(2,749)	(1,797)	(786)
Fair valuation of compulsory convertible debentures	-	-	(532)

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Deferred tax liability on undistributed retained earnings of foreign subsidiaries	(2,545)	-	-
Others	(19)	19	298
Net Deferred tax Asset/ (Liabilities)	32,574	8,752	262

	Year ended March 31,	
	2011	2010
Deferred Tax (Expenses)/Income		
Provision for Impairment of Debtors and Advances	(949)	811
Losses available for offset against future taxable income	(732)	588
Employee Stock Options	162	414
License Fees	(200)	(53)
Post employment benefits	38	(102)
Minimum Tax Credit	14,140	11,320
Lease Rent Equalisation - Expense	1,002	1,120
Fair valuation of Derivative Instruments and unrealised exchange fluctuation	403	(1,649)
Accelerated depreciation for tax purposes	(4,393)	(3,251)
Fair valuation of intangibles/property plant and equipments on business combination	(2,692)	51
Lease Rent Equalisation - Income	(953)	(1,011)
Fair valuation of compulsory convertible debentures	-	907
Others	345	(279)
Net Deferred Tax (Expenses)/Income	6,171	8,866

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Reflected in the statement of financial position as follows:			
Deferred Tax Asset	45,061	12,489	3,987
Deferred Tax Liabilities	(12,487)	(3,737)	(3,725)
Deferred Tax Asset Net	32,574	8,752	262

The reconciliation of deferred tax assets net is as follows:

	Year ended March 31,	
	2011	2010
Opening Balance	8,752	262
Tax Income/(expense) during the year recognized in profit and loss	6,171	8,866
Tax Income/(expense) during the year recognised in equity	-	(376)
Deferred taxes acquired in business combination	18,434	-
Translation adjustment	(783)	-
Closing Balance	32,574	8,752

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 recognised deferred tax assets in respect of deductible temporary differences, carry forward of unused tax credits and unused tax losses of ₹ 77,846, ₹ 23,823 and ₹ 1,907 as of March 31, 2011, March 31, 2010 and March 31, 2009, 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% to 45% depending on the jurisdiction in which the respective Group entities operate. Of the above balance as of March 31, 2011, losses and deductible temporary differences to the extent of ₹ 24,644 have an indefinite carry forward period and the balance amount expires unutilized as follows:

March 31,	
2012	2,235
2013	5,362
2014	12,690
2015	10,578
2016	10,493
Thereafter	11,844
	53,202

The Group has not recognised 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 ₹ 38,021, ₹ 15,853 and ₹ 9,696 as of March 31, 2011, March 31, 2010 and March 31, 2009, respectively.

13. **Property, plant and equipment**

Property plant and equipment consist of the following:

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, 2009	**7,766**	**501,599**	**23,302**	**40,100**	**572,767**
Additions	3,105	-	4,729	97,934	105,768
Acquisition through Business Combinations	68	7,732	730	393	8,923
Disposals	(208)	(7,182)	(158)	-	(7,548)
Currency translation	(6)	(1,592)	(74)	(116)	(1,788)
Reclassification/adjustment	85	113,858	(309)	(113,634)	-
As of March 31, 2010	**10,810**	**614,415**	**28,220**	**24,677**	**678,122**
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**

Particulars	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total
Accumulated Depreciation					
As of April 1, 2009	**1,951**	**118,239**	**16,095**	**-**	**136,285**
Charge	718	55,993	4,105	-	60,816
Disposals	(199)	(525)	(146)	-	(870)
Currency translation	(5)	(693)	(40)	-	(738)
Reclassification/adjustment	13	(11)	(2)	-	-
As of March 31, 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**
Net Carrying Amount					
As of April 1, 2009	5,815	383,360	7,207	40,100	436,482
As of March 31, 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

*₹ 1,334 and ₹ 14 gross block and accumulated depreciation respectively, has been reclassified from ‘other equipments, operating and office equipments’ to intangible assets – ‘software’.

"Other equipment, operating and office equipment" include gross block of assets capitalised under finance lease ₹ 48, ₹ 82 and ₹ 12 as on March 31, 2011, March 31, 2010 and March 31, 2009, respectively and the corresponding accumulated depreciation for the respective periods ₹ 15, ₹ 1 and ₹ 7.

"Land and Building" include gross block of assets capitalised under finance lease ₹ 914, ₹ Nil and ₹ Nil as on March 31, 2011, March 31, 2010 and March 31, 2009, respectively and the corresponding accumulated depreciation for the respective periods ₹ 67, ₹ Nil and ₹ Nil.

The "advance payments and construction in progress" includes ₹ 46,988 (including ₹ 268 due from a related party), ₹ 24,176 and ₹ 38,450 towards technical equipment and machinery and ₹ 1,246, ₹ 501 and ₹ 1,650 towards other assets as on March 31, 2011, March 31, 2010 and March 31, 2009, respectively.

The Group and its joint ventures have taken borrowings from banks and financial institutions (refer note 26 for details towards security and pledge).

During the year, one of the Group company have revised the useful life of customer premises equipments from 3 years to 5 years effective April 1, 2010. The change in estimate resulted in lower depreciation to the extent of ₹ 2,344 for the year ended March 31, 2011 with a corresponding increase in the net block of assets.

14. **Intangible assets**

Intangible assets comprises of following:

Particulars	Goodwill	Software	Bandwidth	Licence	Other acquired intangibles	Total
Cost						
As of April 1, 2009	**38,426**	**1,367**	**3,363**	**18,458**	**4,744**	**66,358**
Additions	-	2,056	510	-	-	2,566
Acquisition through Business Combinations	6,974	89	-	3,065	354	10,482
Currency translation	(523)	(27)	(297)	(126)	(7)	(980)
As of March 31, 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**
Accumulated amortisation						
As of April 1, 2009	**2,637**	**742**	**307**	**8,224**	**4,650**	**16,560**
Charge	-	629	253	1,106	28	2,016
Currency translation	-	(20)	7	(27)	-	(40)
As of March 31, 2010	**2,637**	**1,351**	**567**	**9,303**	**4,678**	**18,536**
Accumulated amortisation						
As of April 1, 2010	**2,637**	**1,351**	**567**	**9,303**	**4,678**	**18,536**
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	**2,637**	**2,807**	**841**	**16,422**	**10,706**	**33,413**
Net Carrying Amount						
As of April 1, 2009	35,789	625	3,056	10,234	94	49,798
As of March 31, 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

* ₹ 1,334 and ₹ 14 gross block and accumulated depreciation respectively, has been reclassified from property, plant and equipment - 'other equipments, operating and office equipments' to 'software'.

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" licence (3G) for a sum of ₹ 122,982 and "Broadband & Wireless Access" (BWA) licence for a sum of ₹ 33,144. Licence fee includes ₹ 50,896, services with respect to which have not been launched as of March 31, 2011 and are therefore not amortised.

During the years ended March 31, 2011 and March 31, 2010, the Group and its joint ventures have capitalized borrowing cost of ₹ 4,314 and ₹ Nil, respectively.

Weighted average remaining amortization period of license as of March 31, 2011 is 19.32 years.

15. Impairment reviews

The Group tests goodwill for impairment annually on September 30, and whenever there are indicators of impairment. The testing is done at cash-generating units (CGU) level for which discrete financial information is available using the discounted cash flow approach.

During current financial year, impairment testing for goodwill was conducted by the Group on September 30. The testing didn't result in any impairment in the carrying value of goodwill. Previously the Group conducted impairment testing for goodwill on March 31, 2009, the transition date, as required by IFRS 1.C4. (g)(ii).

If some or all of the goodwill, allocated to a cash-generating unit, is recognised in a business combination during the year, that unit is tested for impairment before the end of that year. Thereafter impairment testing is carried out annually on September 30, and whenever there are indicators of impairment.

The carrying amount of the goodwill has been allocated to the following CGU/ Group of CGUs:

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Mobile Services - India & SA	37,789	38,148	31,196
Enterprise Services	4,050	4,092	4,593
Mobile Services - Africa	346,211	-	-
Total	**388,050**	**42,240**	**35,789**

The measurements of the cash generating units are found 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 Company has used ten year plans for its India 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 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 the Company. The discount rate was estimated based on the average percentage of weighted average cost of capital for the Company. Pre-tax discount rate used ranged from 10% to 23% (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 1% to 5% (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, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of these units to exceed its recoverable amount.

16. Investment in associates and joint ventures

16.1 Investment in associates

The details of associates are set out in Note 42.

The Group's interest in certain items in the statement of comprehensive income and the statement of financial position of the associates are as follows:

Share of associates revenue and profit:	**Year ended March 2011**	**Year ended March 2010**
Revenue	1,605	568
Total Expense	(1,850)	(616)
Net Finance cost	(35)	-
Profit before income tax	(280)	(48)
Income tax expense	-	-
Profit/(Loss) for the year	(280)	(48)
Unrecognised Profits/(Losses)	(223)	-
Recognised Losses	(57)	(48)
Carrying Value of Investment	-	57

Share in associates statement of financial position:	**As of March 31, 2011**	**As of March 31, 2010**	**As of April 1, 2009**
Assets	2,091	491	14
Liabilities	1,834	434	0
Equity	**257**	**57**	**14**

As of March 31, 2011, the equity shares of associates are unquoted.

16.2 **Investment in joint ventures**

The financial summary of joint ventures proportionately consolidated in the statement of financial position and statement of comprehensive income before elimination is as below:

	Year ended March 31, 2011	Year ended March 31, 2010
Share in joint ventures' revenue and profit:		
Revenue	45,243	37,558
Total expense	(38,092)	(32,845)
Net finance cost	(4,112)	(3,653)
Profit before income tax	3,039	1,060
Income tax expense	(1,011)	(360)
Profit for the year	2,028	700

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Share in joint ventures' statement of financial position:			
Current assets	13,308	13,070	10,251
Non-current assets	51,636	42,870	30,081
Current liabilities	17,646	14,277	36,715
Non-current liabilities	45,313	41,801	4,504
Equity	1,985	(138)	(887)

The details of joint ventures are set out in Note 42.

Share of joint ventures' commitments and contingencies is disclosed in Note 37.

17. **Derivative financial Instruments**

The Group uses foreign exchange option contracts, swap contracts or 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:-

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Assets			
Currency swaps and forward contracts	3,979	2,407	6,684
Interest rate swaps	-	3	6
Embedded derivatives	701	1,071	4,443
	4,680	3,481	11,133
Liabilities			
Currency swaps and forward contracts	308	511	164
Interest rate swaps	103	184	227
Embedded derivatives	57	9	-
	468	704	391
Bifurcation of above derivative instruments into current and non-current			
Non-current derivative financial assets	1,998	3,337	6,571
Current derivative financial assets	2,682	144	4,563
Non-current derivative financial (liabilities)	(151)	(289)	(227)
Current derivative financial (liabilities)	(317)	(415)	(164)
	4,212	2,777	10,743

Embedded derivative

The Group entered into long term purchase contracts denominated/ determined in foreign currencies. The value of these contract changes in response to the changes in specified foreign currency. 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.

18. **Other financial assets, non current**

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Security deposits	5,428	6,108	4,379
Restricted Cash	653	293	12
Others	1,849	967	283
	7,930	7,368	4,674

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 26.

19. **Other Non-financial assets, non-current**

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Fair valuation adustment - financial assets *	3,301	3,308	1,714
Restricted assets	5,954	4,177	1,942
	9,255	7,485	3,656

* represents unamortised portion of the difference between the fair value of the financial assets (security deposits) on initial recognition and the amount received.

Restricted assets represent payments made to various Government authorities under protest.

20. **Inventories**

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Transmission equipment	516	231	315
SIM cards	257	247	640
Handsets	1,356	-	-
Others	10	6	7
Total	2,139	484	962

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 26.

21. Trade and other receivables

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Trade receivables*	60,156	42,900	38,152
Less: Allowance for doubtful debts	(13,538)	(12,460)	(9,946)
Total Trade receivables	**46,618**	**30,440**	**28,206**
Other receivables			
Due from related party	1,670	1,689	1,372
Receivables from joint ventures	6,500	3,524	11,598
Interest accrued on investments	141	58	144
Total	**54,929**	**35,711**	**41,320**

Movement in allowances of doubtful debts

	As of March 31, 2011	As of March 31, 2010
Balance, beginning of the year	12,460	9,946
Additions -		
Provision for the year	2,613	3,072
Currency translation adjustment	1,442	172
Application -		
Write off of bad debts (net off recovery)	(2,977)	(730)
Balance, end of the year	**13,538**	**12,460**

*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 26.

22. Prepayments and other assets

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Prepaid expenses	12,024	4,772	4,513
Employee receivables	277	165	162
Advances to Suppliers	8,083	3,246	3,666
Other taxes receivable	8,088	10,966	17,962
Others	2,032	1,686	869
	30,504	**20,835**	**27,172**

Others include advance rentals of ₹ 783, ₹ 1,176 and ₹ 709 as of March 31, 2011, March 31, 2010 and March 31, 2009, 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.

23. Short-term investments

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Held for trading securities - quoted	6,125	47,511	22,023
Loans and receivables - fixed deposits with banks	99	4,753	14,615
	6,224	**52,264**	**36,638**

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 venture have taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under Note 26.

24. Other financial assets, current

Other financial assets comprise restricted cash, i.e. the amounts deposited under lien with various Government authorities.

25. Cash and cash equivalents

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Cash and bank balances	8,839	10,142	3,569
Fixed deposits with banks	736	10,539	9,373
Certificate of deposits - held for trading	-	4,642	1,490
	9,575	**25,323**	**14,432**

For the purpose of the consolidated cash flow statement, cash and cash equivalent comprise of following:-

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Cash and bank balances	8,839	10,142	3,569
Fixed deposits with banks	736	10,539	9,373
Certificate of deposits - held for trading	-	4,642	1,490
Less :- Bank overdraft (refer note 26.2)	(3,567)	(362)	(2,031)
	6,008	**24,961**	**12,401**

26. Borrowings

26.1 Long-term debts

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Secured			
Term loans	112,141	48,749	5,972
Non-convertible debentures (NCDs)	125	375	500
Others	89	120	17
Total	**112,355**	**49,244**	**6,489**
Less: Current portion (Payable within 1 year)	(35,650)	(3,156)	(146)
Total secured loans, net of current portion	**76,705**	**46,088**	**6,343**
Unsecured			
Term Loans	475,137	42,625	70,031
Convertible Debentures	-	-	30,471
FCCB's	-	-	24
Total	**475,137**	**42,625**	**100,526**
Debt origination cost	-	-	-
Less: Current portion (payable within 1 year)	(19,504)	(7,239)	(53,469)
Total unsecured loans, net of current portion	**455,633**	**35,386**	**47,057**
Total	**532,338**	**81,474**	**53,400**

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26.2 Short-term debts and current portion of long-term debts

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Secured			
Term loans	-	-	7,770
Bank overdraft	1,805	-	-
Total	**1,805**	**-**	**7,770**
Add: Current portion (Payable within 1 year)	35,650	3,156	146
Total secured loans, including current portion	**37,455**	**3,156**	**7,916**
Unsecured			
Term Loans	25,649	9,667	16,205
Bank overdraft	1,762	362	2,031
Total	**27,411**	**10,029**	**18,236**
Add: Current portion (payable within 1 year)	19,504	7,239	53,469
Total unsecured loans, including current portion	**46,915**	**17,268**	**71,705**
Total	**84,370**	**20,424**	**79,621**

26.3 Analysis of Borrowings

26.3.1 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.

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Within one year	84,370	20,424	79,621
Between one and two years	112,213	18,250	9,516
Between two and five years	327,706	43,036	32,789
over five years	96,492	21,074	11,902
Total	**620,781**	**102,784**	**133,828**

26.3.2 Interest rate and currency of borrowings

	Total borrowings	Floating rate borrowings	Fixed rate borrowings
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
Others	8,443	7,427	1,016
March 31, 2011	**620,781**	**605,567**	**15,214**
INR	44,733	40,918	3,815
USD	40,270	40,270	-
JPY	17,608	17,608	-
Others	173	-	173
March 31, 2010	**102,784**	**98,796**	**3,988**
INR	58,612	11,169	47,443
USD	36,828	36,804	24
JPY	38,388	38,388	-
April 1, 2009	**133,828**	**86,361**	**47,467**

The above details are gross of debt origination cost.

26.4 Non-convertible debenture

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
11.70%, 5 redeemable non-convertible debentures for ₹ 10 each repayable in 4 equated half yearly instalments beginning December 2009	13	38	50
11.70%, 45 redeemable non-convertible debentures for ₹ 10 each repayable in 4 equated half yearly instalments beginning December 2009	112	337	450
Total	**125**	**375**	**500**

26.5 Compulsory convertible debentures

In March 2008, the Group issued unsecured non interest bearing fully Compulsory Convertible Debentures for ₹ 30,256 in relation to dilution of its holding in Bharti Infratel Limited (BIL). The debentures were convertible into equity shares of BIL in September 2009 or earlier. During the year ended March 31, 2009, the Group further issued unsecured non interest bearing fully Compulsory Convertible Debentures for ₹ 1,779 aggregating the compulsory convertible debentures to ₹ 32,035.

On October 28, 2009, the Group converted non interest bearing 118,650 fully Compulsory Convertible Debentures into 1,182,270 equity shares of ₹ 10 each at a premium of ₹ 993.58 per share. On March 26, 2010, remaining 3,084,900 Debentures have been converted into 39,120,640 equity shares of ₹ 10 each at a premium of ₹ 778.56 per share.

26.6 Other loans

Others include vehicle loans taken from banks which were secured by the hypothecation of the vehicles ₹ 89, ₹ 120 and ₹ 17 as of March 31, 2011, March 31, 2010 and March 31, 2009, respectively.

The amounts payable for the capital lease obligations, excluding interest expense is ₹ 49, ₹ 32 and ₹ 8 for the years ended March 31, 2012, 2013 and 2014, respectively.

26.7 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 FIIs taken by parent, subsidiaries and joint ventures. The details of security provided by the Group and its joint venture in various countries, to various banks on the assets of parent, subsidiaries or JV's are as follows:

Entity	Relation	Outstanding loan amount			
		As of March 31, 2011	As of March 31, 2010	As of April 1, 2009	Security Detail
Bharti Airtel Ltd.	Parent	218	452	517	(i) 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; (ii) all rights, titles, interests in the accounts, and monies deposited and investments made there from and in project documents, book debts and insurance policies;
Bharti Infratel Ltd.	Subsidiary	-	6,000	6,000	First ranking *pari passu* charge amongst the senior secured creditors and second rank *pari passu* amongst the second secured creditors on all present and future tangible movable and immovable assets (excluding land) owned by the Company including plant and machinery, office equipment, furniture and fixtures, spares tools and accessories.
Indus Towers Ltd.	Joint Venture	37,170	34,860	7,770	(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 favour of working capital facilities with working capital facility limits not exceeding ₹ 1,000 crore (amount in absolute figures) including funded facilities not exceeding ₹ 500 crore (amount in absolute figures); (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 documents related to. (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) first charge on debt service reserve (DSR) of an amount equal to the aggregate principal amount of the Loan along with interest required to be repaid in one quarter be created immediately upon an Event of Default and maintained to secure a payment default, in case an Event of default occurs and is continuing or failure to maintain any of the Financial Covenants as mentioned in the relevant loan agreement.
Airtel Bangladesh Ltd.	Subsidiary	5,852	8,272	-	(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, favouring 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, favouring 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 favour of the Bank/FIIs Investors and the Offshore Security Agent.
Bharti Airtel Africa BV and its subsidiaries	Subsidiary	71,806	-	-	The countrywise security details are as follows: (i) Pledge of office building and fixed assets - Chad (ii) Fixed charge on business assets and 75% of the issued shares - Ghana (iii) Business Assets and Shares - Mallavi (iv) Pledge of equipments - Niger (v) All company security, rights, title and deeds - Uganda (vi) Lien on all the assets - Zambia (vii) Security trust deed - Nigeria (viii) Core network equipment - Sierra Leone (ix) Pledge of shares and assets - Congo B

Details of debt covenant for BAABV (erstwhile ZAIN) acquisition related borrowing:

Pursuant to a share sale agreement dated March 30, 2010, Bharti Airtel International (Netherlands) B.V., a subsidiary of the Company has acquired 100% equity stake in Bharti Airtel Africa B.V. (earlier known as Zain Africa B.V.) for a total consideration of USD 9 Bn. Accordingly, Bharti Airtel Africa B.V. has become a wholly owned subsidiary of the Company with effect from June 8, 2010. The above acquisition is financed through loans taken from various banks. The loan agreement contains 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.

Details of debt covenant w.r.t. the Company's 3G/BWA borrowings:

The loan agreements with respect to 3G/BWA borrowings contains 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.

26.8 Borrowings

Total borrowings disclosed at note 26.1 and 26.2 above includes,

- unsecured borrowings represented by ₹ 5,468 as of March 31, 2011 (₹ 3,248 and ₹ 8,753 as of March 31, 2010 and March 31, 2009, respectively) and secured borrowings represented by ₹ 36,816 as of March 31, 2011 (₹ 34,541 and ₹ 7,770 as of March 31, 2010 and March 31, 2009, respectively) pertaining to joint ventures; and

- unsecured borrowings represented by ₹ 497,080 as of March 31, 2011 (₹ 49,406 and ₹ 110,009 as of March 31, 2010 and March 31, 2009, respectively) and secured borrowings represented by ₹ 77,344 as of March 31, 2011 (₹ 14,703 and ₹ 6,489 as of March 31, 2010 and March 31, 2009, respectively) pertaining to Group excluding joint ventures.

26.9 Unused lines of credit

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Secured	10,189	100	100
Unsecured	8,815	5,358	6,517
Total Unused lines of credit	**19,004**	**5,458**	**6,617**

27. Provisions

	Employee benefits	Asset retirement obligation*	Total
As of March 2009	**1,920**	**3,755**	**5,675**
Of which: current	305	-	305
Provision during the year	1,773	458	2,231
Payment during the year	(1,093)	-	(1,093)
Adjustment during the year	-	(2,380)	(2,380)
Interest charge	-	220	220
As of March 2010	**2,600**	**2,053**	**4,653**
Of which: current	874	-	874
Provision during the year	1,196	341	1,537
Payment during the year	(1,356)	-	(1,356)
Acquisition through Business Combinations	-	2,501	2,501
Adjustment during the year	-	(246)	(246)
Interest charge	-	176	176
As of March 2011	**2,440**	**4,825**	**7,265**
Of which: current	1,180	-	1,180

* Refer Note 3.23, summary of significant accounting policies – Provisions (Asset Retirement Obligation).

During the year ended March 31, 2010, the Group has revised its estimates of provision for Asset Retirement Obligation (ARO) and consequently reversed provisions amounting to ₹ 2,380 with corresponding reduction in gross block of assets. The change in estimates resulted in lower depreciation by ₹ 288 and lower interest by ₹ 84 for the year ended March 31, 2010.

Further during the year ended March 31, 2011, the Joint Venture has revised its estimate for ARO and consequently reversed provisions amounting to ₹ 246 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 year" for asset retirement obligation is after considering the impact of change in discounting rate.

28. Other financial liabilities, non-current

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Security deposits	6,792	5,381	4,277
Others	7,064	5,479	2,934
	13,856	**10,860**	**7,211**

"Others" include rent equalisation reserve of ₹ 6,125, ₹ 4,539 and ₹ 1,995 as of March 31, 2011, March 31, 2010 and March 31, 2009, respectively.

29. Other non-financial liabilities

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Non-current			
Fair valuation adjustment - financial liabilities *	2,562	2,422	972
Others	2,809	1,490	1,490
	5,371	3,912	2,462
Current			
Other taxes payable	10,053	5,399	5,672
	10,053	5,399	5,672
Total	**15,424**	**9,311**	**8,134**

* represents unamortised portion of the difference between the fair value of the financial liability (security deposit) on initial recognition and the amount received.

30. Employee Benefits

The following table sets forth the changes in the projected benefit obligation and plan assets and amounts recognised in the consolidated statement of financial position as of March 31, 2011, March 31, 2010 and March 31, 2009, being the respective measurement dates:

Movement in Projected Benefit Obligation

	Gratuity	Compensated absence
Projected benefit obligation - April 1, 2009	780	618
Current service cost	231	206
Interest cost	58	46
Benefits paid	(260)	(327)
Acquisition adjustment	63	23
Actuarial loss	125	146
Projected benefit obligation - March 31, 2010	**997**	**712**
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**

Movement in Plan Assets - Gratuity

	As of March 31, 2011	As of March 31, 2010
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	**(1,255)**	**(916)**
Actual return on plan assets	**-**	**-**

The components of the gratuity and compensated absence cost were as follows:

(Recognised in employee costs)

	Gratuity	Compensated absence
Current service cost	255	215
Interest cost	75	53
Expected return on plan assets	(6)	-
Recognised actuarial (gain)/loss	174	163
March 31, 2011	**498**	**431**
Current service cost	231	206
Interest cost	58	46
Expected return on plan assets	(6)	-
Recognised actuarial (gain)/loss	131	146
March 31, 2010	**414**	**398**

The principal actuarial assumptions used for estimating the Group's and its joint ventures' benefit obligations are set out below:

Weighted average actuarial assumptions	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Discount Rate	7.50%	7.50%	7.50%
Expected Rate of increase in Compensation levels			
'Ist Three Years	9.00%	8.00%	15.00%
'Thereafter	9.00%	8.00%	7.00%
Expected Rate of Return on Plan Assets	7.50%	7.50%	7.50%
Expected Average remaining working lives of employees (years)	26.15 years	26.80 years	27.74 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:

	Gratuity	Compensated absence
March 31, 2011		
Plan Liabilities - (loss)/gain	(149)	(69)
Plan Assets - (loss)/gain	(6)	-
March 31, 2010		
Plan Liabilities - (loss)/gain	(136)	(144)
Plan Assets - (loss)/gain	(6)	-

Actuarial valuation of other long-term employee benefits:

Deferred incentive plan

	For the year ended March 31, 2011	For the year ended March 31, 2010
Opening Balance	807	579
Addition	228	934
Utilization	(873)	(706)
Closing Balance	**162**	**807**

Long term service award

	March 31, 2011	March 31, 2010	April 1, 2009
Estimated liability	145	156	144

Statement of Employee benefit provision

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Gratuity	1,255	916	699
Leave encashment	872	712	618
Other employee benefits	313	972	603
Total	**2,440**	**2,600**	**1,920**

31. Equity

(i) Authorised Shares

	As of March 31, 2011 ('000s)	As of March 31, 2010 ('000s)	As of April 1, 2009 ('000s)
Ordinary shares of ₹ 5 each	5,000,000	5,000,000	5,000,000

(ii) Other components of equity

a) Stock-based payment transactions

The stock-based payment transactions reserve comprise the value of equity-settled stock-based payment transactions provided to employees, including key management personnel, as part of their remuneration. The carrying value of the reserve as on March 31, 2011, March 31, 2010 and March 31, 2009 is ₹ 4,776, ₹ 3,504 and ₹ 2,013, respectively. Refer to Note 7.2 for further details of these plans.

b) Revaluation reserve

The increase in fair valuation of property, plant and equipment is recorded under revaluation reserve and the same is utilised towards diminution in value of those assets which were previously revalued. The carrying value of the reserve as on March 31, 2011, March 31, 2010 and March 31, 2009 is ₹ 21, ₹ 21 and ₹ 21, respectively.

c) Debenture redemption reserve

As required under the corporate laws of the jurisdiction under which the parent company is registered, the Company appropriated as debenture redemption reserve an amount equal to 25% of the total debentures and bonds outstanding at each date of statement of financial position. The carrying value of the reserve as on March 31, 2011, March 31, 2010 and March 31, 2009 is ₹ 32, ₹ 97 and ₹ 135, respectively.

d) Reserves arising on transactions with equity owners of the Group or Reserve arising on dilution.

The Group treats transactions with non-controlling interests 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 on March 31, 2011, March 31, 2010 and March 31, 2009 is ₹ 36,156, ₹ 40,746 and ₹ 15,162, respectively.

(iii) Dividends paid and proposed

	Year ended March 31, 2011	Year ended March 31, 2010
Declared and paid during the year:		
Final dividend for 2009-10: ₹ 1 per share of ₹ 5 each (2008-09: ₹ 1 per share)	4,428	4,442
Proposed for approval at the annual general meeting (not recognised as a liability):		
Final dividend for 2010-11: ₹ 1 per share of ₹ 5 each (2009-10: ₹ 1 per share)	4,414	4,428

32. Trade and other payables

	March 31, 2011	March 31, 2010	April 1, 2009
Trade creditors	55,919	21,123	11,498
Equipment supply payables	65,277	42,802	67,710
Dues to employees	3,109	2,670	2,246
Accrued expenses	74,843	34,054	32,394
Interest accrued but not due	1,271	134	803
Due to related parties	837	53	242
Others	38,428	1,467	2,396
	239,684	**102,303**	**117,289**

"Others" include non-interest bearing security deposits received from customers and dealers to be refunded on the termination of the respective service or sales agreement.

"Others" also include ₹ 35,763 (USD 801 mn) as on March 31, 2011 towards the amount payable to Zain International B.V. for acquisition of 100% interest in Bharti Airtel Africa B.V. (erstwhile Zain Africa B.V.).

33. 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.

	Carrying Amount			Fair Value		
	March 31, 2011	March 31, 2010	April 1, 2009	March 31, 2011	March 31, 2010	April 1, 2009
Finacial Assets						
Assets carried at fair value through profit or loss						
Currency swaps and forward contracts	3,979	2,407	6,684	3,979	2,407	6,684
Interest rate swaps	-	3	6	-	3	6
Embedded derivatives	701	1,071	4,444	701	1,071	4,444
Held for trading securities - quoted						
- mutual funds	6,125	47,511	22,023	6,125	47,511	22,023
- certificate of deposits	-	4,642	1,490	-	4,642	1,490
Assets carried at amortised cost						
Fixed deposits with banks	835	15,292	23,988	835	15,292	23,988
Cash and bank balances	8,839	10,142	3,569	8,839	10,142	3,569
Trade and other receivables	54,929	35,711	41,320	54,929	35,711	41,320
Other financial assets	8,674	7,466	4,758	8,402	7,160	4,539
	84,082	**124,245**	**108,282**	**83,810**	**123,939**	**108,063**
Financial Liabilities						
Liabilities carried at fair value through profit or loss						
Currency swaps and forward contracts	308	511	164	308	511	164
Interest rate swaps	103	184	227	103	184	227
Embedded derivatives	57	9	-	57	9	-
Liabilities carried at amortised cost						
Borrowing- Floating rate	601,494	97,910	85,554	601,494	97,910	85,554
Borrowing- Fixed rate	15,214	3,988	47,467	15,172	3,995	47,468
Trade & other payables	239,684	102,303	117,289	239,684	102,303	117,289
Other financial liabilities	13,856	10,860	7,211	13,681	10,753	7,182
	870,716	**215,765**	**257,912**	**870,499**	**215,665**	**257,884**

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 corroborate 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, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of March 31, 2011, 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 and certificate of deposits 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 judgement and inputs thereto are readily observable from actively quoted markets.

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 Group and its joint ventures uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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.

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	Level 2	Level 3
March 31, 2011			
Financial assets			
Derivative financial asset	-	4,680	-
Held for trading securities - quoted	6,125	-	-
Financial liabilities			
Derivative financial Liability	-	468	-
March 31, 2010			
Financial assets			
Derivative financial asset	-	3,481	-
Held for trading securities - quoted	47,511	-	-
Certificate of deposits-held for trading	4,642	-	-
Financial liabilities			
Derivative financial Liability	-	704	-
April 1, 2009			
Financial assets			
Derivative financial asset	-	11,134	-
Held for trading securities - quoted	22,023	-	-
Certificate of deposits - held for trading	1,490	-	-
Financial liabilities			
Derivative financial Liability	-	391	-

During the year ended March 31, 2011, 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.

34. 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 years ended March 31, 2011 and March 31, 2010, respectively are described below:

	Year ended March 31, 2011		
Relationship	Significant influence entities	Associates	Other related parties
Purchase of Assets	-	(3,577)	(1,508)
Sale of Assets	-	6	-
Sale of Investment	-	-	224
Sale of Services	1,096	39	162
Purchase of Services	(719)	(1,875)	(1,280)
Loans to Related Party	-	200	-
Expenses (Other than Employees related) incurred by the group on behalf of Related Party	-	34	19
Expenses (Other than Employees related) incurred by Related Party for the Group	-	-	(704)
Employee Related Expenses incurred by the group on behalf of Related Party	-	12	-

Relationship	Year ended March 31, 2011		
	Significant influence entities	Associates	Other related parties
Employee related transaction incurred on behalf of the Group	-	-	(32)
Security deposit/Advances paid	-	-	522
Security deposit/Advances received	-	-	(352)
Rent Expenses to Related Party	-	-	(984)
Interest Income on Loan from Related Party	-	22	-
Dividend Paid	(2,317)	-	(259)
Closing Balances	**413**	**(511)**	**1,199**
Due from related parties	**413**	**210**	**1,315**
Due to related parties	**-**	**(721)**	**(116)**

Relationship	Year ended March 31, 2010		
	Significant influence entities	Associates	Other related parties
Purchase of Assets	(171)	(280)	(680)
Sale of Assets	-	156	-
Purchase of Investments	-	-	(264)
Sales of Investments	-	-	264
Sale of Services	1,354	-	399
Purchase of Services	(856)	(480)	(1,858)
Expenses (Other than Employees related) incurred by the group on behalf of Related Party	-	-	65
Expenses (Other than Employees related) incurred by Related Party for the Group	(9)	-	(682)
Employee related transaction incurred on behalf of related party	-	-	2
Employee related transaction incurred on behalf of the Group	-	-	(10)
Security deposit/Advances paid	-	-	55
Loan to Related Party	-	100	-
Interest Income on Loan to Related Party	-	3	-
Dividend paid	(2,311)	-	-
Closing balance	**443**	**404**	**789**
Due from related parties	**443**	**404**	**842**
Due to related parties	**-**	**-**	**(53)**

Summary of transactions with Joint Ventures (JVs) *:

	Year ended	
	March 31, 2011	March 31, 2010
Purchase of fixed Assets	-	(325)
Sale of Assets	244	336
Sale of Services	5,354	5,377
Purchase of services	(24,332)	(20,447)
Reimbursement of energy expenses	(11,625)	(10,948)
Expenses incurred on behalf of JVs	3,379	3,293
Expenses incurred on behalf of the Group	(1,006)	(943)
Security deposit/Advances paid	29	5,268
Security deposit/Advances received	(2,360)	-
Loans given	4,822	4,822
Interest income	-	1,433
Closing balance	**6,240**	**(4,761)**
Due from JV	16,951	5,870
Due to JV	(10,711)	(10,631)

**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.*

(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 ₹ 107 and ₹ 105 on account of donation given to Bharti Foundation during the years ended March 31, 2011 and March 31, 2010, respectively.

Purchase of assets – included primarily purchase of bandwidth, computer software, telephone instruments and network equipments.

Expenses incurred by the Group – included primarily general and administrative expenses.

Expenses incurred for the Group – included 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 – included 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:

	Year ended	
	March 31, 2011	March 31, 2010
Short-Term Employee benefits	356	303
Post-Employment benefits	16	11
Other Long-Term Employee benefits*	-	-
Share-based payment**	221	34
	593	348

*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 amortisation over the vesting periods.

35. **Operating Segment**

The Group, over the last year has expanded its foot print through acquisition of Warid Telecom and Zain Africa BV, wireless telecommunication service provider having operations spread over Bangladesh and Africa continent.

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 and Managing Director of the Group (Chief operating decision maker).

Mobile Services: These services cover voice and data telecom services provided through GSM technology in the geographies of India & South Asia (SA) and Africa. This also includes the captive national long distance networks which primarily provide connectivity to the mobile services business in India.

Telemedia Services: These services provided under the segment include voice and data communications based on fixed network and broadband technology. This also includes the sale of terminal equipment and the hardware. The services are offered to retail and small business customers.

Enterprise Services: These services cover domestic and international long distance services and internet and broadband services. Long distance services are intermediary services provided to the non-group international/domestic telecom service providers. Internet and broadband services are used to provide bandwidth and other network solutions to corporate customers.

Passive Infrastructure Services: These services include setting up, operating and maintaining wireless communication towers, providing network development services and to engage in video, voice, data and internet transmission business in and out of India.

Others: These comprise corporate headquarters' expenses in India which are not charged to individual business and geographical segments. Further, these costs also include corporate headquarter costs of the Company's Africa operations. Others also include revenue, profits/losses, assets and liabilities of Direct to Home Services in India.

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. Segment result is computed as operating income (including "other income") less non-operating expenses. Re-branding expenditure pertaining to the acquired businesses are included under the related business segment and other re-branding expenditure are included under the 'Others' segment. Finance income earned, finance expense incurred and income tax expenses 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. Corporate held assets managed at the corporate level not allocated to the segments include deferred tax asset and derivative financial instruments.

Segment liabilities comprise operating liabilities and exclude borrowings, provision for taxes, deferred tax liabilities and derivative financial instruments.

Segment capital expenditures comprise additions to property, plant and equipment and intangible assets (net of rebates, where applicable).

Summary of the segmental information as of and for the year ended March 31, 2011, is as follows:

Description	Mobile Services		Telemedia Services	Enterprise Services	Passive Infra Services	Others	Eliminations	Consolidated
	India & SA	Africa						
Revenue from external customers	347,778	130,721	33,563	30,202	44,686	7,722	-	594,672
Inter segment revenue	14,911	113	2,761	11,090	40,868	2,596	(72,339)	-
Total revenues	**362,689**	**130,834**	**36,324**	**41,292**	**85,554**	**10,318**	**(72,339)**	**594,672**
Segment result	85,551	5,173	8,334	5,546	11,688	(17,640)	-	98,652
Share of profits/(loss) in associates								(57)
Interest income (net)								3,536
Interest expense (net)								(25,349)
Earnings before taxation								**76,782**
Segment assets	760,142	583,774	107,002	82,733	203,105	198,781	(525,545)	1,409,992
Unallocated segment assets								55,072
Consolidated total assets								**1,465,064**
Segment liabilities	321,116	224,843	79,443	28,304	40,733	145,685	(524,593)	315,531
Unallocated segment liabilities								633,302
Consolidated total liabilities								**948,833**
Other segment items								
Period capital expenditure	(187,857)	(35,236)	(45,216)	(11,426)	(23,622)	(13,333)	9,742	(306,948)
Investment in associates	-	-	-	-	-	-	-	-
Depreciation and amortisation	(41,346)	(26,128)	(8,155)	(4,577)	(20,058)	(4,649)	2,847	(102,066)
Deferred tax (expense)/benefit								6,171

Unallocated liabilities includes amount borrowed for the acquisition of 3G & BWA Licenses ₹ 63,765 and for funding the acquisition of Africa operations and other borrowings of Africa operations ₹ 460,966 (USD 10.32 bn)

Summary of the segmental information as of and for the year ended March 31, 2010, is as follows:

Description	Mobile Services		Telemedia Services	Enterprise Services	Passive Infra Services	Others	Eliminations	Consolidated
	India & SA	Africa						
Revenue from external customers	317,819	-	32,162	29,832	35,819	2,840	-	418,472
Inter segment revenue	13,456	-	1,992	14,966	35,033	2,985	(68,432)	-
Total revenues	**331,275**	-	**34,154**	**44,798**	**70,852**	**5,825**	**(68,432)**	**418,472**
Segment result	94,403	0	7,589	9,336	7,362	(13,193)	(180)	105,317
Share of profits/(loss) in associates								(48)
Interest income (net)								17,381
Interest expense (net)								(17,559)
Earnings before taxation								**105,091**
Segment assets	601,721	-	65,579	82,566	210,913	90,420	(359,106)	692,093
Unallocated segment assets								18,847
Consolidated total assets								**710,940**
Segment liabilities	241,978	-	46,411	48,515	50,694	127,149	(358,147)	156,600
Unallocated segment liabilities								107,115
Consolidated total liabilities								**263,715**
Other segment items								
Period capital expenditure	(56,460)	0	(12,317)	(15,527)	(28,630)	(10,103)	14,703	(108,334)
Investment in associates	-	-	45	-	-	12	-	57
Depreciation and amortisation	(34,348)	0	(7,151)	(3,411)	(17,168)	(2,773)	2,019	(62,832)
Deferred tax (expense)/benefit								8,866

Entity-wide disclosures:

Information concerning principal geographic areas is as follows:

Net sales to external customers by geographic area by location of the entity recognizing the revenue is given as below:

	Year ended	
	March 31, 2011	March 31, 2010
India	451,701	413,042
Africa	130,721	-
Rest of the World	12,250	5,430
Total	594,672	418,472

Non-current assets (Property, plant and equipment and Intangible assets) by geographic area:

	As of March 31, 2011	As of March 31, 2010
India	707,754	519,374
Africa	552,765	-
Rest of the World	28,224	23,145
Total	1,288,743	542,519

36. **Lease disclosure**

Operating Lease

The Group's and its joint ventures' obligations arising from non-cancellable lease are mainly related to rental or lease agreements for network infrastructure, passive infrastructure and real estate. These leases include extension options and provide for stepped rents. 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, 2011	As of March 31, 2010
Obligations on non-cancellable leases:		
Not later than one year	28,936	23,585
Later than one year but not later than five years	64,258	49,694
Later than five years	92,308	77,297
Total	185,502	150,576
Lease Rentals (Excluding Lease Equalisation Adjustment of ₹ 1,627 and ₹ 1,378 for the year ended March 31, 2011 and March 31, 2010)	29,160	24,615

The escalation clause includes escalation ranging from 0 to 50%, includes option of renewal from 1 to 99 years and there are no restrictions imposed on lease arrangements.

The future minimum lease payments receivable, **as lessor** are as follows:

Particulars	As of March 31, 2011	As of March 31, 2010
Receivables on non-cancellable leases:		
Not later than one year	16,836	20,057
Later than one year but not later than five years	54,912	47,404
Later than five years	50,833	37,854
Total	122,581	105,315

Finance Lease – As a Lessee

(i) Finance lease obligation of the Group as at March 31, 2011 is as follows:

Particulars	Future minimum lease payments	Interest	Present value
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

(ii) Finance lease obligation of the Group as at 31 March, 2010 is as follows:

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	49	13	36
Later than one year but not later than five years	73	10	63
Later than five years	-	-	-
Total	122	23	99

37. **Commitments and contingencies**

(i) **Commitments**

a) **Capital commitments**

	March 31, 2011	March 31, 2010	April 1, 2009
Contracts placed for future capital expenditure not provided for in the financial statements	129,703	47,835	75,185

The above includes ₹ 8,705 as of March 31, 2011 (₹ 9,025 and ₹ 8,128 as of March 31, 2010 and March 31, 2009 respectively), pertaining to IT outsourcing agreement. As per the agreement, the Company has commitment to pay these charges towards capex and related service charges.

The above also includes ₹ 3,833 as of March 31, 2011, (₹ 2,604 and ₹ 10,161 as of March 31, 2010 and March 31, 2009 respectively), pertaining to Joint Ventures.

b) **Guarantees**

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Financial bank guarantee*	30,466	32,458	22,483

** The Company has issued corporate guarantee for ₹ 4,658, 8,498 and 1,577 as of March, 31, 2011, March 31, 2010 and March 31, 2009 respectively to banks, financial institution and third parties for issuing bank guarantee on behalf of Group companies.*

(ii) **Contingencies**

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Taxes, Duties and Other demands (under adjudication/ appeal/ dispute)			
- Sales Tax and Service Tax	6,491	3,275	1,090
- Income Tax	9,182	5,757	2,006
- Access Charges/Port Charges	3,941	1,283	2,210
- Customs Duty	2,642	2,400	2,289
- Entry Tax	3,872	3,032	1,556
- Stamp Duty	579	575	595
- Municipal Taxes	493	2	3
- DoT demands	1,073	712	581
- Other miscellaneous demands	1,869	109	66
- Claims under legal cases including arbitration matters	591	499	583
Total	**30,733**	**17,644**	**10,979**

The above also includes ₹ 108 as of March 31, 2011, (₹ 86 and ₹ Nil as of March 31, 2010 and March 31, 2009 respectively), pertaining to Joint Ventures.

The above mentioned contingent liabilities represent disputes with various government authorities in the respective jurisdiction where the operations are based. Currently, the Group and its joint venture have operations in India, South Asia region and Africa region.

a) **Sales and Service Tax**

The claims for sales tax 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.

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. The company, believes, that there would be no liability that would arise from this matter.

b) **Income Tax demand under Appeal**

Income Tax demands comprise of the appeals filed by the Group and its joint ventures before the various appellate authorities in respective jurisdictions against the disallowance of certain expenses being claimed under tax by Income Tax Authorities and non deduction of tax at source with respect to dealer's/distributor's payments .

The total amount consists of ₹ 2,156 as of March 31, 2011 on account of liabilities of Bharti Airtel Africa B.V.

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.

The management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable. Accordingly, no amounts have been accrued although some have been paid under protest.

The Hon'ble TDSAT in its order dated May 21, 2010, allowed BSNL 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 August 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 CDRs to TRAI. The CDRs have been furnished to TRAI. The management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable.

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 judgement in favour of BSNL, and held that the pre-2007 rates shall be applicable prospectively from May 29, 2010. The management believes that, based on legal advice, the outcome of these contingencies will be favourable and that a loss is not probable.

d) **Customs Duty**

The custom authorities, in some states, demanded ₹ 2,642 as of March 31, 2011 (₹ 2,400 and ₹ 2,289 as of March 31, 2010 and March 31, 2009) 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 customs duty as it would be operating software exempt from any customs duty. The management is of the view that the probability of the claims being successful is remote.

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. The amount under dispute as of March 31, 2011 was ₹ 3,872 (₹ 3,032 and ₹ 1,556 as of March 31, 2010 and March 31, 2009 respectively).

f) **Airtel Networks Limited - Ownership**

Airtel Networks Limited (formerly known as Celtel Nigeria Ltd.), an indirect subsidiary of the Company, is a defendant in some cases filed by Econet Wireless Limited (EWL) claiming a breach of its alleged pre-emption rights against certain erstwhile and current shareholders.

Under the transaction to acquire a 65.7% controlling stake in Airtel Networks Limited in 2006, its shareholders were obliged under the pre-emption right provision contained in 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 Zain Africa, which was subsequently acquired by an international subsidiary of the company. 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 that is the current owner of 65.7% of the equity in Airtel Networks Limited has been defending these cases vigorously and Management believes that it has meritorious defenses.

The cases relating to the acquisition of Airtel Networks Ltd in 2006 are ongoing and sub-judice from that date. Given the low probability of any material adverse effect to the Company's consolidated financial position, the difficulties in estimating probable outcomes in a reliable manner, and the indemnities in the shareholder agreement with MTC, the Company determined that it was appropriate not to provide for this matter in the financial statements. Further also, the estimate of the financial effect, if any, cannot be made.

In addition, Airtel Networks Limited, is a defendant in an action where EWL is claiming entitlement to 5% of the issued share capital of Airtel Networks Limited. This case was commenced by EWL in 2004 (prior to the Vee Networks Ltd. acquisition). Our lawyers are vigorously defending the case, which is yet to recommence at the court of first instance. The Company is interested in the case as a result of its 65.7% controlling interest in Airtel Networks Limited.

38. **Earnings per share**

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

(Shares in millions)

	Year ended March 31, 2011	**Year ended March 31, 2010**
Weighted average shares outstanding- Basic	3,795	3,793
Effect of dilutive securities on account of convertible bonds and ESOP	0	1
Weighted average shares outstanding-diluted	3,795	3,794

Income available to common stockholders of the Group used in the basic and diluted earnings per share were determined as follows:

	Year ended March 31, 2011	**Year ended March 31, 2010**
Income available to common stockholders of the Group	60,467	89,768
Effect on account of convertible bonds and ESOP on earnings for the year	-	(1)
Net income available for computing diluted earnings per share	60,467	89,767
Basic Earnings per Share	15.93	23.67
Diluted Earnings per Share	15.93	23.66

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events of share splits for all the periods presented. 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.

39. **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 venture 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 Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee 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 of 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, 2011 and March 31, 2010.

  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 statement of comprehensive income item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2011 and March 31, 2010.

  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 foreign currency transactions on a 12 months rolling forecast.

  Foreign currency sensitivity

  The following table demonstrates the sensitivity to a reasonably possible change in the USD and Japanese Yen exchange rate, with all other variables held constant, on the Group's and its joint ventures' profit before tax (due to changes in the fair value of monetary assets and liabilities including non designated foreign currency derivatives). The Group's and its joint ventures' exposure to foreign currency changes for all other currencies is not material.

	Change in currency exchange rate	Effect on profit before tax
March 2011		
US Dollars	+5%	(5,230)
	-5%	5,230
Japanese Yen	+5%	(1,027)
	-5%	1,027
March 2010		
US Dollars	+5%	(3,099)
	-5%	3,099
Japanese Yen	+5%	(995)
	-5%	995

- **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 venture enters into interest rate swaps, whereby 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, 2011, after taking into account the effect of interest rate swaps, approximately 3.78% of the Group's and its joint ventures' borrowings are at a fixed rate of interest (March 2010: 12.68%).

  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
March 31, 2011		**For the year ended**
INR - borrowings	+100	(910)
	-100	910
Japanese Yen - borrowings	+100	(94)
	-100	94
US Dollar - borrowings	+100	(3,765)
	-100	3,765
Other Currency - borrowings	+100	(356)
	-100	356
March 31, 2010		**For the year ended**
INR - borrowings	+100	(413)
	-100	413
Japanese Yen - borrowings	+100	(93)
	-100	93
US Dollar - borrowings	+100	(391)
	-100	391

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 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 venture is 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 venture 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 Enterprise Services 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 exposure to credit risk from the date of invoice as at the reporting date is follows:

	Within due date and unbilled	Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	Total
Trade Receivables March 31, 2011	16,793	12,520	7,150	3,359	6,796	46,618
Trade Receivables March 31, 2010	10,951	8,489	6,500	1,571	2,929	30,440

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 21 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 Group's 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, 2011 and March 31, 2010 is the carrying amounts as illustrated in Note 33 except for financial guarantees. The Group's and its joint ventures' maximum exposure for financial guarantees is given in Note 37.

- **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.

  The table below summarizes the maturity profile of the Group's and its joint ventures'financial liabilities based on contractual undiscounted payments:-

	As at March 31, 2011						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
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	**3,294**	**320,835**	**25,102**	**131,608**	**472,580**	**953,419**

	As at March 31, 2010						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*	101,898	-	16,069	8,827	22,495	75,132	**122,523**
Financial derivatives	704	-	388	27	126	163	**704**
Other liabilities	10,860	3,239	0	-	-	7,621	**10,860**
Trade and other payables	102,303	-	102,303	-	-	-	**102,303**
	215,765	**3,239**	**118,760**	**8,854**	**22,621**	**82,916**	**236,390**

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period, over the tenure of the borrowings.

The disclosed derivative financial instruments 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, 2011 and March 31, 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, loan from venture partner, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	As of March 31, 2011	As of March 31, 2010	As of April 1, 2009
Interest Bearing Loans & Borrowings	616,708	101,898	133,021
Trade and Other payables	239,684	102,303	117,289
Other Financial Liabilities	13,856	10,860	7,211
Less: Cash and Cash Equivalents	9,575	25,323	14,432
Net Debt	**860,673**	**189,738**	**243,089**
Equity	487,668	421,940	310,299
Total Capital	**487,668**	**421,940**	**310,299**
Capital and Net Debt	**1,348,341**	**611,678**	**553,388**
Gearing Ratio	**63.8%**	**31.0%**	**43.9%**

40. **New Companies**

a) On April 1 2010, Airtel M Commerce Services Limited (AMSL) has been incorporated as a wholly owned subsidiary of Bharti Airtel Limited with an investment of ₹ 20 Mn. During current year, Bharti Airtel Services Limited, the wholly owned subsidiary of Bharti Airtel Limited has invested ₹ 20 Mn for 50% investment in AMSL.

b) On April 5, 2010, Bharti Airtel (Japan) Kabushiki Kaisha, Japan has been incorporated as a step down subsidiary of Bharti Airtel Limited (through Bharti Airtel Holdings (Singapore) Pte. Ltd., Singapore, a wholly owned subsidiary of the Company). Bharti Airtel Holdings (Singapore) Pte. Ltd. has invested Yen 50,000 towards subscription of 1 share of Yen 50,000 in Bharti Airtel (Japan) Kabushiki Kaisha.

c) On April 6, 2010, Bharti Airtel International (Mauritius) Limited has been incorporated as a wholly owned subsidiary of Bharti Airtel Limited. The Company has invested ₹ 1,646 in the share capital of Bharti Airtel International (Mauritius) Limited on its incorporation. The Company has further invested ₹ 2,990 during the year ended March 31, 2011 for additional equity shares.

d) On May 17, 2010, the Company acquired additional 49.62% equity stake in its subsidiary, Bharti International (Singapore) Pte Ltd for a consideration of USD 206,000. The Company has further invested ₹ 621 during the year ended March 31, 2011 for additional equity shares. The shareholding of the Company in Bharti International (Singapore) Pte Ltd as of March 31, 2011 is 50.85%.

e) On May 18, 2010, the Company acquired additional 49.90% equity stake in its subsidiary, Bharti Airtel International (Netherlands) B.V for a consideration of Euro 18,535. Consequently the total equity interest of the Company in Bharti Airtel International (Netherlands) B.V. has increased to 51.00%.

f) Pursuant to definitive agreement dated March 30, 2010, Bharti Airtel International (Netherlands) B.V., a wholly owned subsidiary of the Company has acquired 100% equity stake in Zain Africa B.V. (name changed to Bharti Airtel Africa B.V.) for a total consideration of USD 9 Bn. Accordingly, Bharti Airtel Africa B.V. has become a subsidiary of the Company with effect from June 8, 2010.

g) On June 9, 2010, Bharti Airtel (France) SAS, France has been incorporated as a step down subsidiary of Bharti Airtel Limited (through Bharti Airtel Holdings (Singapore) Pte. Ltd., Singapore, a wholly owned subsidiary of the Company). Bharti Airtel Holdings (Singapore) Pte. Ltd. has invested Euro 10,000 towards subscription of 10,000 share of Euro 1 each of Bharti Airtel (France) SAS.

h) Effective July 6, 2010, Bharti Airtel (Singapore) Private Ltd. (transferor company) has amalgamated with Bharti International (Singapore) Pte. Ltd. (transferee company) under the Short Form Amalgamation provisions of Singapore Companies Act. Upon amalgamation, the entire share capital of the amalgamating entity is deemed cancelled and all the assets and liabilities stand transferred to the amalgamated company as on the date of amalgamation.

i) On August 27, 2010, Bharti Airtel Africa B.V., Africa, a wholly owned subsidiary of Bharti Airtel Limited (through Bharti Airtel International (Netherlands) B.V.), has acquired 2,500,000 ordinary shares representing 100% equity stake of Indian Ocean Telecom Limited, Jersey that holds the entire share capital of Telecom Seychelles Limited, Seychelles for a total consideration of USD 62 Mn.

Consequent upon acquisition of shares, both Indian Ocean Telecom Limited, Jersey and Telecom Seychelles Limited, Seychelles have ultimately become step-down subsidiaries of Bharti Airtel Limited w.e.f. August 27, 2010.

j) On September 27, 2010, Zap Trust Burkina Faso S.A. has been incorporated as wholly owned subsidiary of Zap Mobile Commerce B.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) B.V.) with issued share capital of

CFA 10,000,000 divided into 1,000 shares of CFA 10,000 each fully paid.

k) On September 28, 2010, Bharti Airtel DTH Holdings B.V. has been incorporated as wholly owned subsidiary of Bharti Airtel Africa B.V. with issued share capital of EUR 18,000, divided into 18,000 shares of EUR 1, each fully paid.

l) On October 5, 2010, Africa Towers N.V. has been incorporated as wholly owned subsidiary of Bharti Airtel International (Netherlands) B.V. with issued share capital of EUR 45,000, divided into 45,000 shares of EUR 1, each fully paid.

m) On October 7, 2010, Zap Trust Company Uganda Limited was incorporated jointly by Zap Mobile Commerce BV and Zap Holdings B.V., with an authorised capital of 2,000,000 Uganda Shillings divided into 2,000 Ordinary shares of each 1,000 Uganda Shillings. Upon incorporation, each incorporator subscribed for 1 share.

n) On October 26, 2010, Mobile Commerce Gabon S.A. has been incorporated as wholly owned subsidiary of Zap Mobile Commerce B.V. The Company has an authorised capital of 1,000 Ordinary shares of 10,000 CFA each.

o) On November 2, 2010, Airtel DTH Services Ghana Limited has been incorporated as wholly owned subsidiary of Bharti Airtel DTH Holdings B.V. The newly incorporated company has an issued capital of GHc 80,000, divided into 10,000 shares, all fully paid up in cash.

p) On November 11, 2010, Zap Trust Company Tanzania Limited has been incorporated jointly by Zap Mobile Commerce BV and Zap Holdings BV. The newly incorporated Company is a private limited company in which, Zap Mobile Commerce B.V. currently holds 999 shares and Zap Holdings BV holds 1 share, each of 1000 Tanzania Shillings.

q) On November 26, 2010, Airtel DTH Services Malawi Limited has been incorporated as wholly owned subsidiary of Bharti Airtel DTH Holdings BV. The Airtel DTH Services Malawi Limited is a private limited company with 10,000,000 ordinary shares of one kwacha (K1) each.

r) On November 26, 2010, Airtel DTH Services Uganda Limited has been incorporated as wholly owned subsidiary of Bharti Airtel DTH Holdings BV. The Airtel DTH Services Uganda Limited is a private limited company and has an authorised capital of Uganda Shillings 2,000,000, divided into 2,000 ordinary shares of Uganda Shillings 1,000 each.

s) On November 26, 2010, Airtel DTH Services Congo S.A. 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). The Bharti Airtel DTH holdings B.V., had invested CFA 10,000,000 in newly incorporated company.

t) On November 29, 2010, Airtel DTH Services Niger S.A. 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). The Bharti Airtel DTH holdings B.V., had invested CFA 10,000,000 in newly incorporated company.

u) On December 2, 2010, Airtel Towers (Ghana) Limited has been incorporated as a wholly owned subsidiary of Africa Towers N.V. with an issued capital of GHc 80,000, divided into 10,000 shares, all fully paid up in cash.

v) On December 15, 2010, Malawi Towers Limited has been incorporated as a wholly owned subsidiary of Africa Towers NV. Malawi Towers Limited is a private limited company with 10,000,000 ordinary shares of 1 Kwacha (K1) each.

w) On December 30, 2010, Uganda Towers Limited has been incorporated by Africa Towers NV, a wholly owned subsidiary of Bharti Airtel International (Netherlands) BV, with 2,000 ordinary shares of Uganda Shillings 1,000 each.

x) On January 18, 2011, Airtel DTH Service (K) Limited had been incorporated as a subsidiary of Bharti Airtel DTH Holdings B.V. (a subsidiary of Bharti Airtel Africa B.V). The Bharti Airtel DTH holdings B.V., had invested Kenyan Shillings 99,000 in newly incorporated company.

y) On January 19, 2011, Airtel DTH Services (SL) Limited 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). The Bharti Airtel DTH holdings B.V., had invested Le 10 million in newly incorporated company.

z) On January 27, 2011, Airtel DTH Services Tanzania Limited had been incorporated as a subsidiary of Bharti Airtel DTH Holdings B.V. (a wholly owned subsidiary of Bharti Airtel Africa B.V). The Bharti Airtel DTH holdings B.V., had invested Tanzanian Shillings 999,000 in newly incorporated company.

aa) On January 27, 2011, Airtel DTH Services Nigeria Limited had been incorporated as a subsidiary of Bharti Airtel DTH Holdings B.V. (a wholly owned subsidiary of Bharti Airtel Africa B.V). The Bharti Airtel DTH holdings B.V., had invested 9,999,999 Nigerian Naira in newly incorporat company.

ab) On January 31, 2011, Tchad Towers S.A. had been incorporated as a wholly subsidiary of Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) BV). The Africa Towers N.V. had invested CFA 10 million in the newly incorporated company.

ac) On February 2, 2011, Airtel Towers (SL) Company Ltd. had been incorporated as a wholly owned subsidiary of Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) BV). The Africa Towers N.V. had invested Sierra Leone Leones 10,000,000 in the newly incorporated company.

ad) On February 7, 2011, Zambia Towers Ltd. had been incorporated by Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) BV). The Africa Towers N.V. had invested 4,999,999 Zambian Kwacha in the newly incorporated company.

ae) On March 7, 2011, Towers Support Nigeria Ltd. had been incorporated. The newly incorporated company is jointly controlled by Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) BV) and Bharti Airtel International (Netherlands) B.V. The Group had invested Nigerian Naira 10 million in the newly incorporated company.

af) On February 11, 2011, Airtel DTH Services Zambia Limited had been incorporated as a subsidiary of Bharti Airtel DTH Holdings B.V. (a wholly owned subsidiary of Bharti Airtel Africa B.V). The Bharti Airtel DTH holdings B.V., had invested 4,999,999 Zambian Kwacha in newly incorporated company.

ag) On February 18, 2011, Airtel DTH Services Tchad S.A. had been incorporated as a subsidiary of Bharti Airtel DTH Holdings B.V. (a wholly owned subsidiary of Bharti Airtel Africa B.V). The Bharti Airtel DTH holdings B.V., had invested CFA 10 million in newly incorporated company.

ah) On March 7, 2011, Congo Towers S.A. had been incorporated as a subsidiary of Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) BV). The Africa Towers N.V. had invested CFA 10 million in the newly incorporated company.

ai) On March 15, 2011, Madagascar 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) BV). The Africa Towers N.V. had invested Madagascar Ariary (MGA) 2 million in the newly incorporated company.

aj) On March 15, 2011, Tanzania Towers S.A. had been incorporated as a subsidiary of Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) BV). The Africa Towers N.V. had invested Tanzania Shillings 999,000 in the newly incorporated company.

ak) On March 15, 2011, Airtel DTH Services Madagascar S.A. 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). The Bharti Airtel DTH holdings B.V., had invested Madagascar Ariary (MGA) 2 million in newly incorporated company.

al) On March 16, 2011, Kenya Towers S.A. had been incorporated by Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) BV). The Africa Towers N.V. had invested Kenya Shillings 99,000 in the newly incorporated company.

am) On March 29, 2011, Niger Towers S.A. had been incorporated as a subsidiary of Africa Towers N.V. (a wholly owned subsidiary of Bharti Airtel International (Netherlands) BV). The Africa Towers N.V. had invested CFA 10 million in the newly incorporated company.

an) On March 30, 2011, Burkina Faso 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) BV). The Africa Towers N.V. had invested CFA 10 million in the newly incorporated company.

ao) On March 30, 2011, Airtel DTH Service Burkina Faso S.A. 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). The Bharti Airtel DTH holdings B.V., had invested CFA 10 million in the newly incorporated company.

ap) On January 12, 2011, the Company entered into a Joint Venture (JV) agreement with the State Bank of India with equity participation of SBI and Bharti Airtel in the ratio of 51:49 to offer banking products and services.

aq) During the year, the Company has further invested ₹ 227 in its wholly owned subsidiary, Bharti Airtel Holdings (Singapore) Pte. Ltd. for additional equity shares.

41. Bharti Infratel Limited, in the Board Meeting held on January 20, 2009, approved a scheme of arrangement for the demerger of its undertaking comprising passive telecom infrastructure in 12 Circles and merger thereof with Bharti Infratel Ventures Limited (wholly owned subsidiary) through Scheme of Arrangement and has filled requisite scheme of arrangement with Hon'ble High Court of Delhi on July 7, 2009.

42. **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:

Sr. No.	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group		
				March 31, 2011 %	March 31, 2010 %	April 1, 2009 %
1	Bharti Airtel Services Limited	India	Administrative support to Bharti Airtel and trading activities	100	100	100
2	Netwotk i2i Limited	Mauritius	Submarine Cable System	100	100	100
3	Bharti Airtel (USA) Limited	United States of America	Telecommunication services	100	100	100
4	Bharti Airtel (UK) Limited	United Kingdom	Telecommunication services	100	100	100
5	Bharti Airtel (Canada) Limited	Canada	Telecommunication services	100	100	100
6	Bharti Airtel (Hongkong) Limited	Hongkong	Telecommunication services	100	100	100
7	Bharti Airtel (Singapore) Pvt. Limited (BASPL)*	Singapore	Telecommunication services	NA*	100	100
8	Bharti Airtel Holdings (Singapore) Pte. Ltd.	Singapore	Investment Company	100	100	100
9	Bharti Airtel Lanka (Pvt.) Limited	Sri Lanka	Telecommunication services	100	100	100
10	Bharti Infratel Lanka (Pvt.) Limited	Sri Lanka	Passive infrastructure services	100	100	100
11	Bharti Hexacom Limited	India	Telecommunication services	70	70	70
12	Bharti Infratel Limited ("BIL")	India	Passive infrastructure services	86.09	86.09	92.51
13	Bharti Infratel Ventures Limited("BIVL")	India	Passive infrastructure services	86.09	86.09	92.51
14	Bharti Telemedia Limited	India	Direct To Home services	95	95	40
15	Airtel Bangladesh Limited (formerly Warid Telecom International Limited)	Bangladesh	Telecommunication services	70	70	-

Sr. No.	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group		
				March 31, 2011 %	March 31, 2010 %	April 1, 2009 %
16	Bharti International (Singapore) Pte. Ltd.*	Singapore	Telecommunication services	100	100	-
17	Bharti Airtel International (Netherlands) B.V.	Netherlands	Investment Company	100	100	-
18	Airtel M Commerce Services Limited	India	Telecommunication services	100	-	-
19	Bharti Airtel International (Mauritius) Ltd.	Mauritius	Investment Company	100	-	-
20	Bharti Airtel Japan Kabushiki Kisha	Japan	Telecommunication services	100	-	-
21	Bharti Airtel France SAS	France	Telecommunication services	100	-	-
22	Bharti Airtel Africa B.V.	Netherlands	Investment Company	100	-	-
23	Bharti Airtel Burkina Faso Holdings B.V.	Netherlands	Investment Company	100	-	-
24	Airtel Burkina Faso S.A. (Formerly known as Celtel Burkina Faso S.A.)	Burkina Faso	Telecommunication services	100	-	-
25	Bharti Airtel Chad Holdings B.V.	Netherlands	Investment Company	100	-	-
26	Celtel chad S.A.	Chad	Telecommunication services	100	-	-
27	Bharti Airtel Gabon Holdings B.V.	Netherlands	Investment Company	100	-	-
28	Celtel Gabon S.A.	Gabon	Telecommunication services	90	-	-
29	Bharti Airtel Cameroon Holdings B.V.	Netherlands	Investment Company	100	-	-
30	Celtel Cameroon S.A.	Cameroom	Telecommunication services	100	-	-
31	Bharti Airtel Congo Holdings B.V.	Netherlands	Investment Company	100	-	-
32	Airtel Congo S.A. (Formerly known as Celtel Congo S.A.)	Congo Brazzavile	Telecommunication services	90	-	-
33	Bharti Airtel RDC Holdings B.V.	Netherlands	Investment Company	100	-	-
34	Partnership Investments Sprl	Congo DRC	Investment Company	100	-	-
35	Celtel Congo RDC S.a.r.l.	Congo DRC	Telecommunication services	98.5	-	-
36	Bharti Airtel Mali Holdings B.V.	Netherlands	Investment Company	100	-	-
37	Bharti Airtel Kenya Holdings B.V.	Netherlands	Investment Company	100	-	-
38	Bharti Airtel Kenya B.V.	Netherlands	Investment Company	100	-	-
39	Airtel Networks Kenya Limited (Formerly known as Celtel Kenya Ltd.)	Kenya	Telecommunication services	100	-	-
40	Bharti Airtel Malawi Holdings B.V.	Netherlands	Investment Company	100	-	-
41	Airtel Malawi Limited (Formerly known as Celtel Malawi Ltd.)	Malawi	Telecommunication services	100	-	-
42	Bharti Airtel Niger Holdings B.V.	Netherlands	Investment Company	100	-	-
43	Celtel Niger S.A.	Niger	Telecommunication services	90	-	-
44	Bharti Airtel Sierra Leone Holdings B.V.	Netherlands	Investment Company	100	-	-
45	Airtel Sierra Leone Limited	Sierra Leone	Telecommunication services	100	-	-
46	Celtel Zambia Plc	Zambia	Telecommunication services	96.35	-	-
47	Bharti Airtel Uganda Holdings B.V.	Netherlands	Investment Company	100	-	-
48	Airtel Uganda Limited (Formerly known as Celtel Uganda Ltd.)	Uganda	Telecommunication services	100	-	-
49	Bharti Airtel Tanzania B.V.	Netherlands	Investment Company	100	-	-
50	Airtel Tanzania Limited (Formerly known as Celtel Tanzania Ltd.)	Tanzania	Telecommunication services	60	-	-
51	Bharti Airtel Madagascar Holdings B.V.	Netherlands	Investment Company	100	-	-
52	Channel Sea Management Company (Mauritius) Ltd.	Mauritius	Investment Company	100	-	-
53	Zain IP (Mauritius) Ltd.	Mauritius	Investment Company	100	-	-
54	Montana International S.A.	Mauritius	Telecommunication services	100	-	-
55	Airtel Madagascar S.A. (Formerly Celtel Madagascar S.A.)	Madagascar	Telecommunication services	100	-	-
56	Bharti Airtel Nigeria Holdings B.V.	Netherlands	Investment Company	100	-	-
57	MSI-Celtel Nigeria Limited	Nigeria	Telecommunication services	100	-	-
58	Bharti Airtel Nigeria Holdings II B.V.	Netherlands	Investment Company	100	-	-
59	Bharti Airtel Nigeria B.V.	Netherlands	Investment Company	100	-	-
60	Bharti Airtel Ghana Holdings B.V.	Netherlands	Investment Company	100	-	-
61	Airtel Ghana Limited (Formerly known as Bharti Airtel Ghana Ltd.)	Ghana	Telecommunication services	75	-	-
62	Bharti Airtel Acquisition Holdings B.V.	Netherlands	Investment Company	100	-	-
63	Bharti Airtel Middle East B.V.#	Netherlands	Investment Company	100	-	-

Sr. No.	Name of subsidiary	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group		
				March 31, 2011 %	March 31, 2010 %	April 1, 2009 %
64	Bharti Airtel Services B.V.	Netherlands	Investment Company	100	-	-
65	Bharti Airtel IP Netherlands B.V.#	Netherlands	Investment Company	100	-	-
66	Bharti Airtel Tanzania Holdings B.V.#	Netherlands	Investment Company	100	-	-
67	Airtel Networks Limited (Formerly known as Celtel Nigeria Ltd.)	Nigeria	Telecommunication services	65.7	-	-
68	Bharti Airtel Zambia Holdings B.V.	Netherlands	Investment Company	100	-	-
69	Bharti Airtel Morocco Holdings B.V.#	Netherlands	Investment Company	100	-	-
70	Zap Trust Company Ltd. (Malawi)	Malawi	Mobile commerce services	100	-	-
71	Zap Trust Company Ltd. (Kenya)	Malawi	Mobile commerce services	100	-	-
72	Zap Trust Company Ltd. (Ghana)	Ghana	Mobile commerce services	100	-	-
73	Celtel (Mauritius) Holdings Ltd.	Mauritius	Investment Company	100	-	-
74	ZMP Limited (Zambia)	Zambia	Mobile commerce services	100	-	-
75	Zap Trust Company (SL) Ltd. (Sierra Leone)	Sierra Leone	Mobile commerce services	100	-	-
76	Zain Mobile Commerce Tchad SARL	Chad	Mobile commerce services	100	-	-
77	Zap Mobile Commerce B.V.	Netherlands	Investment Company	100	-	-
78	Mobile Commerce Gabon S.A.	Gabon	Mobile commerce services	100	-	-
79	Malawi Towers Limited	Malawi	Infrastructure sharing services	100	-	-
80	Zap Niger S.A. (Niger)	Niger	Mobile commerce services	100	-	-
81	Societe Malgoche de Telphone Cellulaire S.A.	Mauritius	Investment Company	100	-	-
82	Zap Holdings B.V.	Netherlands	Investment Company	100	-	-
83	Zap Trust Company Nigeria Ltd.	Nigeria	Mobile commerce services	100	-	-
84	Indian Ocean Telecom Limited	Jersey	Telecommunication services	100	-	-
85	Telecom Seychelles Limited	Seychelles	Telecommunication services	100	-	-
86	Zap Trust Company Tanzania Ltd.	Tanzania	Mobile commerce services	100	-	-
87	Zap Trust Company Uganda Ltd.	Uganda	Telecommunication services	100	-	-
88	Zain Plc#	Netherlands	Investment Company	100	-	-
89	Uganda Towers Limited	Uganda	Infrastructure sharing services	100	-	-
90	Airtel DTH Services Ghana Limited	Ghana	Mobile commerce services	100	-	-
91	Airtel DTH Services Malawi Limited	Malawi	Mobile commerce services	100	-	-
92	Airtel DTH Services Uganda Limited	Uganda	Mobile commerce services	100	-	-
93	Africa Towers N.V.	Netherland	Investment Company	100	-	-
94	Airtel Towers (Ghana) Limited	Ghana	Infrastructure sharing services	100	-	-
95	Bharti Airtel DTH Holdings B.V.	Netherlands	Investment Company	100	-	-
96	Airtel DTH Services (K) Limited	Kenya	Direct to Home services	100	-	-
97	Airtel DTH Services (Sierra Leone) Limited	Sierra Leone	Direct to Home services	100	-	-
98	Airtel DTH Services Burkina Faso S.A.	Burkina Faso	Direct to Home services	100	-	-
99	Airtel DTH Services Congo S.A.	Congo	Direct to Home services	100	-	-
100	Airtel DTH Services Madagascar S.A.	Madagascar	Direct to Home services	100	-	-
101	Airtel DTH Services Niger S.A.	Niger	Direct to Home services	100	-	-
102	Airtel DTH Services Nigeria Limited	Nigeria	Direct to Home services	100	-	-
103	Airtel DTH Services Tchad S.A.	Chad	Direct to Home services	100	-	-
104	Airtel DTH Services Tanzania Limited	Tanzania	Direct to Home services	100	-	-
105	Airtel DTH Services Zambia Limited	Zambia	Direct to Home services	100	-	-
106	Airtel Towers S.L. Limited	Sierra Leone	Infrastructure sharing services	100	-	-
107	Burkina Faso Towers S.A.	Burkina Faso	Infrastructure sharing services	100	-	-
108	Congo Towers S.A.	Congo	Infrastructure sharing services	100	-	-
109	Kenya Towers Limited	Kenya	Infrastructure sharing services	100	-	-
110	Madagascar Towers S.A.	Madagascar	Infrastructure sharing services	100	-	-
111	Mobile Commerce Congo S.A.	Congo	Mobile commerce services	100	-	-
112	Niger Towers S.A.	Niger	Infrastructure sharing services	100	-	-
113	Tanzania Towers Limited	Tanzania	Infrastructure sharing services	100	-	-
114	Tchad Towers S.A.	Chad	Infrastructure sharing services	100	-	-
115	Towers Support Nigeria Limited	Nigeria	Infrastructure sharing services	100	-	-
116	Zain Developers Form	Zambia	Investment Company	100	-	-
117	Zambia Towers Limited	Zambia	Infrastructure sharing services	100	-	-
118	Airtel Money RDC s.p.r.l.	Congo	Mobile commerce services	100	-	-
119	Zap Trust Burkina Faso S.A.	Burkina Faso	Telecommunication services	100	-	-

Sr. No.	Name of associates	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group		
				March 31, 2011 %	March 31, 2010 %	April 1, 2009 %
1	Bharti Teleports Limited	India	Uplinking channels for broadcasters	49	49	49
2	Alcatel Lucent Network Management Services India Ltd.	India	Telecommunication services	26	26	-
3	Tanzania Telecommunications Company Limited	Netherlands	Telecommunication services	35	-	-

Sr. No.	Name of joint ventures	Country of incorporation	Principal activities	Percentage of holding (direct/indirect) by the Group		
				March 31, 2011 %	March 31, 2010 %	April 1, 2009 %
1	Indus Towers Limited **	India	Passive infrastructure services	36.16**	36.16	38.85
2	Bridge Mobile Pte Limited	Singapore	Provision of regional mobile services	10	10	10
3	Forum I Aviation Pvt. Ltd.	India	Aircraft chartering services	14.28	14.28	14.28

* Effective July 6, 2010, Bharti Airtel (Singapore) Private Ltd. (transferor company) has amalgamated with Bharti International (Singapore) Pte. Ltd. (transferee company)

** Bharti Infratel Limited ("BIL"), in which the Group has 86.09% equity interest, owns 42% of Indus Towers Limited.

Dissolved during the year ended March 31, 2011.

43. The following comparative figures have been reclassified where appropriate to confirm to the current period's presentation in these financial statements:

The Company has re-classified the impact of foreign currency translation on cash and cash equivalents in consolidated statement of cash flows, as these do not represent 'cash flows' for the period.

These changes have been made to comply with International Financial Reporting Standards and to improve the quality of information presented. Such reclassifications do not affect previously reported profit or shareholders' equity.

44. Transition to IFRS

Basis of preparation

For all periods up to and including the year ended March 31, 2010, the Group, its joint ventures and associates prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements, for the year ended March 31, 2011, are the Group's first annual IFRS financial statements and have been prepared in accordance with IFRS.

Accordingly, the Group has prepared financial statements which comply with IFRS applicable for periods beginning on or after April 1, 2010 as described in the accounting policies. In preparing these financial statements, the Group's, its joint ventures' and associates opening statement of financial position was prepared as of April 1, 2009, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its Indian GAAP statement of financial position as of April 1, 2009 and its previously published Indian GAAP financial statements for the year ended March 31, 2010.

Exemptions applied

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the retrospective application of certain IFRSs effective for March 2011 year-ends.

The Group has applied the following exemptions:

1. Certain subsidiaries have adopted IFRS earlier than the Group, therefore, while preparing consolidated financial statements, the Group has elected to measure the assets and liabilities of such entities at the same amounts as in its IFRS financial statements as of April 1, 2009 after making appropriate consolidation adjustments.
2. The Group has applied the transitional provision in IFRIC4 *"Determining whether an Arrangement contains a Lease"* and has assessed all arrangements as at the date of transition.
3. The Group has decided to disclose prospectively from the date of transition the following, as required by IAS 19;
   i. The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan, and
   ii. The experience adjustments arising on;
      a) The plan liabilities expressed as either an amount or a percentage of the plan liabilities at the end of the reporting period; and
      b) The plan assets expressed as either an amount or a percentage of the plan liabilities at the end of the reporting period.

The Group has opted to apply IFRS 3(R) in respect of all business combinations occurred since its inception.

The Group has not elected to measure any item of Property, Plant and Equipment at the date of transition to IFRS at its fair value.

Impact of transition to IFRS

The following is a summary of the effects of the differences between IFRS and Indian GAAP on the Group's total equity shareholders' funds and profit for the financial period for the periods previously reported under Indian GAAP following the date of transition to IFRS.

Group, its joint ventures and associates reconciliation of Equity as of April 1, 2009 (date of transition to IFRS):

Particulars	Notes	Regrouped I GAAP	IFRS Adjustments	IFRS
Assets				
Non-current assets				
Property, plant and equipment	I	459,375	(22,893)	436,482
Intangible assets	II	21,632	28,166	49,798
Investment in associates		14	-	14
Derivative financial assets	III (i)	(4,672)	11,243	6,571
Other financial assets	III (ii)	6,490	(1,816)	4,674
Other non-financial assets	III (ii)	1,942	1,714	3,656
Deferred tax asset	V	7,101	(3,114)	3,987
		491,882	**13,300**	**505,182**
Current assets				
Inventories		962	-	962
Trade and other receivable		41,732	(412)	41,320
Derivative financial assets		4,563	-	4,563
Prepayments and other assets	III (ii)	32,838	(5,666)	27,172
Income tax recoverable		3,182	-	3,182
Short-term investments	III (iii)	36,544	94	36,638
Other financial assets		84	-	84
Cash and cash equivalents		14,432	-	14,432
		134,337	**(5,984)**	**128,353**
Total assets		**626,219**	**7,316**	**633,535**
Equity and liabilities				
Equity				
Issued capital		18,982	-	18,982
Treasury shares	VI	-	(107)	(107)
Share premium		40,147	16,172	56,319
Deferred stock compensation		1,405	(1,405)	-
Retained earnings/(deficit)		216,383	(405)	215,978
Foreign currency translation reserve	I (iii) (b)	225	1,571	1,796
Other components of equity	III (iv)	14,136	3,195	17,331
Equity attributable to equity holders of parent		**291,278**	**19,021**	**310,299**
Non-controlling interest	III (iv)	12,297	1,092	13,389
Total equity		**303,575**	**20,113**	**323,688**
Non-current liabilities				
Borrowing	III (iv)	54,732	(1,332)	53,400
Deferred revenue	I (iii) (b)	11,718	(240)	11,478
Provisions	I (ii)	11,734	(6,803)	4,931
Derivative financial liabilities		227	-	227
Deferred tax liability		3,725	-	3,725
Other financial liabilities	III (ii)	8,193	(982)	7,211
Other non-financial liabilities	III (ii)	1,490	972	2,462
		91,819	**(8,385)**	**83,434**

Particulars	Notes	Regrouped I GAAP	IFRS Adjustments	IFRS
Current liabilities				
Borrowing		79,621	-	79,621
Deferred revenue		22,923	-	22,923
Provisions		744	-	744
Other non-financial liabilities		5,672	-	5,672
Derivative financial liabilities		164	-	164
Trade and other payables	IV	121,701	(4,412)	117,289
		230,825	**(4,412)**	**226,413**
Total liabilities		**322,644**	**(12,797)**	**309,847**
Total equity and liabilities		**626,219**	**7,316**	**633,535**

Principal difference between IFRS and Indian GAAP

Measurement and recognition difference

I. Property, Plant and Equipment

i. Assets previously revalued under Indian GAAP

Under Indian GAAP, under the Scheme of demerger ("The Scheme") sanctioned by The Hon'able High court of Delhi, the Group revalued the passive infrastructure assets to fair value with corresponding increase in business restructuring reserve.

Under IFRS, these assets have been restated at historical cost with a corresponding reversal of business restructuring reserve.

ii. Decommissioning liabilities or Asset retirement obligation

Asset retirement obligations (ARO) are capitalised under both Indian GAAP and IFRS. However, under Indian GAAP the ARO is initially measured at the expected cost to settle the obligation, whereas under IFRS the ARO is initially measured at the present value of expected cost to settle the obligation.

iii. Foreign exchange fluctuation

a) Fluctuations in foreign exchange on foreign currency denominated loans and liabilities.

Under Indian GAAP, certain foreign exchange gains or losses on foreign currency denominated loans and liabilities were capitalised into the carrying value of fixed assets until March 31, 2008. Under IFRS, the Group recognizes such gains and losses immediately in profit or loss and the cost of fixed assets has correspondingly been adjusted as at the date of transition to IFRS.

b) Translation of foreign operations' financial statements

Under Indian GAAP, financial statements of integral foreign operations are translated as if the transactions have been conducted by the Group itself. The resulting translation difference is adjusted in the statement of comprehensive income under finance cost/ income. Under IFRS, the functional currency of certain entities previously treated as integral has been assessed as a foreign currency. Accordingly, assets, liabilities and results of these foreign operations are translated in accordance with the Group's accounting policy for foreign operations.

II. Intangibles

i. Goodwill

Under the Indian GAAP, Goodwill on acquisition is initially measured as the excess of purchase consideration over the Company's interest in the net identifiable assets of the acquired entity. Subsequently it is amortised on a straight line basis over the remaining period of service license of the acquired company or over 10 years, whichever is less.

Under IFRS, Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition together with the previously held interest in respect of acquired entity over the Company's interest in the net fair value of the identifiable assets and liabilities of the entity. Goodwill is not subject to amortisation but is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. In IFRS goodwill relating to acquisition of foreign operations is held in the currency of the acquired entity and revalued to the closing rate at each date of statement of financial position.

The Company opted to retrospectively apply IFRS 3 (revised) "Business Combination". Accordingly, it has re-measured goodwill stated earlier under the Indian GAAP for all business combinations effected prior to April 1, 2009.

ii. Other intangibles acquired on business combination

Under Indian GAAP, assets and liabilities acquired in a business combination are recognised in the consolidated statement of financial position at their previous carrying value.

Under IFRS, assets and liabilities acquired in a business combination are recognised at fair value. Intangible assets recognised comprise of brands, customer relationships and distribution networks. They are capitalised at fair value on the date of acquisition and subsequently amortised in accordance with the Group's accounting policy.

III. Financial instruments

i. Derivative financial instruments

Under Indian GAAP, derivative contracts are measured at fair value at each balance sheet date to the extent of any reduction in fair value, and the loss on valuation is recognised in the income statement. A gain on valuation is only recognised by the Group if it represents the subsequent reversal of an earlier loss.

Under IFRS, both reductions and increases to the fair values of derivative contracts are recognised in profit or loss.

ii. Fair valuation of Financial assets and liabilities

The Group has other financial receivables and payables that are not derivative financial instruments. Under Indian GAAP, these were measured at transaction cost less allowances for impairment, if any. Under IFRS, these financial assets and liabilities are generally classified as loans and receivable or other financial liabilities. They are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. The resulting finance charge or income is included in finance expense or finance income in the statement of comprehensive income for financial liabilities and financial assets respectively.

iii. Held for trading investments

Under Indian GAAP held for trading investments are measured at the lower of cost or market price. Difference between the cost and market price is recognised in profit or loss.

Under IFRS held for trading investments are measured at fair value and any gain or loss is recognised in profit or loss.

iv. Compound financial instrument

Under the Indian GAAP, Compulsory Convertible Debentures (CCD) are stated initially at cost. On conversion, the carrying amount is transferred to equity.

Under IFRS, the CCD is analysed as a compound financial instrument and is separated into a liability and an equity component. The fair value of the liability component is initially measured at amortized cost determined using a market rate for an equivalent non-convertible bond. The residual amount is recognised in equity.

The finance cost arising on the liability component is included in finance cost in the statement of comprehensive income. The carrying amount of the conversion option as reflected in the equity is not re-measured in subsequent periods.

IV. Proposed dividend

Under Indian GAAP, proposed dividends are recognized as liability in the period to which they relate irrespective of the approval by shareholders. Under IFRS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (on approval of Shareholders in a general meeting) or paid. Therefore the liability recorded has been derecognised.

V. Deferred tax

The Group has accounted for deferred tax on the various adjustments between Indian GAAP and IFRS at the tax rate at which they are expected to reverse.

Treasury shares

Under Indian GAAP the shares issued to Bharti Tele-ventures Employees' Welfare Trust are recognized as an investment in trust whereas under IFRS the same is deducted from equity as treasury shares.

VI. Statement of cash flows

The impact of transition from Indian GAAP to IFRS on the statement of cash flows is due to various reclassification adjustments recorded under IFRS in Consolidated statement of financial position and Consolidated statement of comprehensive income and difference in the definition of cash and cash equivalents under these two GAAPs.

Subsequent reconciliations post transition on March 31, 2009

Group, its joint ventures and associates reconciliation of Equity as of March 31, 2010:

Particulars	Notes	Regrouped I GAAP	IFRS Adjustments	IFRS
Assets				
Non-current assets				
Property, plant and equipment	I	503,919	(21,290)	482,629
Intangible assets	II	28,841	31,049	59,890
Investment in associates		57	-	57
Derivative financial assets	III (i)	393	2,944	3,337
Other financial assets	III (ii)	10,824	(3,456)	7,368
Other non-financial assets	III (ii)	4,177	3,308	7,485
Deferred tax asset	V	14,093	(1,604)	12,489
		562,304	**10,951**	**573,255**
Current assets				
Inventories		484	-	484
Trade and other receivable		35,711	-	35,711
Derivative financial assets		144	-	144
Prepayments and other assets	III (ii)	22,174	(1,339)	20,835
Income tax recoverable		2,826	-	2,826
Short-term investments	III (iii)	51,622	642	52,264
Other financial assets		98	-	98
Cash and cash equivalents		25,323	-	25,323
		138,382	**(697)**	**137,685**
Total assets		**700,686**	**10,254**	**710,940**
Equity and liabilities				
Equity				
Issued capital		18,988	0	18,988
Treasury shares	VI	(1)	(80)	(81)
Share premium		40,533	15,966	56,499
Deferred stock compensation		2,620	(2,620)	-
Retained earnings/(deficit)		301,294	48	301,342
Foreign currency translation reserve	I (iii) (b)	158	666	824
Other components of equity	III (iv)	35,197	9,171	44,368
Equity attributable to equity holders of parent		**398,789**	**23,151**	**421,940**
Non-controlling interest	III (iv)	28,554	(3,269)	25,285
Total equity		**427,343**	**19,882**	**447,225**
Non-current liabilities				
Borrowing	III (iv)	81,571	(97)	81,474
Deferred revenue	I (iii) (b)	11,999	(777)	11,222
Provisions	I (ii)	7,822	(4,043)	3,779
Derivative financial liabilities		289	-	289
Deferred tax liability		3,737	-	3,737
Other financial liabilities	III (ii)	13,380	(2,520)	10,860
Other non-financial liabilities	III (ii)	1,490	2,422	3,912
		120,288	**(5,015)**	**115,273**

Particulars	Notes	Regrouped I GAAP	IFRS Adjustments	IFRS
Current liabilities				
Borrowing		20,424	-	20,424
Deferred revenue		19,027	-	19,027
Provisions		881	(7)	874
Other non-financial liabilities		5,399	-	5,399
Derivative financial liabilities		415	-	415
Trade and other payables	IV	106,909	(4,606)	102,303
		153,055	**(4,613)**	**148,442**
Total liabilities		**273,343**	**(9,628)**	**263,715**
Total equity and liabilities		**700,686**	**10,254**	**710,940**

Group, its joint ventures and associates reconciliation of Statement of comprehensive income for the year ended March 31, 2010:

Particulars	Notes	Regrouped I GAAP	IFRS Adjustments	IFRS
Revenue	III (ii)	418,295	177	418,472
Operating expenses	III (ii)	(250,741)	(98)	(250,839)
		167,554	**79**	**167,633**
Depreciation and amortisation	I & II	(64,099)	1,267	(62,832)
Profit/(Loss) from operating activities		**103,455**	**1,346**	**104,801**
Share of results of associates		(48)	-	(48)
Other income		698	(1)	697
Non-operating expense		(181)	-	(181)
Profit/(Loss) before finance income and cost and tax		**103,924**	**1,345**	**105,269**
Finance income	I (ii), I (iii) & III	16,670	711	17,381
Finance costs	I (ii), I (iii) & III	(11,639)	(5,920)	(17,559)
Profit/(Loss) before tax		**108,955**	**(3,864)**	**105,091**
Income tax income/(expense)	V	(15,339)	1,886	(13,453)
Net profit/(loss) for the year		**93,616**	**(1,978)**	**91,638**
Profit/(loss) attributable to :				
Equity holders of the parent		91,632	(1,864)	89,768
Non-controlling interests		1,984	(114)	1,870
Net Profit/(Loss)		**93,616**	**(1,978)**	**91,638**

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