Winning with people

Bharti Airtel Limited
Annual Report 2013-14

Corporate Information

Board of Directors

Mr. Sunil Bharti Mittal, *Chairman*
Ms. Chua Sock Koong
Sheikh Faisal Thani Al-Thani
Mr. Ajay Lal
Mr. Ben Verwaayen
Mr. Craig Ehrlich
Mr. D. K. Mittal
Mr. Manish Kejriwal
Ms. Obiageli Ezekwesili
Mr. Rajan Bharti Mittal
Ms. Tan Yong Choo
Mr. Tsun-yan Hsieh
Mr. V. K. Viswanathan
Mr. Manoj Kohli
Mr. Gopal Vittal, *Managing Director & CEO (India & South Asia)*

Managing Director & CEO (Africa)

Bharti Airtel International (Netherlands) B.V.
Mr. Christian de Faria

Group General Counsel & Company Secretary

Mr. Mukesh Bhavnani

Statutory Auditors

M/s. S. R. Batliboi & Associates LLP
Chartered Accountants

Internal Auditors

M/s. ANB Solutions Private Limited
M/s. KPMG
M/s. Towers Watson India Private Limited

Registered & Corporate Office

Bharti Airtel Limited,
Bharti Crescent,
1, Nelson Mandela Road,
Vasant Kunj, Phase – II,
New Delhi – 110 070,
India

Website

http://www.airtel.com

What's Inside

Company Overview

Statutory Reports & Financial Statements

At Airtel, we have had a fabulous journey, with growing reach of our young and energetic brand across 20 countries in Asia and Africa.

With several path-breaking industry 'firsts', we remain at the cutting edge of consumer trends and business performance, emerging as the world's fourth largest mobile company, in terms of subscriber base. The driving force behind this performance is our people.

These facts may be exciting news for any global brand to share with the world. But for us they indicate a far more significant reality: the ability of a high-performance ecosystem to consistently deliver in a world, where easy growth has become passé.

This ecosystem is driven by a multi-cultural Global Team that pushes the levers of change to take the organisation forward. Change, for our people, is exhilarating: change is welcome; change is good.

Change helps us reach future faster. It is this ability to be forward-thinking, flexible and agile that has enabled us to not just stay abreast of change, but also *anticipate and lead change.*

As a multi-national, multi-ethnic and multi-business line company, we have a consistent people approach defined by four tenets:

These tenets are helping us shape a people-oriented culture, based on meritocracy, transparency, collaboration and care. To encourage innovation and deliver industry-leading products and services with

a winning approach.

Achieving more together

1st
Ranked telecom operator in India

1st
Service brand in India*
(*in Brand Equity's Top 50 Services Brands in India's Most Trusted Brand Survey 2013)

1st
Ranked wireless operator in 10 African countries

4%
Of world's population connected through Airtel

4th
Ranked mobile operator globally*
(*in terms of subscriber base)

205.5 Mn
Mobile subscribers in India

78.1 Mn
International mobile subscribers across Africa, Sri Lanka and Bangladesh

₹ 857.4 Bn
Global revenues in FY 2013-14

IG Rating

Investment Grade Credit Rating from S&P, Moody's and Fitch

4th

Ranked among top 100 emerging market MNCs in 'Corporate Transparency and Reporting' by Transparency International

USD 2.2 Bn

Raised through issuance of USD, EUR and CHF Bonds during FY 2013-14

₹ 877.63 Bn

Cumulative contribution to exchequer in India in last 5 years

115 MHz

Spectrum won in India auction, valid for 20 years

573 TB

*Daily data usage by users**

*(*wireless mobile users' Q4 average)*

1.05 Trillion

Minutes of voice traffic in FY 2013-14

USD 10 Bn

*Value of transactions on airtel money**

*(*Q4 annualised)*

How we enrich life
with people?

Telecom is a vibrant and evolving industry, integral to everyday life of a growing proportion of the world's population, especially young people of India, South Asia and Africa.

As one of the world's leading telecom brands, our Global Team embodies and fuels the aspirations of youth. We respond to those aspirations with a deep commitment to help improve the quality of life.

As part of that commitment, we strive hard to enrich customer experience in more ways than one. Today, Airtel is present in five businesses that take us closer to our vision of being the most loved brand by 2015. ***Our vision is only as strong as our people.***

Our Global Team continuously works towards developing innovative products and services,bringing synergies in our businesses to sustain industry leadership and elevate to the next level of growth.

Revenue Snapshot

Mobile Africa

Airtel money **clocked USD 8.8 Bn** value of transactions (Q4 annualised)

13.3%

(₹ Millions)

2013-14	**272,488**
2012-13	240,439

Mobile South Asia

Airtel offers **3G services in Sri Lanka and Bangladesh**

41.1%

(₹ Millions)

2013-14	**17,403**
2012-13	12,330

Mobile India

Airtel 3G has **10.98 Mn** data customers across **2,580 towns**

8.4%

(₹ Millions)

2013-14	**466,835**
2012-13	430,705

Airtel Business

Airtel has **225,000 Rkms** of submarine cables connecting **50 countries** in **5 continents**

19.1%

(₹ Millions)

2013-14	**63,361**
2012-13	53,203

Tower Infrastructure

Infratel (including proportionate share of Indus) has **over 83,000 towers**

2.5%

(₹ Millions)

2013-14	**51,087**
2012-13	49,865

Mobile Services | Telemedia | Airtel Business | Digital TV | Tower Infrastructure

Telemedia

(₹ Millions)

2013-14	**39,352**
2012-13	35,896

9.6%

Airtel offers **Cloud services** as part of its office solution suite

Digital TV

(₹ Millions)

2013-14	**20,771**
2012-13	16,295

27.5%

Airtel offers a total of **400 channels,** including **19 HD channels** and **3 interactive sessions**

Consolidated Airtel

(₹ Millions)

2013-14	**857,461**
2012-13	769,045

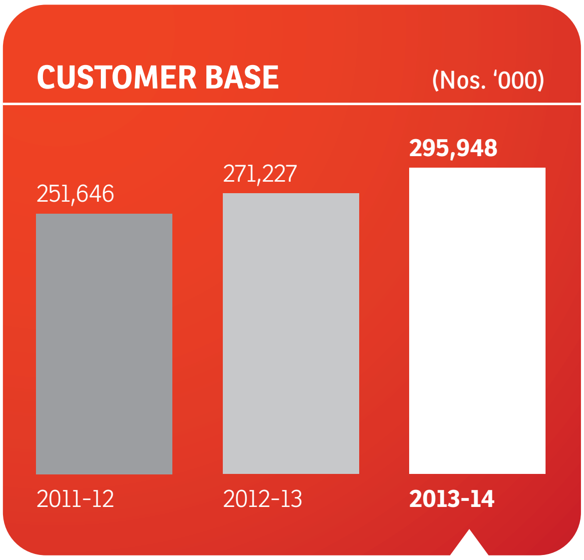
11.5%

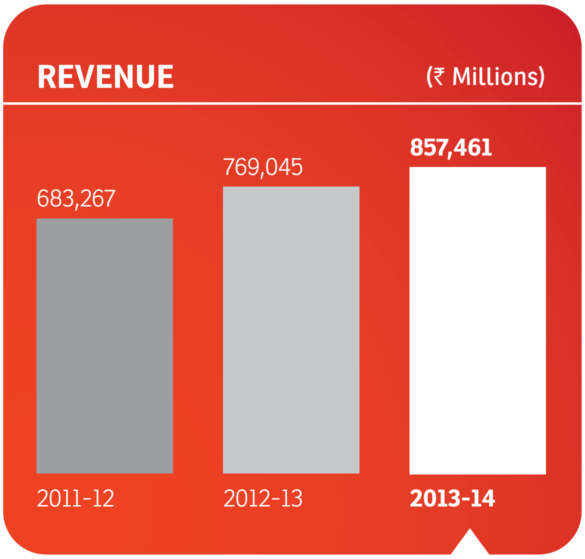
Airtel carried over **1.05 Trillion minutes of voice traffic** in FY 2013-14

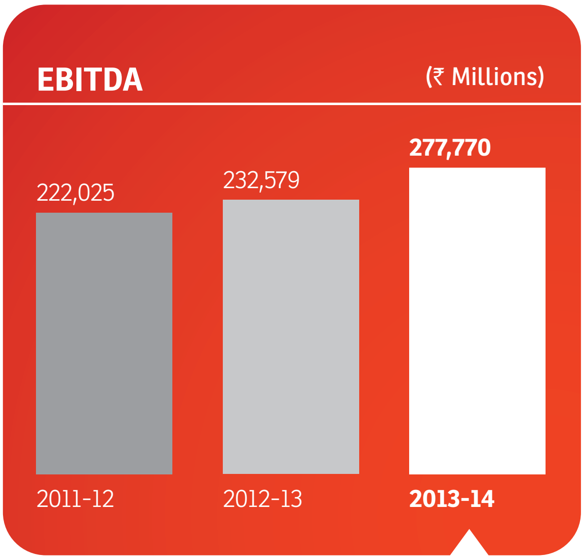
Performance Highlights

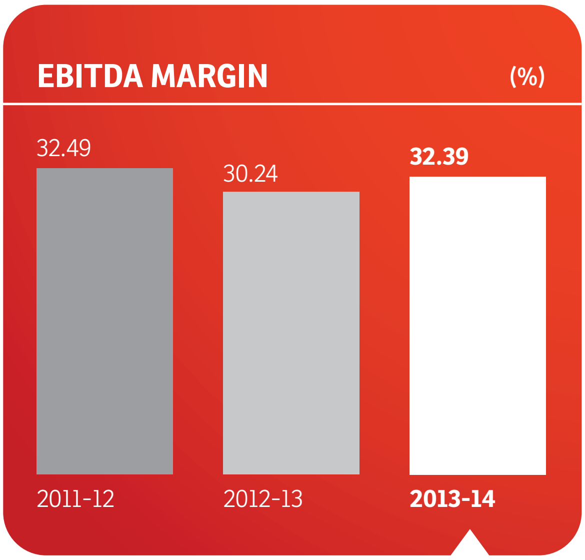
Particulars	Units	2010	2011	2012	2013	2014
Total Customer Base	000s	137,013	220,878	251,646	271,227	295,948
Mobile Services	000s	131,349	211,919	241,148	259,844	283,580
Broadband & Telephone Services	000s	3,067	3,296	3,270	3,283	3,356
Digital TV Services	000s	2,597	5,663	7,228	8,100	9,012
Based on Consolidated Income Statement						
Revenue	₹ Mn	418,948	595,383	683,267	769,045	857,461
EBITDA (before exceptional items)	₹ Mn	168,149	200,718	222,025	232,579	277,770
Cash Profit from Operations before Derivative and Exchange Fluctuation (before exceptional items)	₹ Mn	162,817	180,581	193,899	195,643	241,813
Earnings Before Tax	₹ Mn	105,091	76,782	63,792	47,853	78,643
Net Profit	₹ Mn	89,768	60,467	42,594	22,757	27,727
Based on Consolidated Statement of Financial Position						
Shareholders' Equity	₹ Mn	421,940	487,668	506,113	503,217	597,560
Net Debt	₹ Mn	23,920	599,512	618,442	583,567	605,416
Capital Employed	₹ Mn	445,860	1,087,180	1,124,555	1,086,784	1,202,976
Key Ratios						
Capex Productivity	%	61.59	66.93	69.17	69.12	72.91
Opex Productivity	%	39.25	45.13	43.84	45.43	45.20
EBITDA Margin	%	40.14	33.71	32.49	30.24	32.39
EBIT Margin	%	25.14	16.57	13.90	10.98	14.14
Return on Shareholders' Equity	%	24.52	13.30	8.57	4.51	5.04
Return on Capital Employed	%	20.65	10.79	7.06	5.68	6.65
Net Debt to EBITDA	Times	0.15	2.95	2.60	2.51	2.20
Interest Coverage Ratio	Times	30.65	11.20	9.09	6.77	7.56
Book Value Per Equity Share	₹	111.13	128.41	133.27	132.51	149.49
Net Debt to Shareholders' Equity	Times	0.06	1.23	1.22	1.16	1.01
Earnings Per Share (Basic)	₹	23.67	15.93	11.22	6.00	7.02
Contribution to Exchequer (India)						
Taxes, Duties, Fees and other Levies	₹ Mn	95,720	307,999	119,082	141,513	213,324

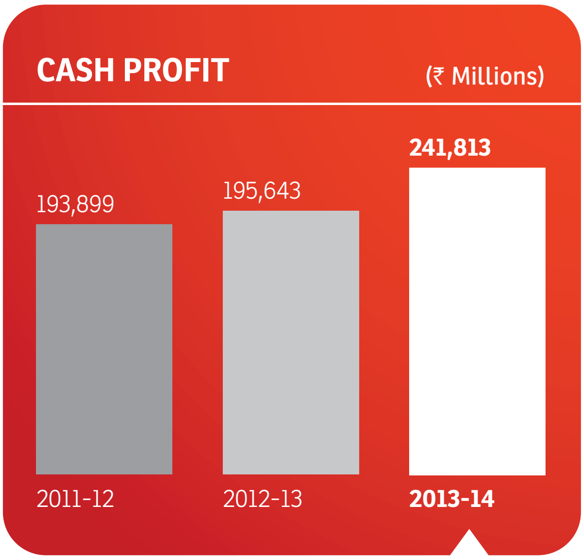
Financial information for years ended till March 31, 2011 is based on proportionate consolidation for Joint Ventures and for years ended March 31, 2012, 2013 & 2014 is based on equity accounting for Joint Ventures.

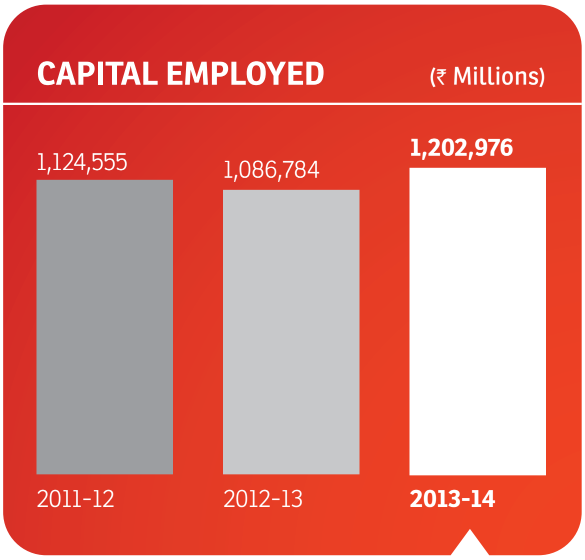

CUSTOMER BASE
(Nos. '000)
251,646
271,227
295,948
2011-12
2012-13
2013-14


REVENUE
(₹ Millions)
683,267
769,045
857,461
2011-12
2012-13
2013-14


EBITDA
(₹ Millions)
222,025
232,579
277,770
2011-12
2012-13
2013-14


EBITDA MARGIN
(%)
32.49
30.24
32.39
2011-12
2012-13
2013-14


CASH PROFIT
(₹ Millions)
193,899
195,643
241,813
2011-12
2012-13
2013-14


CAPITAL EMPLOYED
(₹ Millions)
1,124,555
1,086,784
1,202,976
2011-12
2012-13
2013-14

Financial Calendar

MAY' 13

Acquired Warid Telecom Uganda, first in-country acquisition in Africa

JUNE' 13

Qatar Foundation Endowment invests ₹ 67,956 Mn for 5% equity stake

FEBRUARY' 14

Won 115 MHz spectrum (prime spectrum zone) for ₹ 184,386 Mn:

- *Renewal for Delhi and Kolkata*
- *900 MHz in Mumbai*
- *1800 MHz in 15 circles*
- *Pan-India 4G footprint*

Crossed 200 Mn mobile customers in India

SEPTEMBER' 13

Acquired 3G spectrum in Bangladesh through auction process for USD 105 Mn

DECEMBER' 13

Raised Euro 1 Bn by issuing 5-year bonds (including Euro 250 Mn follow-on tap issue in January'14)

MARCH' 14

Investment grade credit rating from all 3 major agencies:

- *S&P (BBB-; Stable)*
- *Moody's (Baa3; Stable)*
- *Fitch (BBB-; Stable)*

Raised CHF 350 Mn through 6-year bonds, largest ever CHF bond issuance

Acquired 100% stake in Warid Congo Brazzaville

Acquired 3G licence in Gabon

What passion can achieve?

In a preference-driven world, meeting diverse customer needs is a consistent industry challenge.

At Airtel, however, we see it as an opportunity to elevate to the next level. Passionate people with the right ability represent a critical piece of the puzzle; people who can turn an opportunity into a viable value proposition.

To cater to evolving customer aspirations, we strive to attract and retain the best industry talent with flexibility and adaptability to respond to changing market dynamics. We continuously drive people excellence through extensive training and development processes.

Over the years, we have built a culture that binds people across hierarchy and geographies. Our people bring a wide repertoire of skills, knowledge and sensitivity to enrich our business operations, which resonate with social, economic and ecological significance. Airtel's empowered Global Team brings the energy and the intellectual wherewithal behind diverse innovations that drive the business.

Our Human Resource (HR) processes are simple, clear and structured in the best interest of our people. In a rapidly evolving customer landscape, we are putting in place imagination, strategy and drive to build a culture of winning with people.

Joy of Sharing Happiness (JOSH)

The idea of JOSH was conceptualised to create a happy workforce at Airtel. It involved identifying the drivers, creation and deployment of various factors to capture the pulse of our people and enhance their effectiveness.

During the activity, four drivers of happiness were identified:

Careers | *Rewards & Recognition* | *Goals & Compensation* | *Learning and Development*

Based on the drivers, a detailed action plan was drawn up to ascertain different pointers of happiness under each aspect and engage employees accordingly. The employee engagement initiatives comprised celebration of festivals, organising blood donation camps, focusing on health and wellness of people, among so many others. The objective is to create a transparent ecosystem where people can exchange ideas with a view to knowledge sharing and learning.

"We firmly believe that meaningful investment in people enables businesses to have a cutting edge in the market. Our people initiatives revolve around four fundamental building blocks of meritocracy, openness and transparency, collaboration and care. Leadership Connect programmes like Impulse, Diversity Initiative Saksham and instant recognition for the right moves have helped keep employee morale high and strengthened the emotional fabric at workplace. Our engagement interventions span beyond traditional boundaries and are well aligned with the business priorities."

Param Nayyar

Principal Human Resource Officer, Upper North, Airtel India

Airtel Divas

Airtel Africa has ambitiously worked towards creating an environment to empower women. The initiative 'Airtel Divas' was launched at our Tanzania office to address serious issues like lower engagement of female staff in Opco; slower rate of visible progression of women up the professional ladder; challenges in working environment; and gender imbalance in socio-economic environment.

Airtel Divas conducted several activities to address the above issues, and create an environment for women to be recognised as an important part of the world. Several women employees joined the Airtel Divas campaign. The Divas conducted CSR events, fund-raising and activities to promote a balanced and enjoyable working environment.

Airtel Africa CSR team at a workshop to kick off the revamped and more stakeholder aligned CSR Programme.

"Airtel Divas gave us an opportunity to reach out to those in need. Today I am happy to be a part of the support at the Ocean Road hospital. We understand the relevance today's women have in the wellbeing of a family. It is a touching experience to see our Divas visit the hospital and show their compassion."

Delphina Martin Msuya
Airtel Tanzania

Olufemi Oyewole (left), Airtel Nigeria's Regional Operations Director-North receiving the CIPM Award for Best HR Practice from the Institute's President, Mr. Victor Famuyibo.

Passionate People

- Airtel was conferred with the 'Best in Recruitment Re-engineering' and 'Best in Technology & Talent Analytics' awards at the People Matters Talent Acquisition Leadership League Awards, 2013.
- Ranked among the top 10 employers of the LinkedIn India's Most In Demand Employers, 2013.
- Ranked 12th in BT Best Companies to Work for survey conducted in 2013.
- Featured among the top 20 companies in AC NIELSEN Campus Tracking, 2013.
- Airtel Nigeria was awarded with the prestigious Chartered Institute of Personnel Management (CIPM) Award for Best HR Practice for the second consecutive year in a row.

What defines a great customer experience?

Fruits of innovation

1st

*to launch **4G services** in India*

1st

***largest telecom operator in India,** both in terms of customers and revenues*

4th

***largest mobile operator globally** in terms of subscribers*

A great customer experience is born out of simple ideas, which in turn come from our people. Curious people, eager to walk the road less travelled.

At Airtel, successful innovations that enhance customer experience start with a simple curiosity to deliver a better product or a service.

Re 1 Entertainment Store

India has emerged as the world's third largest internet user after China and the United States. More than 350 Mn people in the country are expected to join the internet revolution, where three out of every four internet users are going to be a first-time user. Airtel's Re 1 Entertainment Store is the Company's recently launched innovative service that aims to capitalise on rising internet opportunity in the country.

'Airtel Re 1 Mobile Videos' campaign perfectly captures the consumer shift towards convenient entertainment. An Airtel user just has to simply call on a number to choose his/her preferred entertainment video. On selection, the customer would receive a link, which would automatically connect to the video store for live streaming at a cost of ₹ 1, with no extra data charges.

"The innovative Re 1 Store helped breach multiple frontiers. Transparent and intuitive data pricing, focus on content and use case formats versus MBs/GBs and more importantly ubiquity in terms of language and devices that it could be consumed on. The proof of its widespread appeal is clear from its 25%-plus first-time internet category users, over 45% of whom were from rural India. It was a joint team effort across multiple functions within the Airtel family and partners."

Sameer Batra

Chief Operating Officer,
Mumbai, Airtel India

myPlan

Riding on the mobile revolution in the country, Airtel's 'myPlan' was the country's first ever customised postpaid mobile plan launched by a telecom operator. The innovative and one-of-its-kind plan provides people with an opportunity to shift from the conventional mindset of prepaid to the contemporary idea of postpaid. myPlan has revolutionised the postpaid landscape in the country, breaking the barriers of fixed plans that kept users inclined towards prepaid. myPlan has delighted the people of the country for the following reasons:

- A simple three-step process to identify and choose the customised postpaid plan.
- Daily usage alerts to the users, giving them relief from the 'fear of huge bills'.
- Ease and convenience to shift or change the plan every month according to expected usage.
- Avail several add-on benefits or boosters that enrich the customer experience.

"myPlan recognises that each consumer is different and it enables each consumer to create a plan just right for him or her. Even if we have to create a plan only for an individual consumer we can do that. Myplan has unparalleled flexibility and no restrictions what so ever. Responses from consumers have been enthusiastic."

Govind Rajan

Chief Marketing Officer,
Mobile Business,
Airtel India

Message from *Chairman*

Dear Shareholders,

In the wake of tepid growth in the US and Europe, emerging and developing markets experienced significant challenges, particularly in the shape of currency fluctuations. India, in particular, had a tough year with decelerating GDP growth and persistent inflationary pressure. Africa, the other significant economic region for us registered accelerated recovery during the year from the global crisis induced by last year's Euro debt problem.

Notwithstanding this economic turbulence, global telecommunications continued to generate plenty of excitement. The tectonic shift towards data and internet gained momentum on the back of accelerated smartphone penetration and data tariff rationalisation. While more than 28% of our total base in India comprises active data customers, the corresponding number exceeds 32% in Africa. The fact that data traffic nearly doubled during the year clearly points to the big change in revenue diversification underway in these markets for us.

Mobile money is turning out to be one of the most transformational tools to come out of operators' baskets in Asia and Africa. With 1.7 Mn active airtel money accounts during Q4, we have made a robust take off in India even though the regulatory environment is still not settled and hence, does not support rapid penetration. In comparison, Africa appears to be a far more evolved market with 3.5 Mn customers. With a total transaction value of USD 2.2 Bn during Q4 in Africa, I am extremely optimistic about the growth of this platform on the continent.

In India, we successfully participated in the February 2014 auction for spectrum in the 900 MHz and the 1,800 MHz bands, which helped renew some of our early licences in the country. These acquisitions are in line with our strategy of building a robust network for the future and enhancing our leadership position in the fast growing data segment. We further reiterated our commitment to a data-centric future as we completed the acquisition of Qualcomm's 4G licences in four circles in India.

In-country market consolidation through inorganic expansion is a key element of our business strategy in Africa. The Company consolidated its market leadership in Uganda and Congo Brazzaville during the year through its acquisition of Warid Telecom's operations in these countries. It gives me immense pleasure to inform you that we have become the second largest operator in Nigeria, which overtook South Africa as the largest economy in the continent.

We ushered in several changes in the top leadership and organisational profile in both the regions. While Gopal Vittal was designated MD & CEO – India and South Asia, Christian de Faria took overall responsibilities for African markets from Manoj Kohli, who has relocated to India after leading our foray on the continent over the last three years.

The Company raised equity capital of ₹ 67,956 Mn from M/s. Three Pillars Pte Ltd., an arm of Qatar Foundation Endowment through a preferential allotment. Similarly, our wholly owned subsidiary, Bharti Airtel International (Netherlands) BV successfully completed several rounds of overseas long dated bond issues across USD, EUR and CHF to raise equivalent of USD 5.3 Bn till date on extremely favourable terms.

Our commitment to corporate governance received global recognition during the year when Transparency International, the globally reputed civil society organisation ranked Bharti Airtel fourth among the top 100 emerging market multinationals in a study on corporate transparency and reporting.

The Company Board also went through changes during the year. While Pulak Prasad and Nikesh Arora departed the Board after their long and productive association, four new members - Sheikh Faisal Thani Al-Thani, Ben Verwaayen, V. K. Viswanathan and D. K. Mittal joined us during this period. Even as I welcome the new members to the Board, I take this opportunity to express my sincere gratitude to Pulak and Nikesh for their meaningful contribution towards the success of the Company.

The scope of our philanthropic School Programme in India was expanded during the year to include new initiatives like Learning Centres and School Quality Support to reach out to an additional 9,900 students over and above over 38,000 students we are currently catering to across 254 schools under the flagship Satya Bharti School Programme. In Africa, the 'Our School' Programme is now reaching out to nearly 24,000 students in 45 schools across 17 countries.

Telecom is at the cusp of a transformational change. Accelerated data consumption by a youthful population is going to be the underlying story of this sector in the future. Our sustained investments for licensing spectrum, network expansion and strategic acquisitions in different markets positions us well for accruing incremental dividends in this evolving growth story.

Sunil Bharti Mittal

Message from Managing Director & CEO (India & South Asia)

Dear Shareholders,

Our business performance for the year was both competitive and profitable. However, what made it special was that we sowed the seeds in five areas that will position us even more strongly for the following years.

First, we made a significant shift in our go to market capabilities. Across the Company we raised our quality of customer acquisition while leveraging analytics and science to lift our voice realisation.

Second, we re-engineered many of our legacy processes to improve our customer experience and bring down our customer churn to a historic and industry low.

Third, we stepped up our effort behind innovation to make a tangible difference to customers. The launch of our 1 Rupee Entertainment Store was one such innovation that powered the growth of new users of data by bringing in content and pricing into easy to use bundles of songs, videos, pictures and services. The launch of myPlan – a significant simplification of our entire pricing to put control back in the hands of the customer for postpaid was another such innovation. This was made even more special with the roll out of our new Airtel stores, a place where customer experience is our top priority.

Fourth, we put tremendous emphasis on stripping out waste from our business across every rupee spent whether on capital or on operating expense. Finally we secured spectrum in the auction giving us a pan-India footprint for 4G services that will be vital in propelling the single biggest growth driver for the Company – Data.

None of this would be possible without the ingenuity, passion, dedication and resilience of our most precious resource – our people.

The Indian telecom market is one of the most competitive markets in the world. As this competitive market shifts inevitably and surely to morph from one largely dependent on voice to a market that will become spread across voice, data and a range of other services, our Company must be able to build the capabilities and culture to win across these worlds. The only sustainable way to win in such a market place is to win the war for talent. We have to fight this war for talent simultaneously across three fronts.

At the top management level the war for talent has to be fought on a global basis. Our unique culture that combines the best of entrepreneurship and professionalism is our competitive advantage in building a world class top team.

At the middle management level, we have to be able to give our talent the right experiences through a combination of job rotation, training, cross functional team work in solving complex problems and being able to place bets on people based on performance.

At the entry level we have to be able to attract and retain the best young minds through solid induction, mentoring and a range of on-the-job experiences.

Much has changed at Airtel in the last year. However, what has held firm and is in fact becoming stronger by the day is the spirit of ownership that courses through the people within the Company. It is this ownership that is key to winning. We see this spirit of ownership in our business, in our sense of responsibility to the environment and in our obligation to society.

We are launching our second Sustainability Report this year that lays out our responsibility to the environment. We are also very proud of the remarkable work being done by Bharti Foundation in the area of education with a focus on the rural girl child. This, we believe, is our most fulfilling obligation.

As we look forward to another eventful year, I want to thank our customers who give us reason for our existence. I also want to thank our people for their passion. Our business would not be what it is without them. Finally, thank you to our partners for being with us through thick and thin and to our shareholders for your guidance.

Gopal Vittal

Message from Managing Director & CEO (Africa)

Dear Shareholders,

With a population of over a billion, Africa has strong prospects for growth in the communications sector, especially as a huge portion of the population remains underserved with mobile technology. Whilst the overall sector has seen significant growth in recent years, there remains room for further growth in penetration in comparison to global standards. The continent's telecom sector continues to witness a revolution in the areas of data and mobile commerce.

Having said this, Africa does have its challenges in the form of political unrest and regulatory headwinds as we have seen during the year in several countries. Economic instability is another challenge with exchange rate and interest rate fluctuations having an impact on our businesses. Despite these challenges, Africa does present immense opportunities, as we continue to build stronger bonds with our stakeholders and the communities that we operate within.

Mobile devices are now the main means through which about 80% of Internet users in Sub-Saharan Africa access the internet. With the launches of 3G in DRC, Burkina Faso and Gabon over the last year, the service is now present in 15 countries across the African footprint. We saw encouraging results during the year as Airtel's data subscriptions rose by over 53% going past 22 Mn data subscribers in Africa, whilst total MBs on Network grew by over 104%, demonstrating the latent potential. Data usage per customer is almost 100 MBs by March 14. We are now delivering above a million dollars a day from data.

As regards mobile commerce, it is estimated that 75% of the adult population in Sub-Saharan Africa is still unbanked. With airtel money, we have provided affordable financial services such as utility payments, money transfers, mobile insurance, savings and loans. With 27 Mn registered customers, we are poised to become the widest and the largest mobile commerce service provider in Africa. Our strategy for growth continues to focus on the expansion of our ecosystem to include governments, merchants, retailers, utilities, banks and other relevant stakeholders. We were especially proud to have been acknowledged as the Fastest Growing Mobile Commerce Operator in 2013 at the Kalahari Awards during the 4th Mobile Expo held in Lagos.

We made some strides in expanding our pan-African network through the acquisition of Warid in Uganda and Congo Brazzaville, raising our market share significantly in those markets.

We also consolidated our market position in Nigeria, where our increased investments in infrastructure and quality service delivery helped shore up to the position of the second largest operator.

During the year, we continued to connect with Africa's youth and young adults (which constitutes 35% of total population of Africa), the most visible initiative being the largest youth tournament in Africa, Airtel Rising Stars (ARS). The finals at Nigeria drew the best players qualifying from preliminary stages in 16 countries and 21,000 schools. We also reaffirmed our CSR agenda by increasing our support to 45 schools across Africa, helping improve education standards of over 24,000 underprivileged children.

As we continued to transform the business, we reviewed the way we lead our operations in order to consistently win in the market place. We implemented a four-pronged organisation re-design that included;

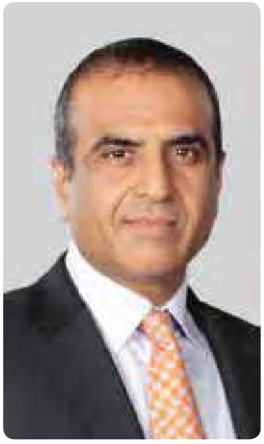
- The right-sizing of the HQ to enable the now smaller but of high quality and with deeper subject matter expertise to provide governance and functional thought leadership to the country operations.
- The re-clustering of the Operating Companies (OpCos) under 4 new Strategic Business Units, which will now enable better synergies and common threads of strategic consistency across markets.
- The full empowerment of the OpCo Managing Directors to make faster decisions as P&L leaders.
- Robust interventions to build talent pools and capabilities around the new business revenue streams, while enhancing entrepreneurial leadership across our markets.

Looking ahead to the next fiscal year, our priority will be on boosting our revenue growth and eliminating wastage through operational efficiencies. In addition, our people will continue to be a source of competitive advantage as we aggressively hire and develop the best-in-class talent, build a strong employer brand and deliver learning programmes for accelerating our market success.

Overall, I am confident that we will reinforce our capacity to win smartly and execute brilliantly in all our markets.

Christian de Faria
Bharti Airtel International (Netherlands) B.V.

Board of Directors


Sunil Bharti Mittal


Chua Sock Koong


Sheikh Faisal Thani Al-Thani


Ajay Lal


Ben Verwaayen


Craig Ehrlich


D. K. Mittal


Manish Kejriwal


Obiageli Ezekwesili

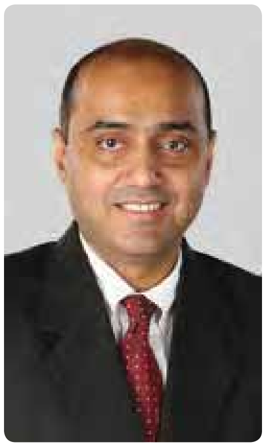

Rajan Bharti Mittal


Tan Yong Choo


Tsun-yan Hsieh


V. K. Viswanathan


Manoj Kohli


Gopal Vittal

Awards and Accolades

Airtel Named Most Innovative Telecoms Company - Nigeria

Tele.net Best Ad Campaign Mr. Ajai Puri (NXPowerLite), India

Bharti Airtel won the ***'Enterprise Telecom Service Provider of the Year'*** Award at the 2013 Frost & Sullivan India ICT Awards.

Bharti Airtel was ***ranked third in Interbrand's 'Best Indian Brands' survey for 2013.*** As per the survey's brand valuation methodology, the brand was valued at USD 6,220 Mn.

Bharti Airtel emerged ***as India's most respected Telecom Company*** in Business World's survey for 2013.

Bharti Airtel secured the top spot among the ***'Best companies to work for' in the Indian telecom sector*** in the Business Today – People Strong Survey 2013.

Bharti Airtel was conferred with the prestigious ***'Top Treasury Team, Asia' Award*** at 'Euro Finance Treasury Awards for Excellence in Asia' 2013.

Bharti Airtel's mEducation product Career Counseling won the ***mbillionth South Asia Award 2013.***

Bharti Airtel bagged the Pitch Brands ***50 Awards 2013 for Excellence in Marketing*** under the Globetrotters category.

Airtel Ghana won the ***'Best Customer Care' and 'Best Mobile Broadband Service of the Year'*** Award at the Ghana Telecoms Awards 2013.

Bharti Airtel was ***ranked first in Brand Equity's Top 50 Service Brands*** in India's Most Trusted Brands Survey 2013.

Bharti Airtel was ***ranked fourth in financial transparency among 100 multinational companies*** in emerging markets, according to a study conducted by Transparency International.

Bharti Airtel's my airtel app won the ***'Service Innovation 2013'*** Award at Aegis Graham Bell Awards 2013 for empowering customers to manage all Airtel services effortlessly from a single interface.

Bharti Airtel won the ***'African Operator of the Year'*** Award at the CommsMEA Awards 2013.

Bharti Airtel emerged as the ***only Indian company to be featured on the list of top 10 global brands most admired in Africa,*** according to a survey conducted by African Business in 2013.

Airtel Uganda won the ***'Best Community Involvement and Development'*** Award under 'Education & Culture' category at the Uganda CSR Awards for 2013.

Airtel Niger bagged the ***'Best Mobile Telecommunications Company'*** Award at the second Edition of the National Excellence Awards in Niger for the year 2013.

Airtel Ghana was recognised as the ***'Telecoms Company of the Year'*** by the Chartered Institute of Marketing Ghana in September 2013.

Airtel Nigeria was named the ***'Most Innovative Telecoms Operator' and 'Best Customer Services Operator'*** at the Nigeria's Telecoms Award in Lagos.

Airtel Burkina Faso's Airtel Money ***'M-Ligdi' won the award for 'Best Innovation' under 'Innovative Solutions' category at the 2013*** edition of the National Internet Week.

Bharti Airtel was conferred with the ***Top Operator (Cellular), Top Operator (NLD), Top Operator (ILD) awards at the ICT*** (Information and Communication Technology) Business Awards 2013 in Delhi.

Bharti Airtel won the ***Kalahari Award at the 4th Mobile Money Expo 2014*** in Lagos.

Bharti Airtel bagged the ***Bronze award at the Effie Awards 2013 held in Colombo*** for its 'what's inside your smart phone' campaign in Sri Lanka.

Corporate Social Responsibility & Sustainability

At Bharti Airtel, our corporate social responsibility is a part of our all-encompassing sustainability strategy to promote socio-economic well-being for all.

It seeks to secure a balance between business priorities and environmental protection, while aligning the Company's long-term approach to growth with social empowerment and development. We collaborate with organisations across geographies to make sustainability an integral part of our business agenda.

₹ 404.51 Mn

spent on CSR activities in FY 2013-14.

India

A. Community Development

We believe that a happy, empowered and sustainable community is the foundation of a progressive society. Therefore, community counts at Airtel. Our community outreach initiatives comprise encouraging rural education, raising awareness about social issues, lending help and support to people in times of crisis and participating with them in the joys of life. We are empowering people and elevating the quality of life through consistent innovation in an environmentally sustainable manner.

Community Development

- Bharti Foundation
  - Satya Bharti School Programme
  - Satya Bharti Learning Centres Programme
  - The Quality Support Programme
  - Other Programmes
- Airtel Connect
  - Airtel Delhi Half Marathon
  - Young Leader Programme
  - ACT (A Caring Touch)
- Initiatives by Circle Offices
- Empowering through innovation

Bharti Foundation

For over a decade, the Bharti Foundation is working tirelessly to provide quality education to underprivileged children. The objective is to help rural children at the bottom of the social pyramid realise their potential.

At Bharti Enterprises, we believe education is critical for India's socio-economic development. The Foundation was set up in 2000 to make quality education accessible to underprivileged rural children. It implements programmes in the fields of primary, elementary, senior secondary and higher education.

I. *Satya Bharti School Programme*

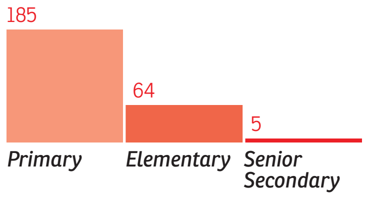
This rural education programme (flagship initiative of the Bharti Foundation) is governed by the following objectives:

- Provide free and quality education to underprivileged children, with a special focus on the girl child.
- Help create educated, confident, responsible and self-reliant employable citizens of the country with a deep sense of commitment to their society.
- Encourage active involvement of the community, parents and like-minded organisations.
- Make a sustainable impact on the community, where the schools are present.
- Find innovative solutions, through its primary, elementary and senior secondary schools, to create replicable and scalable components in the programme to facilitate delivery of quality education.

Satya Bharti School Statistics*

254

Number of Schools



06

Presence in number of states

74%

Percentage of children from SC/ST/OBC Communities

38,642

Number of students enrolled

1,551

Number of teachers

49%

Percentage of girls to total students

54%

Percentage of female teachers

**Data as on March 31, 2014*

96%

of parents with a girl child studying at Satya Bharti School wanted her to pursue higher education compared to 73.7% parents, whose girl child goes to other schools.

84.7%

of children studying at Satya Bharti Schools were certain of their responses and clear in their communication as compared to only 38.9% children studying at other schools.

84%

of Satya Bharti School Students tend to demonstrate a stronger value code, believing in amicable dispute resolution compared to 48.9% of children from other schools.

71.3%

of families who live adjacent to a Satya Bharti School, regularly attend village meetings where other families stood at 45.6%.

27%

of the families whose children are studying at Satya Bharti Schools reported that they are systematically saving for their child's higher education compared to 8.9% for families whose children are studying at other schools.

(A structured impact assessment study was conducted by Ernst & Young where the same questionnaire was administered to children studying at 15 Satya Bharti Schools and to children (from villages which do not fall in the catchment area of a Satya Bharti School) studying at other schools in Punjab, Haryana and Rajasthan. A similar method was used to administer questionnaires to the families of the children covered under the study).

II. *Satya Bharti Learning Centres Programme*

This initiative was launched in partnership with 'Educate a Child' - a global initiative aimed to significantly reduce the number of out of school children who are missing out on their Right to Education. Under this programme, the Foundation is providing bridge courses to out of school children for mainstreaming them into age-appropriate classes in government schools.

Programme Outline

- Supporting government schools in enrolment of out of school children (OOSC) for mainstreaming them in the regular schooling process.
- The centres are opened in partnership with state governments and established within government schools.
- Offers short and medium term age-appropriate courses to students and mentoring by a resource teacher (Education Volunteer).

III. *The Quality Support Programme*

The programme attempts to take the learning and good practices from the Satya Bharti Schools to the Government schools. The aim is to improve the overall quality of schooling experience for students. It focuses on mentoring Government schools to enhance education quality through need-based interventions, along with ensuring optimal utilisation of Government resources. The programme includes partnering with Government schools and working with its leadership and teachers to support them in their journey towards excellence.

The Building Blocks

BHARTI FOUNDATION	KEY OBJECTIVES	EXPECTED IMPACT
Co-create processes	Institu-tionalise Best Practices	*Continuous holistic development of students*
Specialised training & curriculum	Enrich Overall Schooling Experience for all Stakeholders	*Enhanced implementation of new practices*
Need-based trainings and exposures	Empower and Engage Stakeholders	*Improved practices & stakeholder participation*
Meetings with stakeholders and exposure to new practices	Build Rapport and Establish Trust	*Willingness to participate*

IV. Other Programmes

Bharti School of Telecommunication Technology

Bharti Foundation has partnered with the Indian Institute of Technology, Delhi to set up the Bharti School of Telecommunication Technology and Management, IIT Delhi. The Foundation has also set up the Bharti Centre for Communication, Bombay in partnership with IIT, Bombay apart from the Bharti Institute of Public Policy in partnership with the Fletcher School of Law and Diplomacy, Tufts University (USA) at the Indian School of Business in Mohali.

Airtel Connect

Airtel Delhi Half Marathon

Airtel Delhi Half Marathon aims to generate awareness about various initiatives of the Bharti Foundation. The theme for this year was 'Empowering Rural India with Quality Education'. Various organisations and individuals from all walks of life participated enthusiastically. The event raised a total of ₹ 15 Mn through contributions from various corporate houses, individuals and special initiatives.

Young Leader Programme

This two-week long programme is a part of the corporate induction process for Young Leader recruits. Through this programme, new recruits of Bharti Airtel are encouraged to support Bharti Foundation's initiatives.

83 Young Leaders

volunteered in 41 Satya Bharti Schools in Punjab, Haryana and Rajasthan in 2013.

ACT (A Caring Touch)

Started in 2006, ACT (A Caring Touch) is an employee payroll giving programme for the Bharti Group of Companies. It encourages employees to give back to the society in terms of money, time, skills or knowledge. All contributions are matched by equivalent corresponding contributions by the Company.

₹ 11.7 Mn

was contributed by Bharti Airtel and Bharti Airtel Services, along with their employees, towards Satya Bharti School Programme in FY 2013-14.

Initiatives by Circle Offices

Sharing and Caring

Sharing and caring are two magic words that help us engage better with the community. We help spread joy in the community, and also provide critical help and support during emergencies. Such an approach strengthens our social relationships.

Social Responsibility

Meri Bhi Diwali: A special programme undertaken by Airtel MPCG circle, where the team celebrated Diwali with underprivileged girls at the Special Home for Girls (Baalika Vishesh Gruh) at Indore.

Pongal Celebration: Airtel KTN employees celebrated Pongal by organising various cultural activities in the area surrounding Karaikudi (where Satya Bharti Schools are situated) and raised funds through voluntary contributions to buy gifts for students.

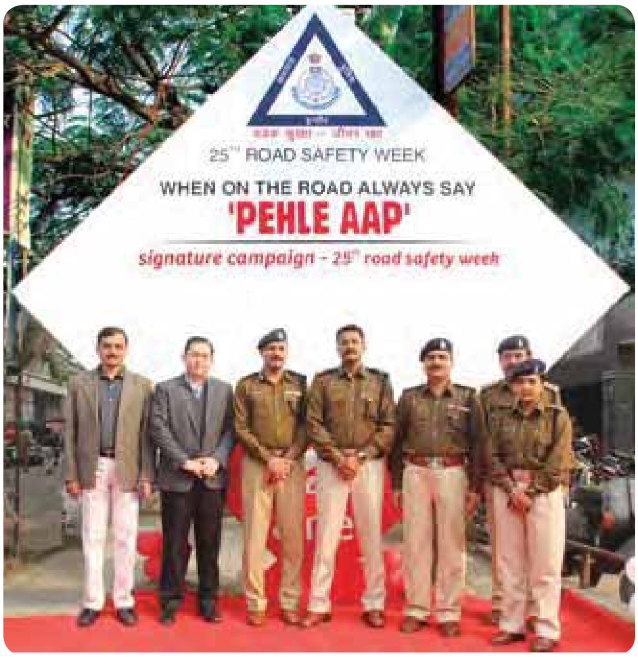
Navratri: During Navratri, the Airtel Gujarat team celebrated garba with the inmates of an old-age home by organising a lavish meal for them and giving away gifts.

Airtel Gram Samman Initiative: Airtel Gram Samman initiative comprised a series of 110 compact activities organised across 22 districts in Central India. Under this programme, the Sarpanch and other prominent residents of villages pre-identified by the sales team were recognised for their contribution towards the development of their villages.

Arpan: Bharti Airtel partnered with Nai Dunia's Arpan initiative to distribute woollen clothing among the financially underprivileged.

Traffic Safety Awareness

Team Airtel MPCG celebrated Makar Sakranti, the festival of kites, in an innovative and responsible manner. The team decided to spread the awareness on Road Safety in Indore through large-sized kites. Prominently placed at highly frequented traffic junctions, the kites displayed the theme 'When On Road, Always Say Pehle Aap'.



Blood Donation

The entire Airtel Community of MPCG circle comprising eight zonal offices, along with the Circle office, participated in a blood donation activity on the same day, making it a mega drive. With the ever-increasing demand for blood for saving lives, this contribution was highly appreciated by the blood banks and NGOs involved in the effort.

306 Units

of blood were collected at eight locations in MPCG Circle.

The Joy of Giving Week

The Joy of Giving Week was celebrated as a 'festival of philanthropy' by the WBO circle from October 2 to October 8, 2013. The WBO HR team, along with the 'Make a Wish Foundation', celebrated the 'week of giving' in a special way at the Kolkata and Kharagpur offices. 'Wish trees' were set up at various places in the two offices. The event was simultaneously celebrated by the North and South Bengal teams as well as across the Sambalpur zone and and the Gujarat circle. At the end of the Joy of Giving Week, the WBO circle CEO contributed ₹ 28,000 on behalf of the circle employees to the Make a Wish Foundation.

A Helping Hand in Uttarakhand

Nature's fury, witnessed in Uttarakhand, left behind a trail of mass destruction of life and property. The Airtel UPU Circle team promptly responded to this emergency by joining hands with the government authorities to start a relief campaign for the flood-hit victims.

The Company started a free Emergency Alert Service for its customers in the affected districts. Airtel Channel Partners also organised a day-long community kitchen 'Langar' in Srinagar distributing food and water. Three relief camps were also set up at the ITBP camp in Joshimath of Chamoli district, Phata and Guptkashi in Rudraprayag district. The team donated old clothes and blankets to an NGO for distribution to the victims at Uttarakhand. Besides collecting ₹ 1,871,097 through countrywide Airtel employees for the noble cause, the Company also donated ₹ 10 Mn to the Uttarakhand CM's Relief Fund.

Empowering Through Innovation

Airtel Money

Airtel money is fast emerging as a popular alternative for those in need of urgent money transfer. It also serves as a preferred mode for the unbanked sections of society. The Company organised awareness camps at Meerut, Mundali (a small village), Faizabad (a town in Lucknow) and Lohakarera village. These camps elicited good response and several new Airtel money accounts were opened.

Empowering Farmers and Fishermen

IFFCO Kisan Sanchar Limited (IKSL)

Airtel reached out to marginal farmers through its partner IKSL, where millions of farmers were empowered with critical information that governs their livelihood.

Technological Impact

15 Lakhs

farmers enrolled in 2013-14 across 18 states, who start their day with voice information from IKSL.

1.1 Mn

number of farmers listening regularly to the latest agricultural advisories and livelihood information.

International Crop Research Institute (ICRISAT)

International Agencies like ICRISAT have partnered with IKSL to empower farmers in the arid regions of Mahbub Nagar district, and also to teach women self-help groups about dry land farming techniques.

Some of the projects have been replicated across states like Karnataka, where IKSL along with ICRISAT, is working on the Bhoochetna movement to empower farmers in 10 districts.

Apart from empowering them with information, farmers and their children were enrolled as Kisan Mitras. They were incentivised to spread the IKSL programme among other farmers, and 1,500 such Kisan Mitras now work with IKSL.

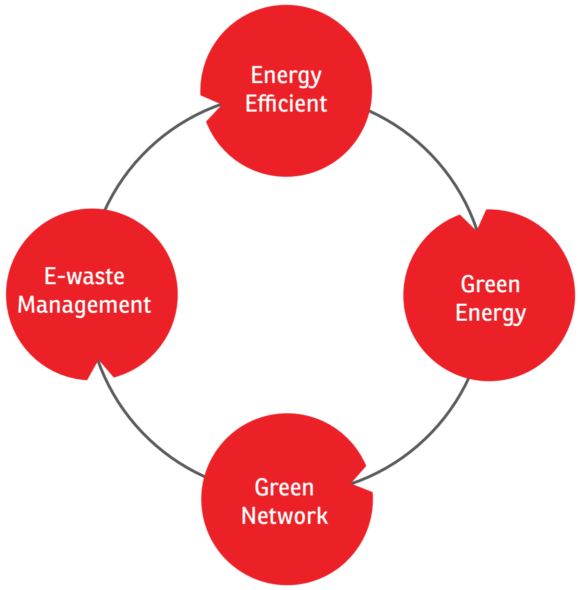
IKSL is also working with the Women Development Corporation in Bihar, empowering them with information and entrepreneurial opportunities. Some of these women also act as Kisan Mitras.

National Cyber Security Drill

Bharti Airtel was subject to a Cyber Security Test drill by CERT-In (Department of Electronics & IT, GOI) on December 20, 2013, which saw the participation of over 50 companies across India. The Company figured among the top five performers in the drill, thanks to its 'Defence in Depth' security infrastructure model.

B. Environmental Protection

Environmental degradation and climate change are severely impacting lives and livelihoods in all parts of the world, and has the potential to emerge as perhaps the greatest challenge of the twenty-first century. Therefore, protection and nurture of the environment is a non-negotiable imperative at Bharti Airtel. Our green initiatives are focused on replacing traditional energy sources with renewable variants. We have introduced various energy-efficient measures like e-waste management and reduced paper usage by popularising e-bills. We make dedicated efforts to conserve energy by every possible means and reduce wastage at our areas of operations.



Improving Energy Efficiency Across Data Centres

Bharti Airtel has seven data centres spread across the country. It endeavors to improve the energy efficiency of these data centres and reduce the negative impact on environment by promoting green initiatives. The focus has been on optimising the data centre facilities, operations for energy conservation, improved space utilisation and enhanced performance. This has resulted in an approximate savings of 17.8 Mn kWh (units) of electricity during the year.

Some of these initiatives include:

- **Cold Aisle Containment:** Cold aisle containment uses a physical barrier to reduce the mixing of cold supply air and hot exhaust air in data centre aisles. This delivers lower energy consumption and more efficient cooling. This initiative resulted in annual savings of approximately 10.8 Mn kWh.
- **Installing Variable Frequency Drives (VFDs):** The Variable Frequency Drives (VFD) installed in our HVAC systems automatically reduces a motor's speed and power draw when there is lower system load. This initiative resulted in annual savings of approximately 0.2 Mn kWh.
- **Energy Usage Optimisation:** Based on an extensive energy usage study and power audits, various initiatives were undertaken over the years to optimise usage of electricity, some of which include:
  - Identifying and rectifying hot spots
  - Optimisation of lighting and AC usage

This initiative resulted in annual savings of 6.8 Mn kWh approximately.

The above measures have resulted in maintaining an average PUE of almost 2.0 across data centres.

Plans for Years Ahead

Bharti Airtel is deliberating to involve various national and international SMEs / OEMs for providing solutions for further enhancing energy efficiency in its data centres. It is also endeavoring to implement various renewable energy sources like wind, hydro and solar.

Green Energy

Rooftop Solar at Main Switching Centres (MSCs)

The Company has installed solar power plants at 6 MSC locations by FY 2013-14, expanding the total capacity to 400 kWp. These on-grid solar plants are expected to generate green energy of 5 Lakh units with emission reduction of 390 tons per annum.

Solar and Battery Hybrid Solutions for Owned Sites

During the year, Bharti Airtel has installed 65 Solar and Battery Hybrid solutions at owned base stations and now has 14 mobile base stations (COW sites) that are also running on solar power. The solution aims at carbon emission reduction of 1,600 tons per annum.

Biomass Fuel Replacing Diesel at Sites

Post successful trial of the biomass gasifier, Airtel has installed 17 biomass sites that have replaced diesel with biomass fuel. The solution is feasible for rural indoor locations that cannot harness solar power.

Trial on New Energy Solutions

Bharti Airtel has conducted trials of fuel cells and lithium-ion (Li-Ion) batteries at the Base Transceiver Station (BTS) sites in the NESA circle to replace diesel generator-run sites with low emission noise free clean sites.

Green Network

Conversion of Indoor Sites to Outdoor

The Company has worked with partners to convert more than 8,400 sites to outdoor, thus reducing energy consumption of these sites by about 30%. These sites are now feasible for installing green energy solutions like Solar, Li-Ion, and so on.

Outdoor Site Deployment

During the year, more than 80% of the new sites were deployed as outdoor ones, eliminating air-conditioner usage, right from the beginning itself.

New Sites Deployment on Sharing Basis

As a part of its effort to deploy new sites on a sharing basis, Bharti Airtel has put up more than 80% of them as sharer sites. This has reduced their energy consumption by a minimum of 30% over that of standalone sites.

Auto Trx Shutdown

The Company's Auto Trx shutdown feature has ensured that the transmission equipment remains switched off during off-peak hours. 79% of our sites are now activated with the Auto Trx shutdown feature.

Partnering for Greener Network

Green projects with Bharti Infratel

Infratel has been working closely with Bharti Airtel for converting the Company sites into green sites. More than 3,400 sites have been tagged as green sites this year, thereby eliminating diesel usage on those sites.

Project Green Cities with Indus

Project Green City, which was launched by Indus Towers two years back, now includes more than 19,000 diesel-free sites. Our close partnership with Indus has resulted in the conversion of more than 5,900 sites to outdoor in FY 2013-14.

E-bills

Bharti Airtel constantly attempts to reduce the usage of paper, resulting in physical copies of bills and receipts. This is done through the deployment of best-in-class digital assets and use of our user-friendly payment options.

E-waste Management

The ever increasing volume of both physical as well as e-waste is a matter of grave concern for the telecom industry. Bharti Airtel has made every effort to reduce the environmental impact of its operations, by minimising waste, ensuring end-to-end traceability and recycling. Any e-waste generated from technology upgradation, capacity augmentation and others is recycled as per the Waste Electrical and Electronic Equipment (WEEE) norms.

2,000 tons+

of e-waste generated from IT and network infrastructure was recycled through authorised recycling partners in FY 2013-14.

Being Responsible, Globally

We are not just competing globally to grow our business; we are also strengthening the message of empathy for society and the environment. We believe, what is good for the world is good for business.

Africa

A. Community Development

Our School

Airtel Africa's flagship initiative programme is known as 'Our School'. The programme has grown extensively with regard to the adoption of rural schools. Under this initiative, 45 primary schools have been adopted by the Company across 17 African countries. Airtel Africa also works closely with the governments in these countries to support education for underprivileged children. Over 24,000 children have benefited through various initiatives, such as the donation of books, computers and uniforms.

24,000 children +

have been benefited through various initiatives.

Partnership with British Council

Airtel Africa launched digital learning hubs across Sub-Saharan Africa in partnership with the British Council. Over half a million teachers and learners in nine countries across Africa can now easily access digital educational resources in their schools. Wider broadband connectivity has been provided as part of a three-year deal for 127 digital hubs.

Airtel Rising Stars

Airtel Rising Stars is a sports-based talent search initiative, targeting adolescents between 13 and 17 years age. This is a grassroots soccer initiative that involves scouting for talent and showcasing it on a pan-African scale. This is viewed as Africa's largest soccer tournament that has attracted over 24,000 teams covering 400,000 young players across 17 countries.

Smartphone Usage by CHWs in the Millennium Villages Project (MVP)

Community Health Workers (CHWs) are an important link between the health sector and the community, and a cornerstone of MVP health interventions. While CHWs facilitate coverage with life-saving interventions, they also have the potential to generate a range of health-related information through use of smartphones. The collection of such information is greatly facilitated by new advances in electronic health (e-health) technology.

B. Environment Responsibility

Making the World Greener

To help protect the environment, the Company has taken up green energy initiatives in line with its increasing network coverage in rural areas. Bharti Airtel's Ghana operation is a testimony of how it aims to migrate from electricity-powered generators to solar panels nationwide by 2018.

Bangladesh

As a part of business responsibility, Airtel Bangladesh's community development initiative touches lives of people through various acts of compassion and care. Some of the initiatives during the year included distribution of warm clothes, organisation of blood donation camps and youth empowerment through Airtel Rising Stars, the Company's well known football talent-hunt event.

In collaboration with its banking partner Dutch Bangla Bank Limited (DBBL), Airtel Bangladesh has tied up with Jaago Foundation to introduce the 'mobile donation' service. One of the major initiatives of the Jaago Foundation is the establishment of a free education system for underprivileged kids. It also signed an agreement with the Access to Information (a2i) Office of the Government to get affiliated with the information and service centres to disseminate useful information among the under-served communities in the remotest corners of the country. It also took several initiatives for energy saving and conservation through the deployment of High Temperature Batteries (HTB) in 150 non-electrified BTS.

Sri Lanka

Airtel Rising Stars – Season 2 saw 12 best young footballers in Sri Lanka, getting an opportunity to meet and interact with the Manchester United football team. The highlight of the event was the fact that two female football players found a place among the final 12. Airtel Lanka has partnered with the Sri Lanka College of Paediatricians (SLCP) to raise awareness about child abuse and teach children how to protect themselves. The Company announced a strategic partnership with Green Links Lanka to embark on a project of easte management. It signed a Memorandum of Understanding to secure e-waste management services provided by Green Links Lanka.

Business Responsibility Report

"There is a deep connect that we always had as children growing up with the society. As we create wealth or any business house that creates wealth they have a responsibility of, not only not to display their wealth in a fashion, which is hurting the sentiments, but more importantly start contributing in a very big way. It gives me immense pleasure when we reach to the society and make a positive contribution in every way we can."

Sunil Bharti Mittal, *Chairman*

While 'Winning with People' is our core strategy in a competitive business landscape, sustainability remains a constant in all our services. We believe in responsible growth that encompasses socio-economic empowerment, environmental sustenance, resource conservation, while encouraging innovation and efficiency.

Business Responsibility Report is a disclosure mandated by the Securities and Exchange Board of India (SEBI) for the top 100 listed companies. Since these companies have funds raised from the public, it implies involvement of an element of public interest. The report is a tool designed to help these companies understand the principles and core elements of responsible business practices.

The scope of this report is Airtel's India operations, including all businesses under its operational control.

Section A

General Information

1.	*Corporate Identity Number (CIN)*	L74899DL1995PLC070609
2.	*Name of the Company*	Bharti Airtel Limited
3.	*Registered Address*	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110 070
4.	*Website*	www.airtel.com
5.	*Email id*	compliance.officer@bharti.in
6.	*Financial Year reported*	2013-14
7.	*Sector(s) that the Company is engaged in (industrial activity code-wise)*	Telecommunication services, Passive Infrastructure services, Direct to Home services, Mobile Commerce services either directly or through its subsidiary companies.

Industrial Group	Description
	Telecommunication Services
	Passive Infrastructure Services (through Subsidiary Company)
	Direct to Home Services (through Subsidiary Company)
	Mobile Commerce Services (through Subsidiary Company)

As per National Industrial Classification – Ministry of Statistics and Programme Implementation

8.	*List three key products / services that the Company manufactures / provides (as in the balance sheet):*	1. Mobile Services 2. Broadband Services 3. Telephone Services
9.	*Total number of locations where business activity is undertaken by the Company*	
	a. Number of International Locations (Details of major 5)	The Company has its businesses and operations in 20 countries, including India, Sri Lanka, Bangladesh with 17 countries in the African continent. The five major international countries where the Company does business through its subsidiary companies are Nigeria, Congo, Gabon, Zambia and Tanzania.
	b. Number of National Locations	Headquartered in New Delhi, Bharti Airtel Limited has its business activities spread across the country.
10.	*Markets served by the Company - Local / State / National / International*	While Bharti Airtel Limited serves the Indian markets, the Company has operations in 20 countries across Southeast Asia and Africa.

Section B

Financial Details

1.	*Paid up capital (₹)*	19,987 Mn
2.	*Total turnover (₹)*	499,185 Mn
3.	*Total profit after taxes (₹)*	66,002 Mn
4.	*Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)*	0.61% of its net PAT
5.	*List of activities in which expenditure in 4 above has been incurred:*	1) Promotion of education through Bharti Foundation schools and other educational trusts 2) Health services and awareness 3) Higher and technical education 4) Child welfare programmes 5) Disaster relief initiatives 6) Community development programmes 7) Environmental initiatives and awareness 8) Employability and entrepreneurship

Section C

Other Details

1. *Details of Subsidiaries of the Company.*

   Yes, Bharti Airtel Limited has 117 direct and indirect subsidiaries, as on March 31, 2014.

2. *Details of subsidiaries participating in the BR initiatives of the parent Company.*

   Bharti Airtel proactively engages and positively encourages its subsidiary companies to participate in its Business Responsibility initiatives. Its "Bharti Code of Conduct" guides all its subsidiaries and makes sure that they adhere to the highest levels of ethical and transparent business practices.

3. *Details of entities (e.g. suppliers, distributors, etc.) that the Company does business with, that participate in the BR initiatives of the Company. Indicate the percentage of such entity / entities [Less than 30%, 30-60%, more than 60%].*

   Bharti Airtel actively encourages its entire value chain to participate in the BR initiatives of the Company on a wide range of social and environmental issues. Currently, less than 30% of its other entities participate in the BR initiatives of the Company and Bharti Airtel strives to encourage more and more entities to participate in the BR initiatives.

Section D

Business Responsibility Information

1. Details of Director / Directors responsible for BR

a) Details of the Director / Directors responsible for implementation of the BR policy / policies:

DIN Number	00028016
Name	Rajan Bharti Mittal
Designation	Director

b) Details of the BR head:

Name	Jyoti Pawar
Designation	Director – Legal & Regulatory
Telephone No.	+91 124 4243188
E-mail id	Sustainability@in.airtel.com

2. Principle-wise (as per NVGs) BR Policy / Policies (Reply in Y / N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility:

Principle 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3

Businesses should promote the well-being of all employees.

Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

Principle 5

Businesses should respect and promote human rights.

Principle 6

Businesses should respect, protect, and make efforts to restore the environment.

Principle 7

Businesses, when engaged in influencing public and regulatory policies, should do so in a responsible manner.

Principle 8

Businesses should support inclusive growth and equitable development.

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	*Do you have a policy / policies for...*	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	*Has the policy been formulated in consultation with the relevant stakeholders?*	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	*Does the policy conform to any national / international standards? If Yes, specify. (50 words)*	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	*Has the policy been approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?*	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	*Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?*	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	*Indicate the link for the policy to be viewed online.*	Y	N	N	N	N	N	N	N	N
7.	*Has the policy been formally communicated to all relevant internal and external stakeholders?*	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	*Does the Company have an in-house structure to implement the policy / policies?*	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	*Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?*	Y		Y	Y	Y	-	-	-	Y
10.	*Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?**	Y	Y	Y	Y	Y	-	Y	Y	Y

*Mostly through internal audits and external consultants

- All the policies are formulated through detailed consultations and benchmarking across the industry. The policies also confirm compliance with all mandatory / applicable national / international laws, rules, regulations, guidelines and standards.
- As per the Company practice, all the policies are approved by the respective Business CEOs / Functional Directors.
- All the policies have a Policy Owner and the respective Policy Owners are responsible for the implementation of a particular policy.
- Except Code of Conduct, all the other policies are the internal properties of the Company and are therefore, not available on the website of the Company. The Code of Conduct can be accessed through the following link: http://www.airtel.com/wps/wcm/connect/africaairtel/Africa/code_of_conduct/en & http://www.airtel.in/partnerworld/Business_Code_of_conduct.htm
- Except the Ombudsperson Policy, which is available on the website of the Company, all the other policies being in-house are uploaded on the intranet and are accessible to all employees of the Company.
- Any grievances related to any of the policy / policies can be escalated to the Ombudsperson. In case any grievances related to customer services are not resolved properly, they can be escalated to the respective nodal officers appointed in each service area.

2a. If answer to Sl No. 1 against any principle is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	*The Company has not understood the Principles*	-	-	-	-	-	-	-	-	-
2.	*The Company is not at a stage where it finds itself in a position to formulate and implement the policies based on specified Principles*	-	-	-	-	-	-	-	-	-
3.	*The Company does not have financial or manpower resources available for the task*	-	-	-	-	-	-	-	-	-
4.	*It is planned to be done within the next six months*	-	-	-	-	-	-	-	-	-
5.	*It is planned to be done within the next one year*	-	-	-	-	-	-	-	-	-
6.	*Any other reason (please specify)*	-	-	-	-	-	-	-	-	-

3. Governance related to BR:

- *Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.*

  The CSR Committee of the Board reviews the Company's BR performance twice a year. In addition, the Board also oversees the performance and provides a strategic approach to the Company's BR initiatives on an annual basis.

- *Provide the details and link for the Business Responsibility Report or Sustainability Report.*

  The Company publishes a separate Annual Sustainability Report in accordance with the Global Reporting Initiative Framework. The electronic version of the report is uploaded on the Company's website and can be viewed by clicking the link: www.airtel.in/sustainability.

Section E

Principle-wise Performance

Principle 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Ethical Standards

Bharti Airtel is committed towards compliances backed by its high governance standards, fully informed Board, comprehensive processes, policies and transparent communication. The Company adheres to the highest levels of ethical business practices as articulated by its 'Code of Conduct' (CoC), which covers ethics, bribery, corruption and human rights.

The Bharti's Code of Conduct extends to employees at all levels and other individuals working with the Company, its subsidiaries, associates, suppliers, contractors, service providers, channel partners and explicitly prohibits bribes, kickbacks, improper payments and directs them to ensure ethical business conduct.

For effective implementation of the above referred Code of Conduct, the Company has established the office of the Ombudsperson, which is an independent forum for employees and external stakeholders of the Company. It is fully accessible to all stakeholders who have grievances with regard to the conduct of any employee / individual representing the Company. A formal process of reviewing and investigating any concern is undertaken by the Ombudsperson and appropriate action is taken to resolve the matter in accordance with the Consequence Management Policy. The instances of such misconduct are periodically reported to the Audit Committee.

Transparency and Accountability Standards

In FY 2013-14, ten allegations of bribery / corruption were received. Investigations were completed in nine cases and actions were initiated according to the Consequence Management Policy and one case is pending until the completion of investigation.

Principle 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Airtel aims to work across its value to provide high quality services to its customers with low impact on the environment and community. It has formulated and implemented procurement guidelines, standard procedures and disposal methodologies in line with the current regulations and to assure safety and optimal resource use.

Airtel gives the utmost importance to electromagnetic field (EMF) emission management and is compliant with all the regulations regarding Radio Frequency emissions. It is our endeavour to ensure the clarity and transparency of our position and to share the updated, research backed facts on this matter with the general public. Airtel sites are also subject to random checks and audits by the Telecom Enforcement Resource and Monitoring (TERM) Cells of DoT. With respect to disposal of waste, Airtel works towards recycling and reuse of waste and disposes waste as per applicable laws. (Details of e-waste disposal under Principle 6).

Accessibility

In its constant endeavour to ensure social, economic and financial inclusion, Bharti Airtel aims to address the needs of its wide customer base. The Company makes untiring efforts to improve lifestyles and enhance skills by providing a gamut of financial, health and education services based on the mobile platform. Some of these include mobile money, mobile health, mobile education and agricultural awareness.

Healthcare on Demand

Launched a couple of years back, our doctor-on-call service envisages to bridge the demand-supply gap in healthcare services provided to remote villages across the country. The Company endeavoured to address this issue with its innovative and pertinent products that provide healthcare services over the phone, namely 'Mediphone'. With Mediphone, an Airtel subscriber can phone a doctor or nurse, who will then assess the clinical symptoms described and provide medical advice. Apart from Mediphone, Airtel also provides an online health portal for its customers called 'Ask a doctor'.

Education on the go

Airtel mEducation is a unique service, facilitating learning over mobile handsets through association with software and content providers. The service aims to educate the urban and semi-urban youth through mobile telephony by providing them with a quasi-classroom experience. Airtel mEducation helps overcome physical barriers like time and infrastructural lack, in addition to making it possible to reach out to a lot of people at the same time.

Empowering Farmers

With an aim to empower farmers with timely information to increase their agricultural yield, Airtel launched the mFarmer initiative in collaboration with IFFCO called 'IFFCO Kisan Sanchar Limited' (ISKL). This provides relevant, timely and high quality information services covering varied areas, such as soil management, crop production, animal husbandry, horticulture, crop protection, market rates, weather forecast information, human and cattle health, employment opportunities, and Government schemes, among others. The information is provided through the use of mobile technology, enabling farmers to take more informed decisions pertaining to agrarian activities.

Sourcing and Supply Chain

The Company is engaged in the business of delivering services through its diverse platforms. This ensures that it does not have any impact on sourcing or production or distribution. The Company also ensures that there is no broad-based impact on energy and water resources due to the use of these services by its customers.

The Company is committed to building a responsive and responsible supply chain. It has implemented various sustainable supply chain practices and initiatives to reduce the environmental impacts of sourcing, and ensure timely and cost-effective delivery of services.

In 2013-14, the Company worked with over 6,500 suppliers out of around 78,000 active suppliers operating worldwide. Over 83% of these suppliers are based in India, vindicating the advantages of promoting local entrepreneurship. Around 78% of the Company's sourcing (in terms of value) was derived from these domestic partners.

In order to make the supply chain engagement more socio-economically meaningful, Airtel is taking significant initiatives. These include developing a framework to promote underprivileged social groups with a special focus on encouraging women entrepreneurs and small businesses.

Product Re-cycling

With Bharti Airtel being a part of the ICT sector, the most significant waste generated by the Company comprises e-waste. Bharti Airtel has adopted a focused approach towards e-waste management. The Company has implemented several processes and practises to reduce the e-waste generated. These include employee awareness initiatives and extended use of network and IT based equipment. Bharti Airtel ensures that the e-waste is segregated at source and recycled and the residual is disposed of through authorised recycling facilities, as per the legislation of the Government of India.

Principle 3

Businesses should promote employee well-being

Employee Composition

Bharti Airtel's composition of its highly committed employees is diverse and rich. The Company's workforce comprised a total of 14,645 employees, of which over 9.56% of total workforce are women employees and 19,393 are sub-contracted employees as on March 31, 2014.

Differentially-abled Employees

As on March 31, 2014, a total of 59 people with various disabilities are permanently employed by Bharti Airtel. These employees are assigned equal responsibilities as others and accorded due respect without any discrimination.

Safety and Wellbeing of Women

The Company's policy for Safety of Women Employees acts as a safeguard to ensure a healthy and safe workplace for its women employees.

Effective April 2013, in compliance of the law on prevention of sexual harassment of women at the work place, the Company has set up Internal Complaints Committee at its offices comprising a Presiding officer who is a senior level woman employee, one member with legal knowledge or experience in social work, one member from an NGO or association that deals with such matters and who has relevant knowledge and experience and one member from the Ombudsperson's office. The Committee is responsible for dealing with all matters related to the subject. The committee constitution has been communicated to all employees and also prominently displayed in the public areas of all offices. Four cases related to sexual harassment at workplace have been reported and investigated during the year. During investigations, procedures laid down under statutory provisions were followed. Allegations of sexual harassment were proven in three out of four reported cases and corrective actions were undertaken in accordance with the Consequence Management Policy.

Airtel Smart Women Safe Women Initiative

Under the initiative, the women employees from MPCG Circle Office visited different locations for 10 days addressing gathering of women, sharing various services and enlightening them with various applications available on mobile phones that are useful in case of untoward incidents. The locations visited by the Team included corporate offices, call centres, hospitals and colleges like Volvo Eicher Commercial Vehicles, HDFC, Tele Performance, Sanghvi Institute, Maharaja Ranjit Singh College, Bharti Infratel and Choithram Hospital. The Team offered live demonstrations of two very useful services: Airtel Emergency Alert and Airtel Call Manager. Users interested to make use of these services were provided free activations for 30 days. 38 print media impressions were released across five cities for the campaign.

Skill and Talent Development

There are over 50 unique training interventions for the Company's employees out of which over 30 comprised functional training and 20 competency-based and leadership training interventions.

While the Company ensures extensive training modules, it also acknowledges the value of sound mental, physical and ethical well-being of its employees and its effects on employee productivity. Healthy employees are more committed, engaged and productive. The Company's commitment to health and safety issues is driven by policies that provide comprehensive guidelines for health promotion and disease prevention.

Our safety approach and systems are aligned to recognised international standards, such as the Occupational Health and Safety Management Standard-OHSAS 18000. Training programmes designed to teach the art of self-defence, especially to women employees, are also periodically conducted. Our long-term strategic goal continues to be the promotion of health and safety in our organisation and improvement in the safety and work life quality of our employees.

Bharti Airtel is committed towards implementing the Health, Safety and Environment Management Systems to maintain safe and incidence-free work places. It has also formulated well-written and effective policies pertaining to the health and safety of its workforce. These policies aim to provide a healthy and safe working environment at all our facilities, while complying with applicable health, safety and environmental regulations.

Category	Safety (No. of employees)*	Skill Up-gradation (No. of employees)
Permanent employees	1957	9379
Permanent women employees	67	880
Casual / Temporary / Contractual employees	568	-
Employees with disabilities	-	33

* Number does not include fire drills and trainings.

Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Stakeholder interests: Airtel's approach to responsible business activities is mapped through regular engagement with its internal and external stakeholders to confirm key issues driving the Company.

As per the stakeholder engagement exercise, the Company has identified the following stakeholders:

- Customers
- Suppliers / vendors
- Employees
- Community
- Investor community
- Government bodies
- Industry forums

2. Of the above stakeholders, the Company has identified the following as disadvantaged, vulnerable and marginalised.

   The Company has identified the disadvantaged, vulnerable and marginalised stakeholders through its association with the Bharti Foundation. A substantial portion of the beneficiaries of the Bharti Foundation and its programmes involve the economically weak and disadvantaged groups, especially SC / ST / OBC categories and girl students. Besides, over the years, the Company has been consistently focusing on increasing its rural penetration.

   Bharti Airtel continuously strives to encompass a wide customer cross-section under its digi-presence concept. This is defined as the creation of a platform for digital accessibility of telecommunications, internet and digital television services. The Company is determined to spread the benefits of digi-presence beyond urban or affluent areas to remote locations within the country. Airtel's innovative and emerging business models like airtel money, mEducation and mHealth are focused on overcoming the obstacles to socio-economic development and inclusion.

Principle 5

Businesses should respect and promote human rights

Human Rights

Bharti's Code of Conduct and various HR Polices demonstrates its commitment toward protection of Human Rights across value chain and discourage instances of abuse through Ombudsperson. The Policies are applicable to employees, contractors, group companies, joint ventures, suppliers and other business partners and associates.

Principle 6

Businesses should respect, protect, and make efforts to restore the environment

The Company has always believed in safeguarding the environment during the entire course of its operations. It constantly endeavours to ensure that the impact of its activities remains minimised to every possible extent.

In line with its objectives, Airtel's Health Safety and Environment Policy extends to Bharti Airtel Ltd. and its subsidiaries employees, associates, and partners.

Bharti Airtel's engagement with its stakeholders results in assessment of material issues that mainly involve energy, climate change, waste management and optimal resource utilisation. The Company's sustainability strategy is also centred around the same issues.

Although the Company has not undertaken any project related to CDM, it is continuously working towards and has taken significant steps to ensure minimal carbon footprint for its activities.

Caring for Environment

Yes, few strategies to address the sustainability issues like climate change and energy are given as below:

1) Alternate Energy Sources:

- Installed Solar Power plant at six locations having the total capacity of about 400 kWp.
- Performed trial of fuel cell at BTS site in NESA which will replace DG set with low emission and also noise free clean sites.
- In process of installing Solar Battery Hybrid solution at sites.
- Piloted the suitability of Li Ion batteries solution for the BTS sites, which was found suitable in NESA circle.
- Successfully installed biomass based solution at various sites and effectively running several indoor sites on Biomass Gasifier, which has helped in replacing the use of diesel as a source of energy.

2) Energy Efficiency Measures:

- New sites have been deployed as outdoor eliminating the use of air-conditioners.
- New sites were installed as sharing sites, which is expected to reduce the energy consumption by more than 30% over the new standalone site.
- We are deploying FCU units at our sites for switching off the Aircon at sites and making the sites feasible for more energy solutions such as Solar / Li Ion, etc., thereby achieving greater energy efficiency.
- Deployment of Low-power Consuming Base Transceiver Station (BTS).
- Use of energy efficient retrofit in base stations such as integrated power management systems, efficient DC to AC converters, etc.
- Deployment of Power Management Units (PMUs).
- Energy efficiency in air conditioning.
- Application of variable speed drives, lighting energy savers, etc.

3) Demand Side Management:

DC Free Cooling Unit (DCFCU) - We are in process of deploying FCU units at our sites for switching off the aircon & making the sites more feasible for alternative energy solutions such as Solar / Li-Ion etc.

4) Design Modifications and Innovations:

- Shelters with optimal cooling, power and thermal management systems, minimising the running of DG sets.
- Reduced the use of indoor BTS, ensuring reduced air-conditioning load and save in power consumption.
- Upgrading the existing sites with auto-TRX shutdown feature, which during the non-peak hours at few sites can switch the TRX to reduce the power requirement.

These strategies are detailed on the following link: http://www.airtel.in/sustainability-file/our-planet.html

Clean and Green Workplace

The Company and its network infrastructure partners are fully cognisant of the potential environmental impact of their activities. Hence, they have taken multiple initiatives to ensure that the impact of their activities remains minimal to every possible extent.

The Company has taken multiple initiatives towards implementing energy-efficient measures and ensuring use of renewable energy at its various offices. Airtel aims to be an environmentally conscious corporate citizen and employer by actively promoting green operations and mobilising its employees to create a 'Green Workplace' at all its offices and data centres.

Besides, Airtel encourages its network infrastructure partners to adopt alternative and renewable energy sources to reduce their carbon footprint and ensure lowered dependence on diesel.

More details regarding these initiatives can be obtained on the Company website by clicking on the following link: www.airtel.in/sustainability.

Compliances with Regulations

The Company complies with the permissible limits set by the CPCB / SPCB with regard to emissions, waste generation and disposal.

Only one show cause notice from CPCB / SPCB was pending and unresolved as at the end of FY 2013-14.

Principle 7

Businesses, when engaged in influencing public and regulatory policies, should do so in a responsible manner

Responsible Public Engagement

The Company is a member of various trade and business associations, some of which are listed below:

- World Economic Forum (WEF)
- Groupe Speciale Mobile Association (GSMA)
- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Cellular Operators Association of India (COAI)
- Association of Unified Telecom Service Providers of India (AUSPI)
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- VSAT Services Association of India (VSAI)
- DTH Association of India
- The Internet Service Providers Association of India (ISPAI)

Airtel engages with the above mentioned associations through clear, defined methods to ensure an appropriate representation in policy formulation and advancement of public good. Airtel ensures that its position on policy furthers its agenda of empowering and enriching lives of millions through its core competence, technological solutions and innovations, in order to shape a sustainable society. It focuses on enhancing competitiveness, and increasing job creation, economic growth and sustainable standards of living.

Airtel engages with regulators and governments on a wide range of issues directly relevant to the Company and the industry at large. These also encompass issues of broad public interest. Airtel, as a member of Cellular Operators Association of India (COAI), has been actively participating in various programmes, workshops, seminars and stakeholder meets to disseminate information about EMF and its impact.

Airtel recognises that the impact created by public policymakers / regulators / Government policies significantly impact the operations of businesses. When the policies are being considered, Airtel participates in the consultation process. As a leading telecom operator, the Company focuses on public policies that maximise the ability of individuals and companies to innovate, thereby benefiting people's lives and strengthening the country's economy.

Airtel's policy agenda is centred on providing proper network coverage, affordable access to customers, digital inclusion, quality of service offerings, tariff, environment, and so on.

Principle 8

Businesses should support inclusive growth and equitable development

Social Inclusion

With an aim to bring about a transformation by empowering millions more with digi-presence to build a digital and sustainable economy, Airtel devised its 'Blueprint for Social Inclusion'. The Blueprint for Social Inclusion consists of three vision pillars that are designed to maximise the community and social development initiatives of the Company. These vision pillars are supported by the respective action pillars to actualise the vision of social inclusion.

The three vision pillars guiding the mentioned objectives are:

1) Increasing digital footprint and bringing everyone within the fold of digi-presence
2) Applying Airtel's existing platforms to the universe of health, educational and financial services designed for the weaker sections of the society
3) Fostering community development through active community services and engagement through Airtel's reach and accessibility in urban and rural India

Airtel strives to accomplish these objectives by:

- Bridging the digital divide through its robust and far-reaching distribution network.

- Working towards expanding its bouquet of services and enhancing its communication technologies.
- Emerging and innovative business models like airtel money, mHealth and mEducation are focused on overcoming the obstacles to social development and inclusion.
- Supporting the programmes run by the Bharti Foundation that are designed to offer free education and vocational training for the economically marginalised sections of society.

Empowering Social Transformation

Airtel actively promotes social inclusion across multiple platforms through initiatives undertaken by the Bharti Foundation, as well as regional community services conducted by employees across various Circles.

In addition, Airtel strives hard to uplift the local communities through its socio-economic empowerment programmes. It encourages the participation of local communities in base and around the area not only for improved results, but also for the development of the sector as a whole.

Measuring Social Impact

Impact assessment is done by internally as well as through third party evaluation.

A structured impact assessment study was conducted by a third party to assess the Satya Bharti School Programme. 15 Satya Bharti Schools across Punjab, Haryana and Rajasthan were compared to 15 other schools (from the villages which do not fall in the catchment area of a Satya Bharti School) to ascertain the impact that the programme has made on children, parents, communities and teachers.

Empowering the girl child	Instilling greater confidence among students	Developing stronger values and ethics among students	Sensitising communities towards responsible participation	Notable shift in the perception of value education
96%	84.7%	84%	71.3%	27%
of parents with a girl child studying at a Satya Bharti School wanted her to pursue higher education compared to 73.7% parents, whose girl child goes to other schools.	*of children studying at Satya Bharti Schools were certain of their responses and clear in their communication as compared to only 38.9% children studying at other schools.*	*of Satya Bharti School students tend to demonstrate a stronger value code, believing in amicable dispute resolution compared to 48.9% of children from other schools.*	*of families who live adjacent to a Satya Bharti School, regularly attend village meetings where other families stood at 45.6%.*	*of the families whose children are studying at Satya Bharti Schools reported that they are systematically saving for their child's higher education compared to 8.9% of families whose children are studying at other schools.*

- **Quality teacher training programmes for teachers.**
- **Aid to teachers in pursuing higher education.**
- **Social empowerment, integration and upliftment of community, especially mothers engaged as Mid-day Meal vendors.**

Financial Contribution

During 2013-2014, Bharti Airtel has contributed the following amounts towards various philanthropic activities:

₹ 195.86 Mn

contribution by Bharti Foundation towards furtherance of its objectives.

₹ 10 Mn

contribution to Chief Minister's Relief Fund Uttarakhand.

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner

Valuing the Customer

There are nearly 35,000 Airtel Service Centres that cater to over 100,000 villages across the country.

The percentage of customer complaints pending as on March 31, 2014 is 0.0066% that are being carried forward in FY 2014-15 for resolution. Of the 251 legal consumer cases received during FY 2013-14, around 71% cases are at various stages of resolution as on March 31, 2014. During the year under review, there was no complaint against the Company regarding unfair trade practices, irresponsible advertising or anti-competitive behaviour.

Since Airtel is engaged in the business of providing a suite of telecommunication services, the Clause has limited applicability. Notwithstanding Airtel has been transparently communicating service mandatory information regarding enrolment and deactivation, tariff, usage, contact and grievance information, in addition to others on its packaging, enrolment form / booklets, website and POS displays.

Educating the Customer

Airtel endeavours to organise various Consumer Education Workshops annually across pan-India, in order to engage and effectively interact with Customer Advocacy Groups. Few other initiatives are as below:

1) Welcome letter – A comprehensive email is sent to new customers with details about their account, bill plan and other important information.

2) Hawk SMS – An Alert SMS is sent to customers when their Internet usage reaches 80% and 100% of the in-built data limit to avoid any unpleasant bill-related surprises.

3) Selfcare – Providing an option to customers to check their current usage or any other account details, whenever they require

4) Airtel app – Smart app for smartphones enabling customers to manage their accounts - check usage, make payments, check existing services and so on.

The Company regularly conducts formal as well as informal customer satisfaction surveys / trends for every segment of its business from time to time either in-house or through third parties. This helps the Company understand customer requirements, customer behaviour, customer satisfaction level, and serve them better.

Airtel strongly believes that telecom services can be a powerful tool to bring about sustainable development in our country thereby improving the lives of millions of our citizens. By integrating sustainability into its core business strategy, Airtel aims to be an organisation that has increased focus on life enriching products and able to deliver the advantage of technology to everyone across its value chain. This reinforces Airtel's approach of harmonising business interests and the collective interests of stakeholders, giving credence to the philosophy of 'what is good for society is also good for businesses'.

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 19th Annual Report on the Company's business and operations, together with audited financial statements and accounts for the financial year ended March 31, 2014.

Company Overview

Bharti Airtel continued to be among the top four mobile service providers globally with presence in 20 countries, including India, Sri Lanka, Bangladesh and 17 countries in the African continent. The Company's diversified service range includes mobile, voice and data solutions using 2G, 3G and 4G technologies. Its service portfolio also comprises an integrated suite of telecom solutions to its customers, besides providing long-distance connectivity in India, Africa and rest of the world. The Company also offers Digital TV and IPTV services in India.

All these services are rendered under a unified brand 'airtel', either directly or through subsidiary companies. The Company also deploys, owns and manages passive infrastructure pertaining to telecom operations through its subsidiary, Bharti Infratel Limited, which also owns 42% of Indus Towers Limited. Together, Bharti Infratel and Indus Towers is the largest passive infrastructure service provider in India.

Financial Results

In line with the statutory guidelines, the Company has adopted International Financial Reporting Standards (IFRS) for accounts consolidation from FY 2010-11. The Company publishes its standalone accounts according to India's Generally Accepted Accounting Principles (IGAAP). The consolidated and standalone financial highlights of the Company's operations are as follows:

Consolidated Financial Highlights (IFRS)

Particulars	FY 2013-14		FY 2012-13	
	₹ Millions	USD Millions*	₹ Millions	USD Millions*
Gross revenue	857,461	14,151	769,045	14,129
EBITDA before exceptional items	277,770	4,584	232,579	4,273
Cash profit from operations before derivatives and forex fluctuations (before exceptional items)	241,813	3,991	195,643	3,594
Earnings before taxation	78,643	1,298	47,853	879
Net Income / (loss)	27,727	458	22,757	418

* 1 USD = ₹ 60.59 Exchange Rate for financial year ended March 31, 2014 (1 USD = ₹ 54.43 for financial year ended March 31, 2013)

Standalone Financial Highlights (IGAAP)

Particulars	FY 2013-14		FY 2012-13	
	₹ Millions	USD Millions*	₹ Millions	USD Millions*
Gross revenue	499,185	8,239	453,509	8,332
EBITDA before exceptional items	171,522	2,831	149,338	2,744
Cash profit from operations after derivatives and forex fluctuations (after exceptional items)	158,158	2,610	132,815	2,440
Earnings before taxation	83,774	1,383	64,548	1,186
Net Income / (loss)	66,002	1,089	50,963	936

* 1 USD = ₹ 60.59 Exchange Rate for financial year ended March 31, 2014 (1 USD = ₹ 54.43 for financial year ended March 31, 2013)

The financial results and the results of operations including major developments have been further discussed in detail in the Management Discussion and Analysis section.

Share Capital

During the year, the Company allotted 199,870,006 fully paid up equity shares of face value of ₹ 5/- each to Three Pillars Pte. Limited, Singapore an affiliate of Qatar Foundation Endowment SPC (belonging to non-promoter category) at an issue price of ₹ 340/- per equity share (including premium of ₹ 335/- per equity share) for an aggregate consideration of ₹ 67,955.80 Mn (Rupees sixty seven billion nine hundred and fifty five million eight hundred and two thousand and forty only) on preferential basis.

Accordingly, the issued, subscribed and paid-up equity share capital of the Company increased from ₹ 18,987.65 Mn divided into 3,797,530,096 equity shares of ₹ 5/- each as on March 31, 2013 to ₹ 19,987 Mn divided into 3,997,400,102 equity shares of ₹ 5/- each as on March 31, 2014.

General Reserve

Pursuant to Section 123 of the Companies Act, 2013, the Company is not mandatorily required to transfer any amount to the General Reserve. Accordingly, the Company has not transferred any amount to the General Reserve.

Dividend

The Board recommends a final dividend of ₹ 1.80 per equity share of ₹ 5 each (36% of face value) for the FY 2013-14. The total dividend payout will amount to ₹ 7,195 Mn excluding tax on dividend. The payment of dividend is subject to the approval of the shareholders in the Company's ensuing Annual General Meeting.

Transfer of amount to Investor Education and Protection Fund

Since the Company declared its maiden dividend in August 2009 for the FY 2008-09, no unclaimed dividend is due for transfer to Investor Education and Protection Fund.

Fixed Deposits

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding, as on the balance sheet closure date.

Capital Market Ratings

As on March 31, 2014, the Company was rated by two domestic rating agencies, namely CRISIL and ICRA, and three international rating agencies, namely Fitch Ratings, Moody's and S&P.

- CRISIL and ICRA maintained their long-term ratings of the Company. Currently, they rate the Company at [CRISIL] AA+ / [ICRA] AA+ with a stable outlook. Short-term ratings were reaffirmed at the highest end of the rating scale at [CRISIL] A1+ / [ICRA] A1+.
- During the year, Moody's, an international credit rating agency, initiated ratings coverage on the Company and assigned it a rating of Baa3, with a stable outlook. As of March 31, 2014, the Company continued to be rated at the same level by Moody's.
- S&P upgraded its ratings to BBB- with a stable outlook during the year (BB+ / Stable earlier).
- Fitch maintained its rating at BBB- but upgraded the outlook to Stable (BBB- / Negative earlier).

As on March 31, 2014, the Company was rated "Investment Grade" with a 'Stable' outlook by all three international credit rating agencies.

Employee Stock Option Plan

The Company presently has two Employee Stock Option (ESOP) schemes, namely the Employee Stock Option Scheme 2001 and the Employee Stock Option Scheme 2005. Besides attracting talent, the Schemes also helped to retain talent and experience.

Both the above mentioned ESOP schemes are at present administered through a Trust, whereby the shares held / acquired by the Trust are transferred to the employee, upon exercises of stock options as per the terms of the Scheme.

In view of the Circular issued by SEBI, the Company stopped acquiring further shares from the open market towards appropriation of the same for the ESOP scheme 2005. The shares acquired / held by the Trust prior to the circular will be utilised to administer the above schemes in accordance with the applicable regulations.

In compliance with the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the SEBI Guidelines), HR & Nomination Committee administers and monitors the Company's ESOP schemes. The applicable disclosures as stipulated under the SEBI Guidelines, as on March 31, 2014 are provided in Annexure C to this report.

A certificate from M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors, with respect to the implementation of the Company's ESOP schemes, would be placed before the shareholders at the ensuing Annual General Meeting. A copy of the same will also be available for inspection at the Company's registered office.

Directors

In line with the Company's policy on Independent Directors, Mr. Pulak Prasad has retired from the Board w.e.f. September 5, 2013. Further, during the previous financial year, Mr. Nikesh Arora ceased to be the Director of the Company w.e.f. March 13, 2014. The Directors place on record their appreciation for help, guidance and contribution made by the outgoing Directors during their tenure on the Board.

Sheikh Faisal Thani Al-Thani, Mr. Ben Verwaayen, Mr. V. K. Viswanathan and Mr. D. K. Mittal were appointed as Additional Directors during the year. They will cease to hold office on the date of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received notices from members under Section 160 of the Companies Act, 2013 (Corresponding section to Section 257 of the Companies Act, 1956), proposing the appointment of Sheikh Faisal Thani Al-Thani as the Company's Non-Executive Director and appointment of Mr. Ben Verwaayen, Mr. V. K. Viswanathan and Mr. D. K. Mittal as the Company's Non-Executive Independent Directors along with necessary deposit of ₹ 1,00,000/- for each Director. The Board recommends their appointment.

Ms. Chua Sock Koong and Mr. Rajan Bharti Mittal retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

In terms of Section 149, 150 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder and Clause 49 of the Listing Agreement, it is proposed to appoint Mr. Manish Kejriwal, Ms. Obiageli Ezekwesili and Mr. Craig Ehrlich as Independent Directors of the Company to hold office for the term as mentioned in the explanatory statement to item nos. 7 to 14 of notice of the Annual General Meeting.

Mr. Tsun-yan Hsieh, Independent Director has expressed his desire to step down from the Board effective from the conclusion of ensuing Annual General Meeting. Accordingly, his appointment as an Independent Director for a further term, as required under the provisions of Companies Act, 2013, is not being proposed to the shareholders at the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges and in the opinion of the Board, all the Independent Directors proposed to be appointed fulfil the conditions specified in the Companies Act, 2013 and the rules made thereunder and are independent of the management. The Board recommends their appointment.

A brief resume, nature of expertise, details of directorships held in other public limited companies of the Directors proposed to be appointed / re-appointed, along with their shareholding in the Company, as stipulated under Clause49 of the Listing Agreement with the Stock Exchanges, is appended as an annexure to the Notice of the before ensuing Annual General Meeting.

Subsidiary Companies

As on March 31, 2014, your Company has 117 subsidiary companies, as set out in Page no. 242 of the Annual Report (for Abridged Annual Report please refer Page no. 92).

Pursuant to the General Circular No. 2 / 2011, dated February 8, 2011, issued by the Ministry of Corporate Affairs, Government of India, the Board of Directors have consented for not attaching the balance sheet, statement of profit & loss and other documents, as set out in Section 212(1) of the Companies Act, 1956, in respect of its subsidiary companies, for the year ended March 31, 2014.

The statement pursuant to the above referred circular is annexed on page no. 99 of the Abridged Annual Report and page no. 249 of the full version Annual Report.

The audited financial statements of each of its subsidiaries are available for inspection at the Company's registered office and the registered office of the respected subsidiary companies. Copies of the annual accounts of the subsidiary companies will also be made available to the investors of Bharti Airtel and those of the subsidiary companies upon request.

Abridged Financial Statements

In terms of the provision of Section 219(1)(b)(iv) of the Companies Act, 1956 and Clause 32 of the Listing Agreement, the Board of Directors has decided to circulate the Abridged Annual Report containing salient features of the balance sheet and statement of profit & loss and other documents to the shareholders for the FY 2013-14, who have not registered their e-mail id. Full version of the Annual Report will be available on the Company's website, www.airtel.com, and will also be made available to investors upon request. To support the green initiative of the Ministry of Corporate Affairs and in accordance with the provisions of Companies Act, 2013, the Company has also decided to send all future communications, including the Annual Report, through email to those shareholders, who have registered their email id with their depository participant / Company's registrar and share transfer agent. If a shareholder wishes to receive a printed copy of such communications, he / she may please send a request to the Company, which will send a printed copy of the communication to the shareholder. The shareholders are hereby requested to kindly update their email ids with the Registrar and share transfer agent (RTA) and respective Depository Participants (DPs).

Management Discussion & Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming a part of the Annual Report.

Corporate Governance

A detailed report on Corporate Governance, pursuant to the requirements of Clause 49 of the Listing Agreement, forms part of the Annual Report. However, in terms of the provision of Section 219(1)(b)(iv) of the Companies Act, 1956 and Clause 32 of the Listing Agreement, the Abridged Annual Report, excluding this report, has been sent to the Company's members. Members who desire to obtain the full version of the report may write to the Company Secretary at the registered office address and will be provided with a copy of the same. A certificate from M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Gurgaon, the Statutory Auditors of the Company, confirming compliance of conditions of Corporate Governance, as stipulated under Clause 49, is annexed to the report as Annexure A.

Corporate Social Responsibility & Sustainability and Business Responsibility Report

At Bharti Airtel, Corporate Social Responsibility (CSR) encompasses much more than social outreach programmes. It lies at the heart of the Company's business operations. Detailed information on the Company's CSR initiatives is provided in this Annual Report's CSR section and the Business Responsibility Report.

SEBI, vide its Circular CIR/CFD/DIL/8/2012 dated August 13, 2012, mandated the top 100 listed entities, based on market capitalisation at BSE and NSE, to include Business Responsibility Report as a part of the Annual Report describing the initiatives taken by the companies from Environmental, Social and Governance perspective.

Accordingly, a detailed report on Corporate Social Responsibility and Business Responsibility Report forms a part of the Annual Report. However, in terms of the Section 219(1)(b)(iv) of the Companies Act, 1956 and Clause 32 of the Listing Agreement, the Abridged Annual Report, excluding this report, will be sent to the Company's members. Members who desire to obtain the full version of the report may write to the Company Secretary at the registered office address and will be provided with a copy of the same.

Sustainability Journey

Sustainability initiatives have been integral to the Company's journey since inception. The last three years witnessed the Company adding a more comprehensive and structured sustainability plan with active co-operation of all stakeholders. The objective is to benefit our community and the planet through all our operations and engagements. Bharti Airtel is strengthening its efforts on issues like climate change, employee engagement, waste management, digital inclusion and impact on communities, among many others.

The Company is committed to maintain the highest standards of governance, safety and environmental performance across the value chain.

An update on the sustainability journey of the Company forms part of the Corporate Social Responsibility and Sustainability report. The detailed sustainability report for the year 2012-13 is available on the website of the Company and can be viewed by clicking the hyperlink "http://www.airtel.in/sustainability".

Statutory Auditors

The Company's Statutory Auditors, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Gurgaon, will retire at the conclusion of the ensuing Annual General Meeting.

In terms of provisions of Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the Statutory Auditors (including Associate Audit Firm) can be appointed for a maximum term of 10 years which shall be inclusive of the existing tenure completed by such Statutory Auditors.

Since, M/s. S. R. Batliboi & Associates LLP, Chartered Accountants has completed 7 years as Statutory Auditors of the Company, it is proposed to re-appoint them for a further term of 3 consecutive years from the conclusion of the ensuing Nineteenth Annual General Meeting to the conclusion of Twenty-Second Annual General Meeting subject to ratification by the shareholders at every Annual General Meeting.

The Company has received letters from the Auditors to the effect that their appointment, if made, shall be in accordance with the conditions as prescribed in the rule 4 of the Companies (Audit and Auditors) Rules, 2014, and that they are not disqualified for appointment within the meaning of Section 139 and 141 of the Companies Act, 2013.

Auditors' Report

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.

As regards the comments under para i(a) of the annexure to the Independent Auditors' Report regarding updation of quantitative and situation details relating to certain fixed assets, the Company has initiated a comprehensive project with the involvement of technical experts, to deploy automated tools and processes which will enable near real-time tracking and reconciliation of fixed assets. This project will be spread over two years.

Cost Auditors

The Board, on the recommendation of the Audit Committee and subject to the rules to be notified by the Ministry of Corporate Affairs (MCA) in this regard, has approved the appointment of M/s. R. J. Goel & Co., Cost Accountants, as Cost Auditor for the financial year ending March 31, 2015. The Cost Auditors will submit their report for the financial year ending 2013-14 on or before the due date.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for the approval by the shareholders at the Annual General Meeting.

Secretarial Audit Report

The Company had appointed M/s. Chandrasekaran Associates, Company Secretaries, New Delhi, to conduct its Secretarial Audit for the financial year ended March 31, 2014. The Secretarial Auditors have submitted their report confirming the compliance with all the applicable provisions of various corporate laws. The Secretarial Audit Report is provided separately in the Annual Report. However, in terms of the provision of Section 219(1)(b)(iv) of the Companies Act, 1956 and Clause 32 of the Listing Agreement, the Abridged Annual Report, excluding this annexure, will be sent to the Company's members. Members who desire to obtain this information may write to the Company Secretary at the registered office address and will be provided with a copy of the same.

Particulars of Employees

The information, as required to be provided in terms of Section 217(2A) of the Companies Act, 1956, read with Companies (Particular of Employees) Rules, 1975, have been set out in the enclosed annexure to this report. In terms of the provision of Section 219(1)(b)(iv) of the Companies Act, 1956 and Clause 32 of the Listing Agreement, the Abridged Annual Report that has been sent to the Company's members does not contain the same. Members who desire to obtain this information may write to the Company Secretary at the registered office address and will be provided with a copy of the same.

Energy Conservation, Technology Absorption, and Foreign Exchange Earnings and Outgo

Being a service providing organisation, most of the information of the Company, as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, as amended, is not applicable. However, the information, as applicable, has been given in Annexure B to this report.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, confirm that:

I. The applicable accounting standards have been followed, along with proper explanation relating to material departures, in the preparation of the annual accounts for the year ended March 31, 2014.

II. They have selected and applied consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the Company's state of affairs and profits, as at the end of the financial year.

III. They have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, and to safeguard the Company's assets and to prevent and detect fraud and other irregularities.

IV. They have prepared the annual accounts on a going concern basis.

Acknowledgements

Your Directors wish to place on record their appreciation to the Department of Telecommunications (DoT), the Central Government, the State Governments in India, Government of Bangladesh, Government of Sri Lanka and Governments in the 17 countries in Africa, Company's Bankers and business associates, for the assistance, co-operation and encouragement they extended to the Company. The Directors also extend their appreciation to the employees for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance. The Directors would like to thank various partners, viz. Bharti Telecom Limited, Singapore Telecommunications Ltd. and other shareholders for their support and contribution. We look forward to their continued support in future.

For and on behalf of the Board

Date: April 29, 2014
Place: Gurgaon

Sunil Bharti Mittal
Chairman

Annexure A

Auditors Certificate Regarding Compliance of Conditions of Corporate Governance

To

The Members of Bharti Airtel Limited,

We have examined the compliance of conditions of Corporate Governance by Bharti Airtel Limited ("the Company"), for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the effectiveness with which the management has conducted the affairs of the Company.

For **S. R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: April 29, 2014

Annexure B

Information relating to conservation of energy, technology absorption, research and development, and foreign exchange earnings and outgo forming parts of Directors' Report in terms of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

Conservation of Energy and Technology Absorption

The information in Part A and B, pertaining to conservation of energy and technology absorption, are not applicable to Bharti Airtel, as it is a telecommunication services provider. However, the Company requires energy for its operations and every endeavour has been made to ensure the optimum energy use, avoid wastage and conserve energy as much as possible.

The Company continuously evaluates global innovation and technology as a benchmark and, whenever required, enters into arrangements to avail of the latest technology trends and practices.

Foreign Exchange Earnings and Outgo

Activities relating to initiatives taken to increase exports; development of new export markets for products and services, and export plans.

International Long-distance Business

The Company has a global footprint with services in 26 countries with 13 points of presence (PoPs). It continues to focus on emerging markets. The infrastructure establishes a seamless connectivity globally, offering at least three cables on every route, thereby providing unparalleled diversity and resilience. The Company witnessed growth in its long-distance voice business, emerging among the Top 10 Global Carriers. It believes that its presence and operations in developing markets, especially Asia and Africa, coupled with strong bilateral global relationships, will further strengthen its position by increasing global traffic share.

Telecom Services in Other Countries

Bharti Airtel Lanka (Private) Limited is Sri Lanka's fastest growing wireless service provider. It expanded its footprint by starting commercial operations in the country's eastern and northern parts. Airtel, at Sri Lanka, ended the financial year with 1.7 Mn customers. The Company continues to gain leadership in both incremental customer market share and revenue market share through aggressive marketing and strong distribution network.

Airtel Bangladesh Limited continues to grow and currently has over 6.9 Mn customers. The Company has 125 distributors and over 117,000 retailers across the country. In the six players markets, which are extremely competitive for the operators, the Company's immediate focus is to ensure faster quality network rollout across the country and build a strong dynamic brand. As in March 2014, Airtel Bangladesh Limited reached population coverage of about 80%.

Airtel Africa continues to grow with the ending revenue earning customer base for the year at 69.4 Mn. Airtel has further consolidated its market position in Nigeria and has been declared as the second largest telecommunications services provider in the country by customer numbers, basis latest research by market regulator. This is an indication that Bharti Airtel's investment in Sub-Saharan Africa's largest economy is bearing fruit. Network rollout continued aggressively, with the total number of sites ending at 17,792 at the end of March 2014.

Total foreign exchange used and earned for the year:

(a) Total Foreign Exchange Earning ₹ 35,035 Mn

(b) Total Foreign Exchange Outgo ₹ 46,272 Mn

Annexure C

Information Regarding The Employees Stock Option Scheme (As on March 31, 2014)

Sl. No.	Particulars	ESOP Scheme 2005	ESOP Scheme 2001
1)	Number of stock options granted	27,397,047*	40,680,078**
2)	Pricing Formula	Exercise Price not less than the par value of the equity share and not more than the price prescribed under Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulation 2009 on Grant Date	29,015,686 @ 11.25 1,760,000 @ 0.45 4,380,000 @ 35.00 142,530@ 0.00 5,316,862 @ 5.00 40,000 @ 60.00 25,000 @ 110.50
3)	Options vested	23,537,619	39,302,100
4)	Number of options exercised	6,638,986	30,501,709
5)	Number of shares arising as a result of exercise of option during the FY 2013-14	Nil	Nil
6)	Number of options lapsed	14,588,587	9,639,383
7)	Money realised by exercise of options	656,241,988	391,094,165
8)	Total number of options in force	6,169,474	538,986
9)	Options granted to senior managerial personnel during the FY 2013-14		
	– Mr. Gopal Vittal	Nil	150,000
10)	Diluted earning per share (EPS) as per AS 20	N.A.	N.A.
11)	Difference between the employees compensation cost based on intrinsic value of the Stock and the fair value for the year and its impact on profits and on EPS of the Company	N.A.	N.A.
12)	a) Weighted average exercise price	₹ 212.08	a) ₹ 11.25; ₹ 0.45; ₹ 35; ₹ 0; ₹ 5; ₹ 60; ₹ 110.5
	b) Weighted average fair value	₹ 185.12	b) NA; NA; NA; NA; ₹ 264.27; ₹ 84.43; ₹ 357.63
13)	Method and significant assumptions used to estimate the fair values of options	Black Scholes / Lattice Valuation Model / Monte Carlo Simulation	
	(i) risk free interest rate	i) 8.45% p.a to 8.53% p.a (The Government Securities curve yields are considered as on valuation date)	
	(ii) expected life	ii) 48 to 60 months	
	(iii) expected volatility	iii) 39%	
	(iv) expected dividends	iv) 20% (Dividend yield of 0.32%)	
	(v) market price of the underlying share on grant date	v) ₹ 337.40 per equity share	

Notes:

* Granted 8,662,495 options out of the options lapsed over a period of time.

** Granted 9,000,078 options out of the options lapsed over a period of time.

1. The options granted to the senior managerial personnel under both the schemes are subject to the adjustments as per the terms of respective performance share plan.
2. During the year, the ESOP Compensation Committee had revised the performance measures of performance linked options granted to Mr. Manoj Kohli under ESOP scheme 2001 and 2005; Mr. Gopal Vittal under ESOP scheme 2001.
3. During the year, the ESOP Compensation Committee had revised the performance measures of Long Term Incentive Plan - 2011 read with ESOP scheme 2005.
4. Other than the employee stated in point no. 9, no other employee was granted stock options exceeding 5% of the total options granted during the year.
5. No employee was granted stock options exceeding 1% of the issued capital during the year.

Management Discussion and Analysis

Economic Overview

Global Review

The big picture about the global economy is one of gradual recovery. Global economic activity is strengthening and is likely to improve in 2014-15, as downside risks diminish further. A closer look at some of the economies of the world, however, reveals an uneven picture. The US economy is definitely on a high gear, with strengthening household incomes and corporate balance sheets. On the other hand, the Eurozone is still grappling with lower-than-expected growth. More monetary easing is required in this region to sustain economic activity and achieve the European Central Bank's objective of price stability; sustained low inflation or even outright deflation may not augur well for long-term recovery.

The emerging and developing economies are underperforming compared to their full potential, owing to structural bottlenecks. The good news, however, is that advanced economies will create better export potential for the emerging economies to grow, going forward. Governments in the emerging and developing economies are also becoming increasingly aware of their self-imposed bottlenecks, and are responding to industry expectations of policy stability, infrastructural improvements and business- friendly tax regimes.

Global Growth Trend (%)

	Actual		Projections	
	2012	2013	2014	2015
World Output	**3.2**	**3.0**	**3.6**	**3.9**
Advanced Economies	**1.4**	**1.3**	**2.2**	**2.3**
Emerging and Developing Economies	**5.0**	**4.7**	**4.9**	**5.3**
China	7.7	7.7	7.5	7.3
India	4.7	4.4	5.4	6.4
Sub-Saharan Africa	4.9	4.9	5.4	5.5

(Source: International Monetary Fund, April 2014)

Indian Economy

A few years ago, India was looked upon as an emerging powerhouse of Asia and the world, with an impressive demographic dividend and a government focused on implementing reforms. However, the adverse impact of lacklustre growth, along with policy uncertainty, frittered away the opportunity. High inflation, declining foreign investment and a weak currency saw the economy lose steam. There was also little focus on the development of human capability (knowledge, skills and connected communities), which could have provided the much-needed spark to steer the economy out of the doldrums.

To make matters worse, in FY 2013-14, the withdrawal of the US Federal Reserve's Quantitative Easing programme triggered capital flight and the Rupee witnessed significant volatility. The agricultural sector grew moderately during the year because of above average monsoon. However, continued underperformance by the mining and manufacturing sectors impacted economic growth. This marks a second straight year of sub-5% growth, signalling the urgency for radical reforms.

The worst may be behind us as the current account deficit and the foreign trade deficit narrowed significantly in the second half of FY 2013-14. The Indian currency has also stabilised, inflation is more under control and exports are showing a positive trend.

Sector-wise Growth and Annual GDP Trend (%)

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Agriculture and allied activities	0.8	8.6	5.0	1.4	4.6
Industry	9.2	7.6	7.8	1.0	0.7
Services	10.5	9.7	6.6	7.0	6.9
GDP at Factor Cost	8.6	8.9	6.7	4.5	4.9

(Source: Central Statistics Office)

Outlook

With half of its population below the age of 30, India is one of the world's youngest nations. The expected post-election stability should augur well for the country. There is an urgent need to kick-start stalled projects, implement radical policies to accelerate growth, create a more responsive administration, bolster investor confidence through policy stability and create jobs for millions of Indians.

African Economy

Africa is now widely considered as the sweet spot of opportunity, where investments in education, employment, healthcare and critical infrastructure can help elevate people's lives. Although the continent presents significant diversity in terms of demography, language, cultural affinities, natural resources and socio-economic stability, the region has tremendous potential for growth. This optimism has been reinforced by a World Bank forecast, which states that the continent is poised to surpass 5% growth with robust surge in investments and household spending.

Africa still has a long way to go to realise its full potential, but the journey has already begun, driven by an enthusiastic and inquisitive youth brigade. Unlike most other countries of the world, Africa has the resource advantage, both natural and human. The continent has some of the world's most abundant natural resources, many of which are yet to be tapped. It is also the world's youngest region, brimming with aspirations for a better life. With more domestic focus and international aid towards capacity creation and skill development, coupled with socio-economic stability, Africa can become one of the most dynamic and productive economies of the world. Africa's telecom sector can be the key catalyst in transforming this once neglected continent steeped in poverty, violence and ignorance.

Despite challenges, the growth story in Sub-Saharan Africa remains more or less intact. Growth in Sub-Saharan Africa remained modest in 2013 at 4.8%, virtually unchanged from 2012, underpinned by agricultural production and investments in natural resources and infrastructure. Following the upturn witnessed in the global economy in the second half of 2013, the IMF has revised its 2014 and 2015 growth forecasts for Sub-Saharan Africa upwards to 5.4% and 5.5%, respectively.

One sterling African story of growth has been scripted by Nigeria. Notwithstanding political and social instability in various parts of the country, Nigeria with a GDP of USD 510 Bn has leapfrogged South Africa (USD 370 Bn) to become the continent's largest economy. The ICT sector in Nigeria is now a significant contributor to the country's GDP growth, reflecting the transformation from a purely oil-dependent economy to one of more balanced development.

South Asian Economy

South Asian countries, including Sri Lanka and Bangladesh, have largely recovered from the turmoil witnessed in the last few years. In Bangladesh, domestic demand is expected to strengthen, as the social landscape normalises post elections. IMF has projected the real GDP growth for Bangladesh to move up progressively from 5.8% in 2013 to 6.0% and 6.5% in 2014 and 2015, respectively. Sri Lanka has also stepped up efforts to attract foreign investments, improve infrastructure and promote all-round socio-economic development. Sri Lanka, which reported real GDP growth of 7.3% in 2013, is projected to remain largely stable at 6.5% - 7.0% over the next two years.

Megatrends that Drive the Company's Business

01 India's aspirational first-time voters (18-23 years old) comprise a stupendous 150 Mn people; most of them use mobile phones and the internet. Brands that can capture their imagination and trust will be able to leverage a huge opportunity.

02 In India, internet traffic is expected to grow 5.5-fold from 2013 to 2018, a compounded annual growth rate (CAGR) of 41% and reach 101 Petabytes per day in 2018, up from 20 Petabytes per day in 2013 (Source: Cisco Visual Networking Index Global Forecast and Service Adoption).

03 The focus on manufacturing affordable handsets with indigenous technology will further encourage mobile telephony in India.

04 With a median age less than 20 years, Africa will remain the single biggest opportunity for growth in the coming decades.

05 The proposed policy changes in India in respect of M&A rules and spectrum sharing guidelines, along with the already implemented transparent spectrum auction processes, are likely to encourage industry consolidation and healthy growth.

06 Asia is emerging as one of the world's largest e-commerce markets, driven by mobile internet. Asian e-commerce companies are expecting to see their investment grow by many folds and investors are willing to invest significantly in this sunrise sector.

07 Despite the stupendous progress of telecommunications in Sub-Saharan Africa (SSA), the biggest impact of mobile in the continent is yet to arrive. With significant headroom still remaining in mobile penetration, coupled with tremendous opportunity in the internet space, the telecom industry is poised for yet another decade of strong growth.

08 Africa is on the cusp of an explosion of mobile data as 3G and 4G deployments gain scale and more affordable handsets are available in the market.

09 Mobile money services are revolutionising the payments landscape across Africa. Co-ordinated efforts by mobile operators, telecom regulators, central banks, commercial banks, merchants and application developers are expected to drive rapid growth of mobile money usage.

10 Increasing focus of governments on revamping infrastructure, assuring reliable power supply and improved safety and security will help drive more efficient growth of telecom sector in the emerging and developing markets.

Industry Overview

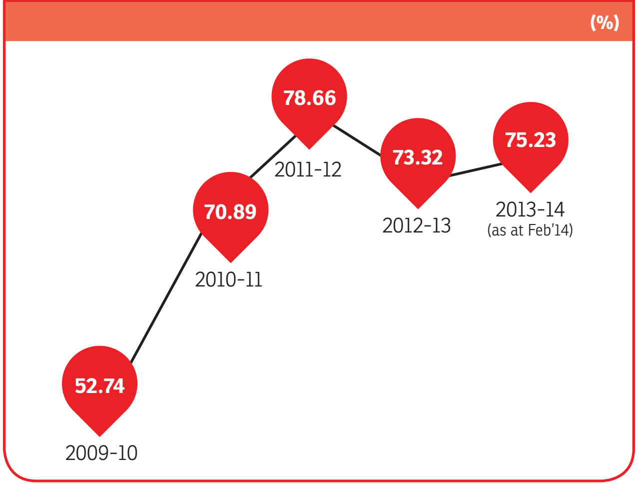
Indian Telecom Sector

India's total customer base stood at 931.95 Mn with a tele-density of 75.23%, as on February 2014. The urban tele-density stood at 146.47%, whereas the rural tele-density stood at 43.67%, as on February 2014. The Indian telecom sector has registered a phenomenal growth with India's total customer base second only to China.

Teledensity

Among the service areas, Tamil Nadu (111.15%) has the highest tele-density, followed by Punjab (107.29%), Himachal Pradesh (105.62%), Kerala (97.99%) and Karnataka (93.37%). Among the three metros, Delhi tops with 227.86% tele-density. On the other hand, the service areas, such as Bihar (45.70%), Assam (48.90%), Madhya Pradesh (56.42%), Uttar Pradesh (56.96%), Odisha (61.76%), Jammu and Kashmir (65.74%) and West Bengal (69.45%) have comparatively low tele-density.

Tele Density: INDIA



(Source: Telecom Regulatory Authority of India)

Rural penetration albeit on an increasing trend, is still quite low. This statistic shows the digital divide plaguing the country and the huge opportunity in the form of untapped market potential. The first phase of Indian telecom growth was led by urban penetration. Now, with urban India approaching saturation in voice revenues, the highly untapped rural market is all set to drive the next growth phase.

The wire-line customer base continued to decrease from 30.21 Mn, as at the end of March 2013 to 28.59 Mn at the end of February 2014, representing a penetration of just 2.31%. However, given the rapidly evolving ecosystem of data enabled mobile devices, including smartphones, India is on the verge of an internet boom, driven by mobile phones. India's close to two trillion-dollar economy, with its young and increasingly urbanising consumer base, offers strong growth potential for internet usage. Decreasing smartphone prices, coupled with the proliferation of 2.5G EDGE / 3G/ 4G services in India, are likely to reduce connectivity costs and overcome the challenge of limited fixed-line connections. There is, however, a huge dependence on adequate spectrum being made available by the Government, without which the internet growth story in India may remain a distant dream, even as all other countries ride the wave.

African Telecom Sector

The African Telecom sector continues to witness unprecedented evolution, especially in the areas of data and mobile money. With hundreds of millions of connected mobile phones, opportunities exist to use this technology to improve sustainability of the economy as well as the African society. Mobile technology is the key to this transformation. With a population of over a billion people, the continent has strong prospects for growth, especially as a huge portion of the population remains unsubscribed to mobile technology.

Africa does have its challenges in the form of political unrest, regulatory uncertainties as well as exchange and interest rate fluctuations. Despite these challenges, the huge young population of Africa with a median age of less than 20 years, represents a significant opportunity in the areas of data and mobile money. While voice growth is stable, data and mobile money are the new revenue streams growing exponentially. The Company continues to expand its 3G footprint across Africa and also leverage the opportunities that mobile money presents.

Development in Regulations

The year saw several regulatory changes and developments. The highlights of significant regulatory changes are as follows:

India

- **Spectrum Auction:** In February, 2014, the Department of Telecommunications concluded the auction process for 900 MHz and 1800 MHz spectrum. Out of the 431.2 MHz that was put up for auction in 22 circles, 353.2 MHz was sold for a consideration of ₹ 611,622 Mn. The licence would be valid for a period of 20 years from the date of allotment. Airtel won 115 MHz spectrum out of the total auctioned spectrum for a consideration of ₹ 184,386 Mn.
- **Unified Licence and Uniform Licence Fee:** In August 2013, the Department of Telecommunications issued certain guidelines for the grant of a unified licence. Under these guidelines, existing licensees can opt for the migration of their telecom licences to a unified licence. A company can have only one unified licence. DoT has announced a uniform licence fee of 8% of AGR for all licences w.e.f. April 1, 2014.
- **Telecom Commercial Communications Customer Preference Regulations (TCCCPR) & SMS Termination Regulations, 2013:** In May 2013, TRAI issued the 11th and 12th Amendments to The Telecom Commercial Communications Customer Preference Regulations, 2013 and SMS Termination Regulations, 2013. Some of the key highlights of these amendments featured the introduction of an SMS termination charge of ₹ 0.02 per SMS on all SMSs and the introduction of a transactional SMS charge of ₹ 0.05 per transactional SMS.
- **Revision in ceiling of National Roaming Tariffs:** On June 17, 2013, TRAI issued a 5th Amendment to TTO'99, revising the existing ceiling of tariffs related to the National Roaming Facility (effective from July 1, 2013). Some of the key highlights are as follows: a) Existing tariff ceiling has been revised from ₹ 2.40 per min to ₹ 1.50 per min for outgoing STD calls, ₹ 1.40 per min to ₹ 1.00 per min for outgoing local calls and ₹ 1.75 per min to ₹ 0.75 per min for incoming calls; b) Roaming SMS tariff charges have been capped (which was earlier under forbearance) to ₹ 1 for outgoing local SMSs and ₹ 1.50 for outgoing national SMSs; c) Special Tariff Vouchers and Combo Vouchers are allowed for the National Roaming facility and d) It is mandatory for operators to offer roaming plans with partial or full roaming facility in lieu of payment of fixed charges.
- **USSD based m-Banking Transaction:** In November 2013, TRAI fixed a ceiling of ₹ 1.50 per USSD session for m-banking. TRAI also made it mandatory for telecom operators to provide USSD connectivity to banks and their agents.
- **Merger and Acquisition Guidelines:** On February 20, 2014, DoT issued the new M&A guidelines for the telecom sector. According to the guidelines, DoT is to be notified for any proposal for merger or acquisition as filed before the National Company Law Tribunal. There is a cap for market share (both customer and adjusted gross revenue) up to 50% after merger, excess of which is to be reduced within one year. Similarly, a spectrum cap for each of the

service area has also been notified by the DoT with excess required to be surrendered within one year of merger. No refund or set off of money paid and / or payable for excess spectrum will be made. In addition, merger of ISP licence / authorisation with Access services licence / authorisation is permitted.

International

- **Licence renewals:** Existing licences were successfully renewed for Malawi, Sierra Leone, Uganda and Zambia during the year.
- **Grant of 3G / 4G licences:** During the year, Airtel Africa was successful in obtaining 3G / 4G licences in Chad (3G / 4G), Seychelles (4G), Gabon(3G / 4G), Madagascar (3G). This is a step towards expansion of our data footprint in the continent.
- **KYC norms:** KYC norms implementation mandated by the regulator in Kenya, Zambia, Niger, Nigeria, Tanzania and Rwanda.
- **Mobile Termination Rate (MTR):** Nigeria Communications Commission (NCC) published a new interconnect rate regime effective April 1, 2013 which specifies reduction in MTR for Tier I operators from N 8.20 per minute to N 4.90 per minute. Glide paths for both Tier I and Tier II operators to ensure annual reduction of the rates until harmonisation at N 3.90 per minute on April 1, 2015. Accordingly, interconnection rate for Tier I operators was adjusted downwards to N 4.40 from N 4.90 effective April 1, 2014. In Kenya, the Glide path of MTR was implemented w.e.f. July 1, 2013 dropping rates from KES 1.44 to KES 1.15. Further, the Regulator decreased the interconnect rate from CFA 25 to CFA 20 w.e.f. April 1, 2014 in Burkina Faso.
- **Mobile Number Portability:** MNP was introduced in Nigeria on April 22, 2013.
- **Bangladesh 3G spectrum auction:** Airtel Bangladesh won 5 MHz 3G spectrum for USD 105 Mn after its successful bid at the auction held by the Bangladesh Telecom Regulatory Commission (BTRC) in September, 2013. 3G was commercially launched in the country in November, 2013.

SCOT Analysis

Strengths

- Present in 20 countries, largest operator in India; fourth largest in the world
  - Covering more than 1/4th of the world's population
- Strategically placed in countries with rising GDP growth
  - Both Asian and African economies poised for growth
- Integrated service portfolio covering voice, data, telemedia, DTH and business solutions
  - State-of-the-art network and distribution systems
- More than 25,000 employees across various functions
  - Skilled workforce with an experienced management team

Challenges

- Inadequate infrastructure in Indian and African rural regions pushing cost of operations
  - Continuously innovating and investing in greater reach
- Integration in operations across continents
  - Combining common platforms across all 20 countries
- Understanding evolving customer perceptions in a multi-cultural and multi-lingual environment
  - Reach across all 22 circles in India, covering both rural and urban areas
  - Diversity across 20 countries
- Increasing capex network costs
  - Continuously upgrading network infrastructure

Opportunities

- Untapped telecom market in Africa and rural India
  - Newer, more meaningful products targeted to specific customer segments
- Successful spectrum acquisition in India for a secure future
  - Reach to the less penetrated areas across the country
- Increasing data consumption over voice consumption
  - Data explosion at its cusp with new and improved devices and increased penetration

Threats

- Falling Average Revenue per User
  - Changing rates across wide array of products
- Political and economic uncertainties in Africa and India
  - Frequent changes in policies
- Rise in operating costs across countries
- Large investments in licence renewals and spectrum

Financial Review

Consolidated Figures

Particulars	FY 2013-14		FY 2012-13	
	₹ Millions	USD Millions*	₹ Millions	USD Millions*
Gross revenue	857,461	14,151	769,045	14,129
EBITDA before exceptional items	277,770	4,584	232,579	4,273
Interest, Depreciation & Others before exceptional items	199,665	3,295	184,726	3,394
Profit before exceptional items and Tax	78,105	1,289	47,853	879
Profit before tax	78,643	1,298	47,853	879
Tax expense	48,449	800	25,184	463
Profit for the year	27,727	458	22,757	418
Earnings per share (in ₹ / USD)	7.02	0.12	6.00	0.11

* 1 USD = ₹ 60.59 Exchange Rate for financial year ended March 31, 2014 (1 USD = ₹ 54.43 for financial year ended March 31, 2013)

Standalone Figures

Particulars	FY 2013-14		FY 2012-13	
	₹ Millions	USD Millions*	₹ Millions	USD Millions*
Gross revenue	499,185	8,239	453,509	8,332
EBITDA before exceptional items	171,522	2,831	149,338	2,744
Interest, Depreciation & Others before exceptional items	85,677	1,414	84,790	1,558
Profit before exceptional items and Tax	85,845	1,417	64,548	1,186
Profit before tax	83,774	1,383	64,548	1,186
Tax expense	17,772	293	13,585	250
Profit for the year	66,002	1,089	50,963	936
Earnings per share (in ₹ / USD)	16.69	0.28	13.42	0.25

* 1 USD = ₹ 60.59 Exchange Rate for financial year ended March 31, 2014 (1 USD = ₹ 54.43 for financial year ended March 31, 2013)

Consolidated revenues grew by 11.5% to ₹ 857,461 Mn for the year ended March 31, 2014. Airtel's revenue in India grew by 10% and that of Africa grew by 13% on a year-on-year basis. On a constant currency basis, revenue in Africa registered a yearly growth of 2.5%. The Company incurred operating expenditure (excluding access charges, cost of goods sold and licence fees) of ₹ 387,584 Mn representing an increase of 10.9% over the previous year. Consolidated EBITDA before exceptional items at ₹ 277,770 Mn grew by 19.4% over the previous year. EBITDA margin for the full year at 32.4% increased from 30.2% in the previous year, primarily due to improved profitability in India. The Company's profitability improved largely on account of improvement in voice realisation rates and controlled SG&A expenditure.

Depreciation and amortisation costs for the year were higher by 5.6% to ₹ 156,496 Mn. EBIT at ₹ 121,274 Mn increased by 43.6% resulting in an improved margin of 14.1%. It was up from 11.0% in the previous year primarily on account of improved EBIT margins in India from 14.1% to 18.8% in the current year.

Net finance costs at ₹ 48,380 Mn were higher by ₹ 8,296 Mn, primarily due to derivatives and foreign exchange fluctuations, which accounted for net losses of ₹ 12,423 Mn, up from ₹ 3,147 Mn in the previous year. The consolidated profit before taxes and exceptional items at ₹ 78,105 Mn improved by 63.2%.

The consolidated income tax expense (before the impact on exceptional items) for the full year ending March 31, 2014 is ₹ 44,478 Mn, compared to ₹ 25,184 Mn for the previous year. The effective tax rate in India for the full year came in at 25.3% (23.7% excluding dividend distribution tax) compared to 27.7% (24.9% excluding the impact of dividend distribution tax and additional deferred tax for increase in surcharge) for the full year ended March 31, 2013. The reduction in the underlying effective tax rate in India is mainly due to improved performance in the loss-making subsidiaries.

The tax charge in Africa for the full year at USD 273 Mn (full year 2012-13: USD 92 Mn) has been impacted primarily by: i) significant rise in withholding taxes (by USD 35 Mn) due to increased upstreaming from subsidiary companies, accounted for in accordance with IAS 12 'income taxes'; ii) one-off settlements and results of various tax assessments (net USD 35 Mn); iii) impact of new taxes, rate changes, etc. (USD 11 Mn); and iv) changing profit / loss mix between operating companies in Africa.

After accounting for ₹ 4,990 Mn towards net impact of exceptional items, the resultant consolidated net income for the year ended March 31, 2014 came in at ₹ 27,727 Mn, a significant increase of 21.8% over the previous year. Net income before exceptional items for the full year came in at ₹ 32,718 Mn, an increase of 43.8% over the previous year.

The capital expenditure for the full year was ₹ 105,843 Mn, a decrease of 16.3% when compared with the previous year of which ₹ 60,961 Mn pertains to India. Consolidated operating free cash flow for the year (before exceptional items) reflected an increase of 62.0% to ₹ 171,927 Mn.

Liquidity and Funding

As on March 31, 2014, the Company was rated 'Investment Grade' with a 'Stable' outlook by three international credit rating agencies namely Fitch, Moody's and S&P. It had cash and cash equivalents of ₹ 49,808 Mn and short-term investments of ₹ 62,265 Mn. During the year ended March 31, 2014, the Company generated operating free cash flow of ₹ 171,927 Mn. The net debt-EBITDA ratio, as on March 31, 2014, was at 2.20, and the net debt-equity ratio was at 1.01. The net debt in USD terms decreased from USD 10,729 Mn to USD 10,074 Mn, as on March 31, 2014.

In May 2013, the Company issued 199,870,006 new equity shares to the Qatar Foundation Endowment, representing 5% stake in the Company for a total consideration of USD 1.26 Bn. This agreement not only exemplified further strengthening of the already deep economic and cultural relations between Qatar and India, but also provided Bharti with an exposure to the strong investor base in the Middle East.

During the year, Bharti Airtel increased its stake in the four Indian broadband wireless access (BWA) entities (Delhi, Mumbai, Haryana & Kerala) of Qualcomm to 100%.

The year 2013-14 highlighted some key aspects of the Company's operations that offer further reasons for the continuing interest from diverse and high quality investors in Bharti's credit, thereby underlining the strength of our business. In December 2013, Bharti Airtel International (The Netherlands) BV (BAIN), a subsidiary of the Company, raised EUR 750 Mn by issuing 5-year non-convertible bonds having a coupon rate of 4% per annum payable in arrears. The non-convertible bonds, due in 2018, were issued at a price of 99.756%, the spread being MS + 300 bps. These notes are guaranteed by the Company and are listed on the Frankfurt Stock Exchange. Subsequently, in January 2014, BAIN has further raised EUR 250 Mn in a follow-on tap, which was priced 25 bps inside the December 2013 deal.

While the first issue was over-subscribed 5 times, the tap was over-subscribed 2.4 times. These transactions were the first EUR bond issuance by an emerging market telecom corporate, and also the first EUR bond issuance by an Indian corporate. These transactions have also helped the Company diversify its sources of funding, and provide a natural hedge to our business in Francophone Africa where the currencies are pegged to the EUR. In March 2014, BAIN completed the issuance of CHF 350 Mn bonds with a coupon rate of 3% per annum and maturing in 2020. This transaction is the largest ever issuance by an Asian Telco in the Swiss Bond Market and the largest CHF bond offering ever from India. The transaction is also significant in the sense that it is the second largest CHF bond offering from Asia since the start of 2013. With this issuance, Bharti Airtel now has the largest debut USD, EUR and CHF denominated bond issuances by an Indian issuer ever.

Auction of Spectrum in India

The Department of Telecommunications (DoT) commenced the auction process for 900 MHz and 1800 MHz spectrum on February 3, 2014 that went on for 68 rounds till its conclusion on February 13, 2014. The entire 900 MHz that was put on sale by DoT was sold for a combined final price of ₹ 235,896 Mn as against a reserve price of ₹ 127,580 Mn. Similarly, out of 385.2 MHz that was put to auction by DoT in 1800 MHz in 22 circles, 307.2 MHz was sold at a combined price of ₹ 375,726 Mn as against a reserve price of ₹ 296,050 Mn. In total, the industry has picked up 353.2 MHz of 900/ 1800 MHz spectrum for a total price of ₹ 611,622 Mn. The validity of the spectrum is 20 years from the date of allotment.

The auction has provided much-needed long term certainty and clarity around spectrum and other regulatory policies. However, future auctions should ensure that more spectrum in the 900 MHz band is secured from other agencies and the operators who are grossly underutilising this important spectrum band. The auction also highlights the urgent need for vacating E-GSM spectrum in the 800 MHz band, which is being used for older technologies or is lying unused with certain agencies.

In the auction the Company secured 115 MHz of spectrum as per the table below:

Circle	1800 MHz	900 MHz
Andhra Pradesh	8.8	
Delhi	7.0	6.0
Himachal Pradesh	10.2	
Jammu & Kashmir	2.6	
Karnataka	8.8	
Kerala	5.0	
Kolkata	5.0	7.0
Madhya Pradesh	5.8	
Mumbai	6.0	5.0
North East	7.0	
Odisha	5.0	
Punjab	8.2	
Rajasthan	8.2	
Tamil Nadu	5.0	
West Bengal	4.4	
Total Spectrum	**97.0**	**18.0**
Total Cost (₹ Mn)	**98,149**	**86,236**
Upfront payment (₹ Mn)	33,697	21,559
Balance Amount (₹ Mn)	64,452	64,677

The balance amount is payable in 10 instalments after a moratorium of 2 years. Interest at 10% per annum will be applicable.

Segment-wise Performance

B2C services

Mobile Services: India

Overview

The year saw several significant developments on the regulatory front in India, including clearance of 100% FDI in telecommunication and more clarity on M&A guidelines. The year also saw explosive growth in smartphone sales, growing popularity of social networking and the consequent increase in data usage. During the year, the Company renewed its focus on customer segmentation and launched several industry-first initiatives to lead the data revolution in India.

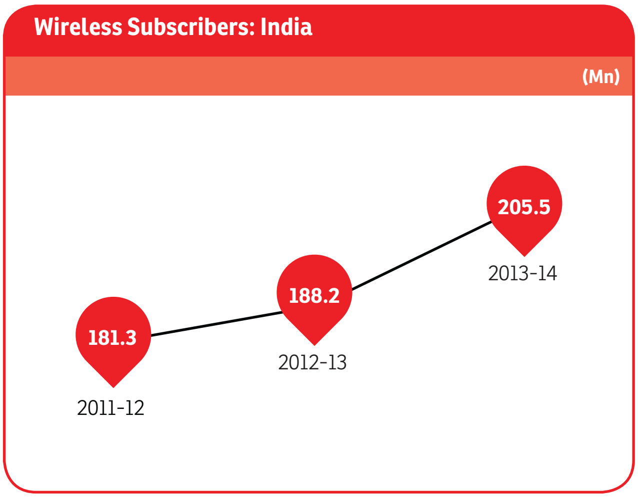
As on March 31, 2014, the Company with 205.5 Mn GSM customers became the first operator to cross 200 Mn customers in India. The Company's customer acquisition and retention strategy is consistently yielding positive results in terms of reduced customer churn, from 6.6% last year to 2.9% in the current year. The segment witnessed significant improvement in the EBITDA margin in the current year to 33.8% as compared to 30.1% in the last year. Improvement in margin is the combined effect of revenue growth and enhanced opex productivity.

EBITDA enhancements, coupled with capex efficiency, resulted in flow through to EBIT. EBIT margins have improved significantly from 15.5% to 19.5% in the current year. Data revenues, as a percentage to total revenues, increased from 5.4% to 9.5% in the current year. Of its total number of mobile subscribers, the Company had over 58.1 Mn mobile internet customers at the end of March 31, 2014, of which 11 Mn were subscribed to 3G data services.

The Company continued to invest in networks and spectrum with a view to build capacity and improve the quality of coverage, especially in 3G and 4G technologies. The number of sites as on March 31, 2014 were 138,755, of which 31,301 were 3G sites.

(₹ Millions)

Particulars	FY 2013-14	FY 2012-13	Y-o-Y Growth
Gross Revenues	466,835	403,705	8%
EBIT	90,891	66,789	36%



Key Initiatives

- Airtel launched 'Re 1 video downloads' for its customers across India. The service was propagated through an extensive advertising campaign.
- The first online shopping portal in India by any telecom service provider - 'Airtel Online' - offers mobile devices, DTH connections and other telecom products for sale both to the retail and corporate customers.
- During the year, Airtel's new 4G portfolio with sharply defined pricing plans, device plans and content bundles were launched for its customers in Kolkata, Bengaluru, Pune and Chandigarh at the most affordable prices.
- With a view to enriching overall customer experience, self-owned retail stores – 'Airtel – Own Retail' – have been launched in the first quarter of the year. These stores are based on the concept of 'Service to Sell' and focus on driving data adoption and penetration among customers. In April, 2014, the Company crossed a milestone of 100 Company-Owned-Company-Operated Airtel stores across the country. These stores are in line with the Company's long-term drive towards delivering the best service experience for customers and offer end-to-end support for Airtel mobile, broadband and dongle connections.
- Airtel launched Re 1 entertainment store to drive data adoption among non-users by reducing the price barrier and offering content like video, music, photo, games & website specific packs. The store offers a wide range of exciting mobile content (including music, videos, games and photos) and internet browsing offers – all at ₹ 1 only.
- My Plan – the first of its kind do-it-yourself plan was launched for its postpaid subscribers giving them the flexibility of choosing what they want. The customer can pick the rental, choose the benefit and decide the top-ups based on his / her budget and usage pattern.
- In line with the Company's strategy to offer the most innovative and technologically advanced products and services to its customers, Airtel launched the iPhone 5S, the most forward-thinking smartphone in the world and the colourful iPhone 5C in India bundled with attractive plans.
- In order to ensure that VAS services are easily accessible to the customers, the Company launched a new unified VAS portal under a single short code 56789 offering close to 150 different entertainment services and content with an easier and intuitive interface.
- Latest in a slew of initiatives undertaken during the year is the 'airtel Night Store'. Aimed at driving value perception for Airtel as a brand amongst our customers, the Night Store features a range of unlimited calling and internet packs for Airtel prepaid customers, valid between midnight and 6 am, at rates starting as low as ₹ 7.
- Airtel money tied up with the Indian Railways Catering and Tourism Corporation Limited (IRCTC) to offer railway bookings through airtel money. The year also witnessed another fruitful tie-up with National Payments Corporation of India to offer mobile-based 24X7 availability of money transfer to customers.

Key Highlights

- Bharti Airtel was ranked no. 1 in the category of service brands and ranked no. 8 in the overall category in the 'Brand Equity Most Trusted Brands 2013' highlighting the increase in Airtel's trust quotient among customers with initiatives like network monitoring, double consent for VAS, myPlan and wider reach with propositions, such as Re 1 store.
- The popular smart phone app – 'myairtel' app – won the 'Service Innovation 2013' award at Aegis Graham Bell Awards 2013 as a recognition for empowering customers to effortlessly manage all Airtel services including broadband, digital TV and mobile connections from a single interface.
- The Company was ranked no. 6 among the Top 10 brands in the overall category and no. 2 brand in the telecom sector in the 9th edition of the annual 'afaqs' poll on the Buzziest brands.

Telemedia Services

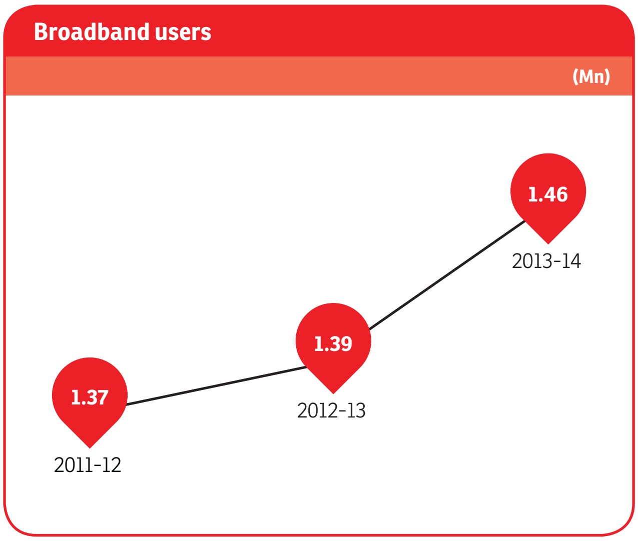
Overview

The Company provides fixed-line telephone and broadband (DSL) services for homes as well as offices in 87 cities across India. Airtel had 3.4 Mn customers, as on March 31, 2014. Of them, 1.5 Mn customers were subscribed to its broadband / internet services representing 43.6% compared to 42.3% last year. The higher proportion of DSL customers was primarily driven by improved speed offering and Company's focus on quality acquisitions. The higher number of broadband customers also resulted in a significant increase in ARPU to ₹ 946 during the year as compared to ₹ 908 in the previous year. Consequently, non-voice revenue as a percentage of total telemedia revenue also increased significantly now representing 59.8% compared to 53.6% last year.

The product offerings include high-speed broadband, rising up to the speed of 100 mbps for the Home segment. Besides, the Company's product portfolio also includes local, national and international long-distance voice connectivity. In the Office segment, Airtel is a trusted solutions provider for fixed-line voice (PRIs), MPLS, mobile, data and other connectivity solutions. Additionally, the Company offers solutions to businesses to improve employee productivity through collaborative solutions (audio, video and web conferencing). Cloud portfolio is also an integral part of its office solutions suite.

(₹ Millions)

Particulars	FY 2013-14	FY 2012-13	Y-o-Y Growth
Gross Revenues	39,352	35,896	10%
EBIT	5,541	6,999	-21%



Key Initiatives

On the homes front, the Company made significant progress in its endeavour to pioneer high speed broadband through its FTTH and VDSL rollouts in the top markets. Another key intervention was the free home wi-fi router offer, which envisaged wireless connectivity for all homes. As a result of this initiative the high speed base (defined as greater than or equal to 4 Mbps) grew to 34% at the end of the year versus 19% last year. On the offices front, the Company made significant strides in the data space with focus on SMB segment through its ICT solutions (MPLS, internet, cloud) both in terms of volume and quality of acquisition through distribution excellence. In addition, with over 1,700 pan-India hotspots, the Company emerged as the country's second largest wi-fi hotspot provider offering data offloading and reducing mobile network congestion.

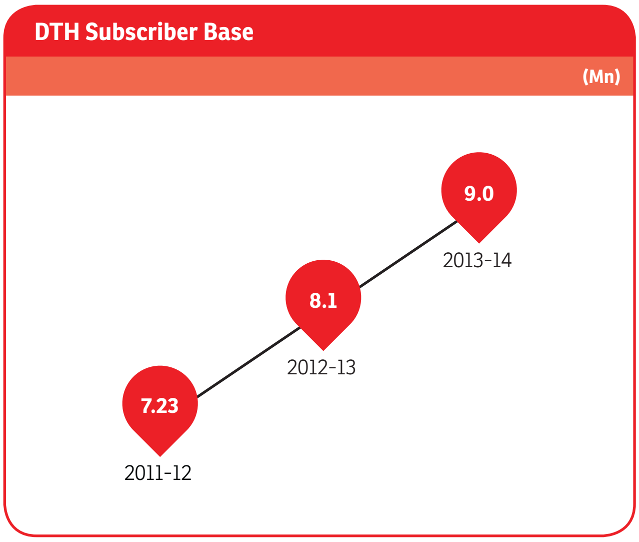
Digital TV Services

Overview

With digitisation across 38 cities during the year following the 4 metros which digitised the previous year, the DTH business continued to increase its customer base and consequently revenues. The Company served a customer base of 9 Mn on its Direct-to-Home platform (Airtel digital TV), as on March 31, 2014, adding 0.9 Mn customers during the year. The Company currently offers 400 channels and services, including 19 HD channels, 6 games and 3 interactive services. Enriching its regional focus Airtel Digital TV has added 25 vernacular channels across languages such as Bengali, Tamil, Telugu, Oriya, among others.

(₹ Millions)

Particulars	FY 2013-14	FY 2012-13	Y-o-Y Growth
Gross Revenues	20,771	16,295	27%
EBIT	(4,821)	(8,105)	-41%



Key Initiatives

Airtel Digital TV launched various exciting services for its customers such as 'Freemium PPV', 'On Demand TV', 'Twitter on TV', 'Pocket TV'. 'Freemium PPV' is the industry's first Pay Per View channel that enables customers to enjoy popular hits and blockbusters at pre-scheduled timings for free in a scaled down picture size with ads running in the L-band.

The Company's 'On Demand TV', launched on HD set-top box, enables customers to connect the box to their broadband connection and enjoy seamless downloads of their favourite videos from an on-demand video library. Launch of live tweets on TV is a revolutionary convergence of tweeting and television tweeting. The concept is an innovation in the DTH industry across the world that allows customers to experience Twitter on TV. 'Pocket TV' is a mobile phone app loaded with over 150 live TV channels and 10,000 hours of video content.

The set-top boxes (both HD as well as SD) now have recording capability that helps a customer record content on a USB drive, while watching his / her favourite channel. Airtel Digital TV is now the only DTH player in the country to offer recording on all types of its boxes.

Key Highlights

- With a significantly lowered entry price differential between HD and SD box, the Company is focusing on acquiring more HD customers.
- Continued focus on acquisition quality and higher retention efficiency has resulted in significant reduction in churn – from 1.5% in FY 2012-13 to 0.9% in FY 2013-14.
- The Company continues to focus on its presence in key traditional and modern retail outlets across the length and breadth of the country with over 40,000 activating and more than 1 Lakh transacting retailers.
- Enhanced transponder capacities, affordability of HD set-top boxes and upselling efforts led to ARPU increasing by ₹ 23 to ₹ 201.

B2B Services

Airtel Business

Overview

Airtel Business is India's leading and most trusted ICT services provider. Its diverse portfolio of services includes voice, data, video, network integration, data centre, managed services, enterprise mobility applications and digital media. Airtel Business consistently delivers cutting-edge, integrated solutions, superior customer service and unmatched depth / reach to global markets to enterprises, governments, carriers, and small and medium businesses.

Global Business, the international arm of Airtel Business, offers an integrated suite of global and local connectivity solutions spanning across voice and data to the carriers, telcos, OTTs, Content owners across the globe.

Airtel's international infrastructure includes ownership of i2i submarine cable system, connecting Chennai to Singapore and consortium ownership of SMW4 submarine cable system, which connects Chennai and Mumbai to Singapore and Europe. It also includes new cable system investments like Asia America Gateway (AAG), India, the Middle East and Western Europe (IMEWE), Unity, Europe India Gateway (EIG) and East Africa Submarine System (EASSy).

Leveraging the direct presence of Airtel in 20 countries across Asia and Africa, Global Business also offers VAS solutions like ITFS, signalling hubs, messaging along with managed services and Satcom solutions. It has significantly invested in creating state-of-the-art national and international long distance infrastructure to serve the growing capacity demands of customers, especially in the emerging markets of the Middle East, Africa and APAC. Its global network runs across 225,000 Rkms, covering 50 countries and 5 continents. This is further interconnected with its domestic network and direct terrestrial cables to SAARC countries and China stimulating India's emergence as a preferred transit hub.

(₹ Millions)

Particulars	FY 2013-14	FY 2012-13	Y-o-Y Growth
Gross Revenues	63,361	53,203	19%
EBIT	8,708	3,110	160%

Key Initiatives

After recording a robust year, Airtel Business continues to focus on the following areas to propel the business to greater heights:

- Expanding access footprint by a combination of rolling out and co-building access networks.
- Enhancing customer experience by adopting world-class project management tools and processes.
- Transition from core data solutions: de-risk core data portfolio by focusing on newer products and solutions, such as digital media, toll free services, enterprise solutions, unified communications, among others.
- Mobile and mobile internet leadership in the enterprise space.

Key Highlights

- Airtel was conferred the 'Enterprise Telecom Service Provider of the Year' award at the Frost and Sullivan India ICT Awards.
- At Pitch Brands Awards 2013, brand Airtel bagged the 'Globetrotters Award' for successfully reaching out to global markets outside India.
- During the year, Airtel Business launched India's first Toll Free Mobile Data Services that would enable organisations to provide free browsing to its customers when they visit the Company's site from their mobile phones.
- During the year the Company launched 'Africa Connect' an integrated fibre and satellite network which it expects to contribute to its internet and data service. Africa Connect is in consonance with the Company's underlying theme to serve one of the fastest growing data markets in the world.
- The segment generated robust operating free cash flow of ₹ 12,443 Mn, up by 55% over the last year.
- During the year, the Company transferred its Data Centre and Managed Services business to Nxtra Data Limited, a wholly-owned subsidiary of the Company.

Passive Infrastructure Services

Overview

Bharti Infratel Limited, a subsidiary of Bharti Airtel, provides passive infrastructure services on non-discriminatory basis to all telecom operators in India. Bharti Infratel deploys, owns and manages telecom towers and communication structures in 11 circles of India. It also holds 42% share in Indus Towers (a joint venture between Bharti Infratel, Vodafone and Idea Cellular). Indus Towers operates in 15 circles (4 common circles with Bharti Infratel, 11 circles on exclusive basis).

(₹ Millions)

Particulars	FY 2013-14	FY 2012-13	Y-o-Y Growth
Gross Revenues	51,087	49,865	2%
EBIT	11,151	7,126	56%

Key Highlights

- The Company has a nationwide presence with operations in India's all the 22 telecommunications circles.
- As on March 31, 2014, Bharti Infratel owned and operated 35,905 towers in 11 telecommunications circles, while Indus operated 113,008 towers in 15 telecommunication circles.
- Bharti Infratel's towers, including installations in its 42% interest in Indus, comprised an economic interest in the equivalent of 83,368 towers in India, as on March 31, 2014.
- Bharti Infratel is listed on the Indian stock exchanges, NSE and BSE.

Africa

Overview

African markets picked up momentum in the second half, and are back to a healthy telecom sector growth, in local currency terms. Regulatory interventions and political unrest in some parts of Africa adversely affected the sector; nevertheless, the growth potential for telecom remains robust on the back of modest to strong GDP growths in Sub-Saharan Africa and increasing adoption of mobile internet and m-Commerce.

Airtel successfully integrated Warid Telecom, Uganda, post the acquisition in the first quarter. In the last quarter, the Company also acquired Warid Congo S. A., the full impact of which will be felt in the coming year. Overall customer base across 17 countries increased by 9.0% to 69.4 Mn customers.

At the end of the year, 22.3 Mn data customers accounted for 32.1% of the total customer base as compared to 22.8% in the previous year. Data revenue has grown 86% on a year-on-year basis with contribution of data revenue to mobile revenue increasing from 3.72% to 6.78% in the current year.

Total minutes of usage increased by 18.8% to 110.2 Bn minutes, with usage increasing by 7 minutes to 138 minutes. Data traffic exploded resulting in 108.1% increase to 18.9 Bn MBs with usage increasing from 59.5 MBs to 88.7 MBs. However, voice realisation per minute declined from 4.06 cents to 3.30 cents for the full year, due to interconnect rate reductions, competitive pressures and currency movements.

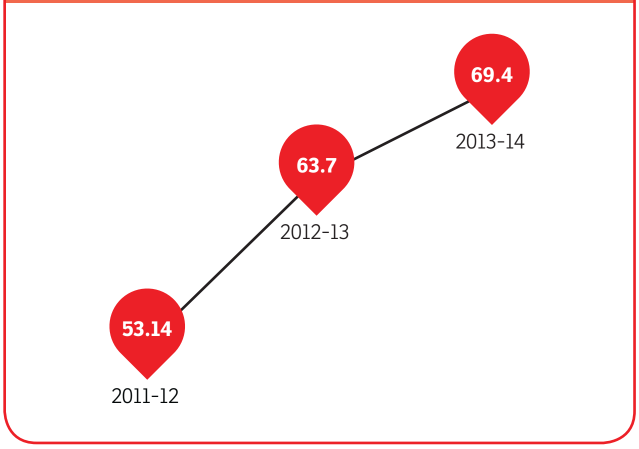
Consequently, the overall ARPU in Africa declined from USD 6.3 to USD 5.6. Sites in Africa as on March 31, 2014 were 17,792 with 6,923 3G sites representing 39% of the total. EBIT margins for Africa marginally reduced from 6.5% to 6.3% in the current year on account of increased 3G / 2G sites and energy cost inflation as well as planned increase in selling and distribution costs for promotion of 'airtel money' and intensified marketing spends.

(₹ Millions)

Particulars	FY 2013-14	FY 2012-13	Y-o-Y Growth
Gross Revenues	272,488	240,439	13%
EBIT	17,141	15,569	10%

Wireless Subscribers: AFRICA

(Mn)



Key Initiatives

- Airtel money has been rolled out in all the 17 countries of Africa. The 'Mr. Money' campaign has been widely well received, and has been instrumental in spreading awareness about airtel money. M-commerce is a great medium to enrich the lives of people and ease out the hardships faced by the unbanked population in Africa. Airtel has entered into unique tie-ups with insurance companies, banks, utility companies, merchants and governments to widen and deepen its reach. As at the end of March 2014, Airtel had 3.5 Mn active customers across Africa, transacting as much as USD 700 Mn every month, which is climbing rapidly every month.
- The 3rd season of Airtel Rising Stars, a programme to identify upcoming football talent in Africa, was once again a big success this year, with around 400,000 participants across Africa.
- A series of data programmes launched in Africa to drive communication and product launch in the second quarter of the current year, under the new brand Airtel Internet.
- Airtel Music Express, a pan-African radio property, was launched in all 17 countries during the third quarter. This is an hour long weekly music countdown programme.
- Airtel partnered with Thuraya Telecommunications Company, a leading Mobile Satellite Services (MSS) partner to bring mobile satellite connectivity to all the 17 countries across Africa. This unique partnership agreement will help expand mobile connectivity and bridge the digital divide in Africa.

Key Highlights

- 3G continues to expand its footprints across the continent with Airtel now present in 15 countries. As at the end of March 2014, Airtel had as many as 22.3 Mn data customers, accounting for 32% of its total customer base. Full year mobile data revenues in Africa grew by 86%, and it now accounts for 7.7% of the total mobile revenues.
- Airtel is ranked as the second largest telecommunication services provider in Nigeria by customer numbers as per the latest research by the market regulator.

- Airtel acquired 100% stake in Warid Uganda on May 13, 2013. With this acquisition, Airtel is now a strong No.2 player in Uganda. The acquisition was followed by a unique marketing campaign centering around the "wedding celebrations" theme. Network and IT platforms are being integrated to provide a harmonised and superior experience to customers.
- Airtel acquired 100% stake in Warid Congo in March 2014. With this acquisition, Airtel becomes the No.1 player in Congo B.
- Airtel Africa bagged several prestigious awards:
  a) Airtel was voted as one of Africa's top ten most admired global brands by African Business Magazine in 2013.
  b) Airtel Africa voted as African Mobile Operator of the Year at the CommsMEA Awards 2013.
  c) Airtel Africa bagged two awards for airtel money at the Kalahari Awards during the 4th Mobile Money Expo held in Lagos.

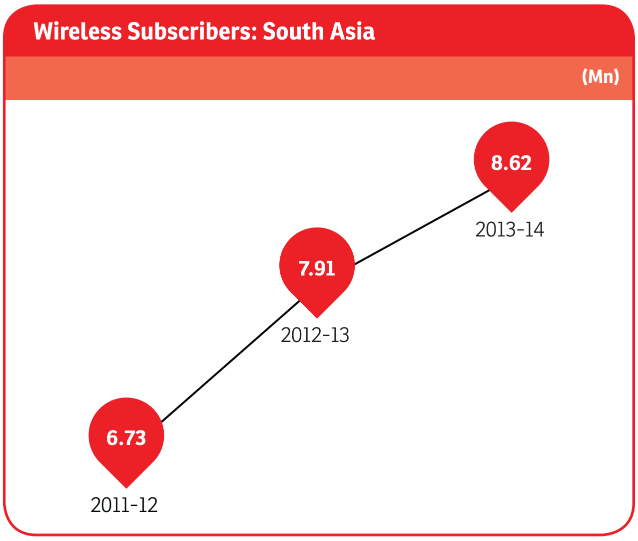
South Asia

Overview

As on March 31, 2014, South Asia had 8.6 Mn mobile customers on its network, an increase of 9% over the previous year. Data customers represented 35.7% of the total customer base as on March 2014 as compared to 28.3% in the last year. As on March 2014, the Company had 6,814 sites on network as compared to 6,474 sites in the last year. Of the total number, 3G sites were 1,986 in number representing 29.1% of the total.

(₹ Millions)

Particulars	FY 2013-14	FY 2012-13	Y-o-Y Growth
Gross Revenues	17,403	12,330	41%
EBIT	(4,271)	(5,117)	-17%



Key Highlights

- The year witnessed some key developments in the Company's operations in Bangladesh with a 8.1% growth in mobile penetration (currently at 66.3% from 58.2% last year) primarily due to reduction in SIM tax from BDT 605 to BDT 300 in May 2013. In addition, a high capacity terrestrial optic fibre link between India and Bangladesh went live enabling high speed data services, connectivity and a launch platform for 3G mobile services in the country.
- In September, 2013, the Government awarded 3G licences to four operators through the auction process. Airtel Bangladesh acquired 5 MHz of 3G spectrum at a price of USD 105 Mn and launched 3G services in record time as early as October in 2 major cities. More than 1,050 3G enabled sites have been rolled out across 10 cities. The investments in 3G mobile services would enable the Company to tap additional sources of revenue from among the fast growing data segment catering to the youth population of Bangladesh.

Risks and Concerns

This section discusses the various aspects of enterprise-wide risks. Readers are cautioned that risk-related information outlined here is not exhaustive and is for information purpose only.

Proactively identifying risks and managing them in a systematic manner are essential pre-requisites for effective corporate governance. Bharti Airtel has a robust process to identify key risks across the group and prioritise relevant action plans to mitigate these risks.

At the apex level, the Risk Management Framework is reviewed periodically by the Board and the Audit Committee. These apex reviews include: discussing the management submissions on risks, prioritising key risks and approving action plans to mitigate such risks. The Internal Audit function is responsible for assisting the Audit Committee on an independent basis with a full status of the risk assessments and management. Every quarter, the Audit Committee also obtains periodical updates on certain identified risks, depending upon the nature, quantum and likely impact on the business.

At the top level, the respective Management Boards (AMB and Africa Exco) are accountable for managing the risks across their respective businesses, viz., India and South Asia, and Africa. The AMB / Africa Exco ensure that the environment – both external and internal – is scanned for all possible risks.

At the operating level, the Executive Committee (EC) of Circles in India and Operating Companies in the International Operations are fully charged with the responsibilities of managing risks at the ground level. Circle CEOs and country MDs are also responsible for identification of risks, maintenance of local risk registers and escalating the same to the Centre for agreeing mitigation plans.

The two CEOs, for India and South Asia and Africa, are responsible for the implementation of the agreed Risk Framework, including the detailed processes of:

Scanning the entire business environment, both internal and external, for identifying potential risks	Classifying the various risks in terms of probability, impact and nature	Developing objective measurement methodology for such risks	Listing and prioritising the key risks to be addressed and managed	Agreeing detailed action plans to manage the key risks	Fixing accountabilities of people and positions to implement the mitigating action plans	Approving resources including budgets for risk management	Reviewing progress of action plans, taking stock of gross and net exposures and mandating corrective actions	Reviewing progress to the Board and the Audit Committee

The key risks and their relevant mitigation measures have been enumerated below:

1. Government Relations: Telecom operations can be severely affected by political instability, civil unrest and other social tensions in Asia and Africa. The political systems in a few countries are also fragile, resulting in regime uncertainties, hence, the risk of not enjoying Government support.

Mitigation: The Company engages proactively with key stakeholders in the countries of its operation and continuously assesses the impact of the changing political scenario. Through its CSR activities, it contributes to the country's social and economic development, especially in the field of education. Such efforts help us maintain cordial relationships with governments and other stakeholders across nations. The country MDs and circle CEOs carry direct accountability for maintaining excellent, neutral and unbiased government relations.

2. Economic Uncertainties: Operating in emerging and developing markets, characterised by low to medium mobile penetration and relatively lower per capita incomes, economic uncertainties (inflation, interest rates and currency fluctuations, among others) pose a threat to the Company's growth. Slowing down of economic growth tends to affect consumer spending, including telecom.

Mitigation: The Company has diversified its risks and opportunities across multiple offerings (voice, data, airtel money and value-added services) and markets. It also addresses a wide customer cross-section, minimising risks. To mitigate currency and interest rate risks, the Company follows a prudent risk management policy, including hedging mechanisms to protect cash flow. A pricing strategy based on the twin principles of profitability and affordability helps protect margins at times of inflation and market shares during market contraction.

3. Inadequate Infrastructure: Poor infrastructure across rural and the hinterland regions of Asia and Africa pushes up operational costs, impacts quality of services and also adversely impacts penetration. There is also a high risk of unauthorised access to the Company's network or IT applications.

Mitigation: Airtel's business philosophy is to share infrastructure with other operators and the Company is implementing this approach consistently. The Company operates during power outages, fibre cuts, VSAT breakdowns and other challenges through appropriate backups (generators, secondary links and others). Electronic banking, electronic recharges and stronger IT security systems are being expanded to embed more controls.

4. Technical Failures or Natural Disasters: The Company's operations are spread across wide and varying geographies. Repeated outages and / or poor quality of networks cause disruption of services, resulting in revenue losses, customer attrition, market share losses and damage to brand image and Company reputation. Regulators are now levying stiff monetary penalties for poor quality of services.

Mitigation: Network planning is increasingly being done in-house, to ensure that intellectual control on architecture is retained within the Company. The Company follows a conservative insurance cover policy that provides a value cover equal to the replacement values of assets against risks such as fire, floods and other natural disasters. The Company has been continuously investing in business continuity plans and disaster recovery initiatives to ensure minimum disruption and speedier restoration of services.

5. Adverse Regulatory or Taxation Developments: Recent regulatory developments in India have posed several challenges to the telecom sector. India's telecom sector is also highly taxed with enhanced revenue share-based licence fee and spectrum charges, service tax and corporate tax. The telecom industry in Africa also operates in a high-tax regime.

Mitigation: The Company's world-class telecom infrastructure in India has enabled the availability of advanced telecom services, including the latest 3G and 4G technologies at affordable prices. Besides, Airtel's rural networks and internet services are helping accelerate socio-economic uplift. As a frontrunner telecom operator in India, Airtel has always cooperated with the industry and policy makers to minimise environmental impact, lower operational costs and make services more affordable.

6. Deficiencies in Internal Controls and Process Compliances: The Company serves over 290 Mn customers globally with a daily average of 3,500 Mn minutes of voice and 500 terra bytes of data carried on wireless network. Gaps in internal controls and / or process compliances not only lead to wastages, frauds and losses but can also adversely impact the Airtel brand.

Mitigation: Airtel's business philosophy is to ensure compliance with all legal and regulatory requirements. Compliance is regulated meticulously at all stages of operation. Substantial investments in IT systems and automated workflow processes help minimise human errors. Besides internal audits, the Company also has a process of self-validation of several checklists and compliances as well as a 'maker-checker' division of duties to identify and rectify deviations early enough.

7. Quality of Customer Lifecycle Management: Customer mindsets and habits are changing rapidly, reflected in their ever-rising expectations in terms of quality, variety, features and pricing. Failure to keep pace with customer expectations would result in customer churn leading to erosion of revenues, profits and cash flows and market share losses.

Mitigation: The Company constantly refreshes its ways of working, especially in customer service, innovation, marketing and distribution. Organisational effectiveness is enhanced through appropriate design and creation of leaner and multi-functional teams.

8. Poor Quality of Customer Acquisitions: In a market dominated by prepaid customers, several inefficient processes have emerged in respect of customer acquisitions eg. unhealthy commission structure for agents, fraudulent practises by retailers, among others. Such practises lead to high rotational churn, high acquisition costs, trade frauds etc.

Mitigation: The Company has aligned other operators to bring in healthier commission and incentive structures. In many countries, Government regulations have also been introduced to tighten the new customer activation process, restriction on number of SIMs for the same customer and so on, making rotational churn more difficult.

9. Non-compliance with Subscriber Verification and KYC Regulations: Weak internal processes for subscriber verification and KYC may lead to uncompetitive market position, especially if competitors have a faster and well-coordinated process for customer activation.

Mitigation: The Company is investing significant capex on IT and KYC assets to improve the quality of subscriber activation and documentation processes. Focus on quality of partners and IT systems, proactive maker-checker controls and internal audits as well as robust internal MIS help achieve greater focus on compliances.

10. Low Revenue and / or Low Utilisation Sites: This leads to recurring operating losses in such sites, along with additional burden of sunk investment.

Mitigation: Measures include improving brand presence in specified locations, increasing distributor coverage, improving quality of network, among others. Contingency actions include closure of sites and redeployment of equipment. The Company has introduced more science into the decision-making criteria for investment in new sites to tackle this issue at a grassroots level.

11. Technology Shifts: Evolving technologies (2G, 3G, 4G) result in change in customer value propositions. Mobile money technologies, Cloud, M2M, SaaS and other technology-based VAS products are also evolving. Such rapid technology evolution may impact the functionality of existing assets and accelerate obsolescence.

Mitigation: Airtel's strong strategic vendor relationships — especially in areas of network technologies, IT, mobile money and a few other key VAS technologies — help us keep pace with technology shifts and retain market leadership. The potential risks of obsolescence are managed through leaner order pipelines, adequate capacity model of sourcing and formal swap arrangements with vendors. There is more scope to deploy appropriate technology for each market of the Company's operation.

12. Ineffective Partner Governance: There are increasing risks around partners' adaptability to new growth opportunities, agility to implement new projects and changes, capability to match Airtel's new leadership expectations, etc. There is also the risk of cost competitiveness, especially with partners whose business models have become relatively inefficient over time.

Mitigation: The Company has decided to retain, nurture and sharpen in-house capabilities for planning and designing functions, which will grow its intellectual capital. It is also widening its base to the next circle of partners to eliminate a layer of the partner ecosystem which will enable more agility and higher quality of innovation through direct partnership between the vendor and the Company. Formal governance processes will be further streamlined and embedded into the Company's management framework, with more visibility to and involvement of the local MD.

Internal Controls

The Company's philosophy towards internal controls is based on the principle of healthy growth with a pro-active approach to risk management.

The Circle and Country Finance Heads are held accountable for financial controls, measured by objective metrics on accounting hygiene and audit scores. They are fully responsible for accuracy of books of accounts, preparation of financial statements and reporting the same as per the Company's accounting policies. The Company deploys a robust system of internal controls that facilitates the accurate and timely compilation of financial statements and management reports, ensure regulatory and statutory compliances, and safeguards investor interest by ensuring the highest level of governance and periodic communication with investors.

The Audit Committee reviews the effectiveness of the internal control system, and also invites functional Directors and senior management personnel to provide updates on operating effectiveness and controls, from time to time. A CEO and CFO Certificate, forming part of the Corporate Governance Report, confirms the existence and effectiveness of internal controls and reiterates their responsibilities to report deficiencies to the Audit Committee and rectify the same.

During the first half of the year, in India and South Asia, M/s. PricewaterhouseCoopers Private Limited (PwC) and M/s. ANB Consulting Company Private Limited were the Internal Auditors of the Company, while in Africa, PwC was engaged as Internal Auditors for all countries except Nigeria, where M/s. KPMG was appointed.

Based on a comprehensive RFP process, changes were effected in the second half. In order to bring subject matter expertise, audits were categorised into defined assurance tracks, with each track to be handled by subject matter experts. M/s. KPMG was appointed to audit Finance and Technology tracks and M/s. ANB Consulting Company Private Limited for Customer and Legal & Regulatory tracks. The People track was assigned to Towers Watson India Private Limited. M/s. KPMG has also been engaged to perform forensics work in all African operations. Bottom-up risk assessment and directional inputs from the Audit Committee formed the basis of audit priorities.

Airtel Centre of Excellence ('ACE'), the captive shared services for Finance, Revenue Assurance, SCM and HR processes, continues to expand its footprint across the 20 countries. ACE was awarded the 2nd place for 'Excellence in Culture Creation' across Asia by Shared Service Organisation Network (SSON) among hundreds of shared service providers across Asia. ERP integration in Africa into an Africa Single Instance is taking place at a steady pace with the objective of ensuring uniformity and standardisation in ERP configurations, chart of accounts and finance / SCM processes across Opcos.

Quality of financial reporting and controls across India and International continues to show improvement. Initiatives undertaken in the previous year such as self-validation checks, key validation indicators, desktop reviews, regular physical verification, among others, are bearing fruit through substantial improvement in the control scores across both India and Africa. The Company has, during the year, embarked upon a journey to bring about a desired level of automation and standardisation for Revenue Assurance operations in Africa.

The Company was ranked No.4 by Transparency International for 'Transparency in Corporate Transparency and Reporting' among top 100 emerging markets MNCs and also emerged as India's most respected Telecom Company in Business World's survey for 2013.

Material Developments in Human Resources

At Bharti Airtel, our people strategy is focused on building a future ready and customer-centric organisation that is driven by simplicity and execution excellence. People have always been at the core of our business and as the telecom industry moves into a phase of growth led by data services, we are creating a pool of the right talent which will be led by a visionary leadership team.

In 2013, the Company realigned its leadership team to take forward its growth agenda. Gopal Vittal was designated MD and CEO – India and South Asia and Christian de Faria was appointed as MD and CEO – Africa. The Company continued to bring on board "best in class" talent from across the globe for key leadership positions, further strengthening its top management team. Along with this, the focus was on further empowering our people and providing them more opportunities for growth.

Our people agenda focused on long term development of human capital and building the right set of capabilities. Several initiatives around talent management and development were rolled out across the business. The Company also sharpened its talent review process through the introduction of quarterly talent councils and monitoring the movement of critical talent to new roles. The launch of online talent and performance management portal – Talent+, a "one-stop-shop" for all employee information, which provides a comprehensive "employee profile" to the managers, has further strengthened our culture of meritocracy and employee empowerment.

Marquee programmes designed in partnership with the Harvard Business School and the Centre for Creative Leadership were rolled out for the leadership team. The Company also built on its Leadership Acceleration Programme (LeAP) – a platform that is aimed at grooming top talent for future leadership roles. All these efforts have been well rewarded with Bharti Airtel securing the top spot among the 'Best Companies to Work For' in the Indian Telecom sector in Business Today-People Strong Survey 2013.

The focus in Africa was on creating a solid foundation for sustainable, accelerated organisation transformation while building winning capabilities across the business. A new organisation design was implemented with the focus of the Africa headquarters now primarily on providing governance as well as strategic thought-leadership to the Opcos, who have been empowered further to drive their business.

The Opcos were also realigned into four operating units, with an aim to provide better synergies and common strategic threads of consistency based on the market realities. With the Company focused on growing new revenue streams, best in class talent was brought in for various business streams. The existing talent pool was refreshed across functions with an aim to build a potential succession pipeline for key positions. Campus recruitment in top business schools for global careers in Africa has proved to be a good success, with the third batch placed in several countries.

While we built momentum on our e-learning uptake, we started intense work on designing Functional Academies and are on track to start delivering learning modules for each function based on deep skills and competency gap analysis.

Outlook

The telecom industry in India has achieved phenomenal growth during the last few years and is poised to grow further. Growth in voice will not be as strong as it has been in the past and the growth driver going forward will be data. Growing in data requires significant investments and focus on innovation to compete in the market where the players are far more diverse than in voice (e.g. OTT). While there is still a lot of potential to grow voice in Africa, internet has now emerged as the main engine of revenue growth in Africa also.

The good news is that growth in data will be driven by the demographics of the countries we operate in. The median age of India is at around 26 years, and that of Sub-Saharan Africa at less than 20 years, hence, the opportunities for doing and growing business in the youth segment will be attractive for many years to come. Africa's fastest growing population offers substantial opportunities for growth; given the current demographic trends, the population is expected to grow to 1.9 Bn by 2050.

Bharti Airtel has made significant investments in growth drivers, such as spectrum and licences, 3G and 4G networks in India, its presence in South Asia and a large network across Africa. The Airtel brand evokes youthfulness, dynamism and integrity. Airtel money services are now offered in 17 countries across Africa, and these are helping to increase customer loyalty. Diversification of and innovation in product portfolio and also ensuring affordability will be strong pointers to improved penetration. The Company is best placed to ride the data boom in India.

Summary

Bharti Airtel is committed to continue solidifying its market leadership position within India. Data will be the main growth engine going forward, and the Company is committed to investing in the right innovations that will enable it to win in the market. At the same time, it believes that its operations in Africa are well positioned for growth. African operations have benefited from positive relationships and cooperation built with local regulators due to the shared vision of increasing tele-density in the countries which are under-penetrated.

The Company has maintained a high standard of conduct which has been recognised by investors, governments and several other internal and external stakeholders. The ratings awarded by external credit agencies reflect its commitment to its stated objective of value creation for all stakeholders while preserving high standards of ethics and corporate governance.

The Company treats corporate governance as a way of life, and as a continuous process of improvement by benchmarking itself with the best in-class practises in India and globally. Bharti Airtel believes that such good governance practises coupled with consistent financial performance will translate into a much higher level of stakeholder confidence, which, in turn, will ensure long term sustainability and value generation for the business.

Cautionary Statement:

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may constitute a "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic markets in which the Company operates, changes in the Government Regulations, tax laws and other statutes and other incidental factors.

Report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement with BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) and some of the best practices followed internationally on Corporate Governance, the following report on governance lays down the ethos of Bharti Airtel Limited and its commitment to conduct business in accordance with sound Corporate Governance practices.

Governance Philosophy

At Bharti Airtel, the philosophy and spirit of Corporate Governance aims to create a business model that is driven by ethics, transparency and fair play in all its operations globally. The well-defined systems and processes, which form an integral part of corporate governance, pave the way for organisational growth and stakeholder wellbeing. In a rapidly changing business and economic landscape, Corporate Governance provides the critical anchor for sustainability and charts the future roadmap.

According to the norms and processes of the Corporate Governance, we are committed to disclose timely and accurate information regarding our financial and operational performance, as well as the leadership and governance structure of the Company. It is this commitment that, in turn help us to attract best industry talent and financial resources to ensure stakeholder accountability and long-term value creation.

The Board of Directors ('the Board') represents the core of our Corporate Governance practices and oversees how the management serves in the best interests of our widening fraternity of stakeholders across the world. The system also lays down the relevant rules and procedures for decision-making to bolster corporate performance. The overarching objective is to strengthen our brand across geographies, become more meritocratic and multi-cultural, expand our global presence, enlarge our value proposition, attract, nurture and retain the best industry talent, deepen stakeholder engagements and operate in an environmentally sustainable manner.

Our Board of Directors reflect a wide diversity of experience and expertise with sterling contribution in the world of global finance, telecommunication, banking, administrative services and consulting. There is clear demarcation of duties and responsibilities among the position of the Chairman and Managing Directors and CEOs to ensure best corporate performance and socio-economic value creation.

Our Corporate Governance practices aim to adhere to the highest governance standards through continuous evaluation and benchmarking and are based on the following broad tenets:

- The Company adopts transparent procedures and practices and arrives at decisions based on adequate information.
- It ensures compliance with regulatory and fiduciary requirements in letter and spirit.
- Offers high levels of disclosures to disseminate corporate, financial and operational information to all stakeholders.
- Adopted policies on tenure of Directors, rotation of Auditors and a Code of Conduct for Directors and senior management.
- Creates various committees for audit, HR & Nomination, Corporate Social Responsibility, employee stock option plans and investor grievances.
- Ensures complete and timely disclosure of relevant financial and operational information to enable the Board to play an effective role in guiding strategies.
- Organises informal meeting of Independent Directors without the presence of any Non-Independent / Executive Directors to identify areas, where they need more clarity or information, and putting the same before the Board or management.
- Offers a formal induction schedule for new Board members that enables them to meet individually with the top management team.
- Reviews regularly and establishes effective meeting practices that encourage active participation and contribution from all members.
- Ensures independence of Directors in reviewing and approving corporate strategy, major business plans and activities as well as senior management's appointments.
- Keeps in place a well-defined corporate structure that establishes, checks and balances and delegates decision-making to appropriate levels in the organisation though the Board always remains in effective control of affairs.

Corporate Governance Rating

CRISIL assigned its Governance and Value Creation (GVC) rating, viz. CRISIL GVC Level 1 on the Corporate Governance practices adopted by us. The rating indicates that Bharti Airtel's capability, with respect to Corporate Governance and value creation for all its stakeholders, is the highest. The Company acknowledges that standards are a constantly upwardly moving target. It aims to establish and benchmark itself with the best of companies in India and globally to maintain the highest rating for its practices.

Governance Structure

Sustaining a culture of integrity along with high performance orientation in today's complex business environment needs a robust governance structure. The corporate governance structure of our Company is multi-tiered, comprising governing / management boards at various levels, each of which is interlinked in the following manner:

- At the apex level, is the Board of Directors and various Committees which collectively ensure highest standards of corporate governance and transparency in the Company's functioning. The Board exercises independent judgment in overseeing management performance on behalf of the share owners and other stakeholders, and hence plays a vital role in the oversight and management of the Company. The Board is chaired by the Executive Chairman, who is responsible for the overall strategy development, alliances and international opportunities, strengthening governance practices and enhancing brand value and Bharti's global image and reputation.
- At one level below the Board, strategic co-ordination and direction is provided by the Airtel Corporate Council (ACC). The ACC is headed by the Chairman and comprises the Managing Director and CEOs and select top management personnel as its members. Key business strategies viz. annual operating plans, top management appointments, target setting, investment plans, geographical expansion, M&A and other critical decisions are taken at the ACC and if required, are recommended to the Board for approval.
- The Managing Director and CEO (India & South Asia) is responsible for strategy deployment and overall business performance including day-to-day affairs of the Company in India & South Asia. He is supported by the Airtel Management Board (AMB). The Company's business in India is structured into four Business Units (BUs) i.e. Mobile Services, Telemedia Services, Airtel Business and Digital TV Services, each headed by a Business President / CEO.
- The Passive Infrastructure business is deployed, owned and managed through Bharti Infratel Limited (Infratel), a listed subsidiary company. The operations of Infratel are managed by its Managing Director under the supervision of an independent board. The business transactions between the Company and Infratel are undertaken on an arms' length basis, since it provides services to other telecom operators as well on a non-discriminatory basis.
- The Company's operations in Africa are managed by the Managing Director and CEO (Africa) of Bharti Airtel International (Netherlands) B.V., a subsidiary company. He is responsible for strategy deployment and overall business performance including day-to-day affairs of the Company in Africa and is supported by the Africa Executive (AEX).
- The AMB in India and South Asia, and AEX in Africa take decisions relating to the Company's business strategy and also derive operational synergies across business units. They own and drive company-wide processes, systems and policies, and also function as role models for leadership development and as catalysts for imbibing customer centricity and meritocracy in the Company.

Our governance structure thus helps in clearly determining the responsibilities and entrusted powers of each of the business entities, enabling them to fulfill those responsibilities in the most effective manner. It also allows us to retain the organisational DNA while enabling effective delegation of authority and empowerment at all levels.

Board of Directors

Composition of the Board

The Company's Board is an optimum mix of Executive, Non-Executive and Independent Directors constituted in conformity with the provisions of the Companies Act, 2013, Listing Agreement, FDI guidelines, terms of the shareholders' agreement and other statutory provisions. The Board comprises of fifteen members with a Chairman, Managing Director & CEO (India & South Asia) beside five Non-Executive and eight Non-Executive Independent Directors. Two of the Board members including Chairman are founder members.

Detailed profile of each of the Directors is available on the website of the Company at www.airtel.com in the Investor Relations section.

The members of our Board are from diverse background with skills and experience in critical areas like technology, finance, entrepreneurship and general management. Many of them have worked extensively in senior management positions in global corporations and others are industrialists of repute with a deep understanding of the Indian business environment. The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory as well as business requirements.

As per the Company's governance policy, the selection of a new Board member is the responsibility of the HR and Nomination Committee, which is subsequently approved by the entire Board and all the appointments are made with unanimous approval. The appointment of such Directors is subsequently approved by the shareholders at the Annual General Meeting. While the shareholders' representative Directors are proposed by the respective shareholders, the Independent Directors are selected from diverse academic, professional or technical background depending upon business needs.

Independent Directors

Clause 49 of the Listing Agreement with the stock exchanges and Section 149 of the Companies Act, 2013 requires every listed company to have the requisite number of Independent Directors on its Board and also sets out various criteria for a person to be eligible for appointment as an Independent Director. We have adopted a comprehensive policy on Independent Directors that sets out the criteria of independence, age limits, recommended tenure, committee memberships, remuneration and other related terms of appointment. The policy emphasises importance of independence and states that an Independent Director shall not have any kind of relationship with the Company that could influence such Directors' position as an Independent Director. As per the policy:

a) The Independent Director must meet the baseline definition and criteria on "independence" as set out in Clause 49 of the Listing Agreement and Section 149 of the Companies Act, 2013 and other regulations, as amended from time to time.

b) The Independent Director must not be disqualified from being appointed as Director in terms of Section 164 and other applicable provisions of the Companies Act, 2013.

c) The minimum age is 21 years and the maximum is 70 years.

d) As a general principle, the Independent Directors are recommended to not be on the Board of more than seven listed companies and if the Independent Director is serving as a Whole-time Director in any listed company then he shall not serve as an Independent Director in more than three listed companies.

e) The maximum tenure is two terms of five years each. However the second term shall be approved by shareholders by way of special resolution.

f) If the retirement of any Director pursuant to Policy on Independent Directors is close to the date of the Annual General Meeting, such Director will retire at the AGM.

g) As per the policy, maximum tenure of Independent Directors on Board Committees is as under:

- Tenure for the chairmanship of the Audit Committee is three terms of three years each.
- Tenure for the chairmanship of the HR and Nomination committee is three terms of three years each.
- The tenure of Lead Independent Director shall be three terms of three years each.

At the time of appointment and thereafter at the beginning of each financial year, the Independent Directors submit a self-declaration confirming their independence and compliance with various eligibility criteria laid down by the Company among other disclosures. In addition, the Company also ensures that the Directors meet the above eligibility criteria. All such declarations are placed before the Board for information.

Role and Responsibility of Independent Directors

- Help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Bring an objective view in the evaluation of the performance of the Board and the management.
- Scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- Satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible.
- Safeguard the interests of all stakeholders, particularly the minority shareholders.
- Balance the conflicting interest of the stakeholders.
- Determine appropriate levels of remuneration of Executive Directors, Key Managerial Personnel and Senior Management and have a prime role in appointing and where necessary recommending removal of Executive Directors, key managerial personnel and senior management.
- Moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder's interest.

Duties of Independent Directors

- Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company.
- Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expenses of the Company.
- Strive to attend all meetings of the Board of Directors and of the Board Committees of which he / she is a member.
- Participate constructively and actively in the committees of the Board in which they are chairpersons or members.
- Strive to attend the general meetings of the Company.
- Where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting.
- Keep themselves well informed about the Company and the external environment in which it operates.
- Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board.
- Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interests of the Company.
- Ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of persons who use such mechanism are not prejudicially affected on account of such use.
- Report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
- Acting within his / her authority, assist in protecting the legitimate interest of the Company, shareholders and its employees.
- Not to disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Code for Independent Directors

The Code is a guide to professional conduct for Independent Directors. Adherence to these standards by Independent Directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders in the institution of Independent Directors.

An Independent Director shall:

- Uphold ethical standards of integrity and probity.
- Act objectively and constructively while exercising his / her duties.
- Exercise his / her responsibilities in a bona fide manner in the interests of the Company.

- Devote sufficient time and attention to his / her professional obligations for informed and balanced decision-making.
- Not allow any extraneous considerations that will vitiate his / her exercise of objective independent judgment in the paramount interest of the Company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making.
- Not abuse his / her position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person.
- Refrain from any action that would lead to loss of his / her independence.
- Where circumstances arise which make an Independent Director lose his / her independence, the Independent Director must immediately inform the Board accordingly;
- Assist the Company in implementation the best Corporate Governance practices.

Lead Independent Director

The Company since a long time has followed a practise of appointing a Lead Independent Director. Mr. Craig Ehrlich has been designated as the Lead Independent Director and his roles and responsibilities, inter alia, are to:

- Preside over all deliberation sessions of the Independent Directors.
- Provide objective feedback of the Independent Directors as a group to the Board on various matters including agenda and other matters relating to the Company.
- Undertake such other assignments, as may be requested by the Board from time to time.

Meeting of Independent Directors

All Independent Directors meet separately prior to the commencement of every Board meeting, without the presence of any Non-Independent Directors or representatives of management to discuss and form an independent opinion on the agenda items and other Board-related matters.

In the above referred meeting, the Independent Directors also meet the Statutory as well as Internal Auditors at least once a year by rotation to discuss internal audit effectiveness, environment control and invite their general feedback. The Lead Independent Director updates the Audit committee / Board about the outcome of the meetings and action, if any, required to be taken by the Company.

Board Meeting Schedules and Agenda

The calendar for the Board and committee meetings as well as major items of the agenda are fixed in advance for the whole year. The calendar for the Board meeting in which financial results will be considered in the ensuing year is fixed in advance as a practise and have also been disclosed later in the report and have also been uploaded on the website of the Company. Board meetings are generally held within 45 days from the end of the quarter in the manner that it coincides with the announcement of quarterly results. Time gap between two consecutive meetings does not exceed four months. In case of an urgent necessity additional Board meetings are called. Meetings are generally held at the registered office of the Company in New Delhi.

The Audit, HR and Nomination Committee meetings are held on the same dates as Board meetings. To ensure an immediate update to the Board, the Chairman of the respective committee briefs the Board about the proceedings of the respective committee meetings.

The Group General Counsel & Company Secretary, in consultation with the Chairman, prepares the agenda of the Board and committee meetings. The detailed agenda along with explanatory notes and annexures, as applicable are sent to the Board members well in advance at least a week before the meetings. In special and exceptional circumstances, additional or supplementary item(s) are permitted to be taken up as 'any other item'. Sensitive subject matters are discussed at the meeting without written material being circulated in advance.

As a process prior to each Board meeting, proposals are invited from Independent Directors for discussion / deliberation at the meeting(s) and these are included in the agenda of the meeting.

Group CFO and other senior management members are invited to the Board meetings to present reports on the items being discussed at the meeting. In addition the functional heads of various business segments / functions are also invited at regular intervals to present updates on their core area.

Information available to the Board

The Board has complete access to all the relevant information within the Company and to all our employees. The information shared on a regular basis with the Board specifically includes:

- Annual operating plans, capital budgets and updates therein.
- Quarterly and annual consolidated and standalone results & financial statements for the Company and its operating divisions or business segments.
- Minutes of meetings of the Board and Board Committees, resolutions passed by circulations, and Board minutes of the unlisted subsidiary companies.
- Information on recruitment / remuneration of senior officers just below Board level.
- Material important show cause, demand, prosecution notices and penalty notices, if any.
- Fatal or serious accidents, dangerous occurances, material effluent or pollution problems, if any.
- Any material default in financial obligations to and by the Company or substantial non-payment for services provided by the Company.
- Any issue which involves possible public or product liability claims of substantial nature, if any.
- Details of any acquisition, joint venture or collaboration agreement.
- Transactions involving substantial payment towards goodwill, brand equity or intellectual property.

- Human resource updates and strategies.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly treasury reports.
- Quarterly compliance certificates with the 'Exceptions Reports' which includes non-compliance of any regulatory, statutory nature or listing requirements and shareholders service.
- Disclosures received from Directors.
- Proposals requiring strategic guidance and approval of the Board.
- Related party transactions.
- Regular business updates.
- Update on Corporate Social Responsibility activities.
- Significant transactions and arrangements by subsidiary companies.
- Report on action taken on last Board meeting decisions.

Number of Board Meetings

During the FY 2013-14, the Board met six times i.e. on May 1-2, 2013, May 3, 2013 (through video conference), July 30-31, 2013, October 29-30, 2013, January 28-29, 2014 and March 13, 2014. Requisite information, according to the requirements of Clause 49 of the Listing Agreement is provided in the following table:

Name of Director	Director Identification Number	Category	Number of directorships[1] and committee[2] memberships and chairmanships			No. of Board meetings attended (total held)	Whether attended last AGM
			Directorships	Committees			
				Chairman	Member		
Mr. Sunil Bharti Mittal	00042491	Chairman – Promoter	2	Nil	Nil	5 (6)	Yes
Mr. Manoj Kohli	00162071	Executive Director	11	Nil	5	6 (6)	No
Mr. Gopal Vittal	02291778	Executive Director	4	Nil	1	6 (6)	Yes
Ms. Chua Sock Koong[3]	00047851	Non-Executive Director	2	Nil	Nil	5 (6)	No
Mr. Rajan Bharti Mittal	00028016	Non-Executive Director – Promoter	4	3	2	5 (6)	Yes
Ms. Tan Yong Choo	02910529	Non-Executive Director	2	Nil	2	6 (6)	No
Sheikh Faisal Thani Al-Thani	06675785	Non-Executive Director	1	Nil	Nil	1 (2)	N.A.
Mr. Ajay Lal	00030388	Independent Director	3	1	1	5 (6)	Yes
Mr. Craig Ehrlich	02612082	Independent Director	1	Nil	1	6 (6)	No
Ms. Obiageli Ezekwesili	06385532	Independent Director	1	Nil	1	4 (6)	No
Mr. Nikesh Arora[5]	02433389	Independent Director	N.A.	N.A.	N.A.	2 (6)	No
Mr. Pulak Prasad[6]	00003557	Independent Director	N.A.	N.A.	N.A.	3 (3)	No
Mr. Manish Kejriwal	00040055	Independent Director	3	Nil	3	6 (6)	No
Mr. Tsun-yan Hsieh	03313649	Independent Director	1	Nil	Nil	3 (6)	No
Mr. Ben Verwaayen[7]	06735687	Independent Director	1	Nil	Nil	2 (2)	N.A.
Mr. V. K. Viswanathan[8]	01782934	Independent Director	3	Nil	4	2 (2)	N.A.
Mr. D. K. Mittal[8]	00040000	Independent Director	5	Nil	1	0 (1)	N.A.

1. Directorships held by the Directors, as mentioned above (i) do not include the directorships held in foreign companies, private limited companies and companies under Section 8 of the Companies Act, 2013 (Corresponding to Section 25 of the Companies Act, 1956) (ii) include directorship in the Company and private limited companies which are considered as public limited companies in terms of Section 2(71) of the Companies Act, 2013 (Corresponding to Section 3(1)(iv)(c) of the Companies Act, 1956).
2. Committees considered for the purpose are those prescribed under Clause 49(I)(C)(ii) of the Listing Agreement(s) viz. audit committee and shareholders / investors grievance committee of Indian public limited companies (including private limited companies which are considered as public limited companies in terms of Section 2(71) of the Companies Act, 2013 (Corresponding to Section 3(1)(iv)(c) of the Companies Act, 1956). Committee membership details provided do not include chairmanship of committees as it has been provided separately.
3. Two meetings were attended by Mr. Paul O'Sullivan, alternate Director.
4. Sheikh Faisal Thani Al-Thani was appointed as Non-Executive Director w.e.f. October 30, 2013.
5. Mr. Nikesh Arora ceased to be a Director w.e.f. March 13, 2014
6. Mr. Pulak Prasad retired from the Board w.e.f. September 5, 2013.
7. Mr. Ben Verwaayen was appointed as an Independent Director w.e.f. December 27, 2013.
8. Mr. V. K. Viswanathan, and Mr. D. K. Mittal were appointed as Independent Director w.e.f January 14, 2014 and March 13, 2014 respectively.
9. Except Mr. Sunil Bharti Mittal and Mr. Rajan Bharti Mittal, who are brothers and promoter Directors, none of the Directors are relatives of any other Director.
10. As on March 31, 2014, the following Directors hold equity shares in the Company as detailed below:
    - Mr. Ajay Lal – 20,000 shares;
    - Mr. Manoj Kohli – 225,739 shares;
    - Mr. Gopal Vittal – 48,635 shares.
11. Mr. Manoj Kohli ceased to be Managing Director and CEO (International) of the Company w.e.f. April 1, 2014.

Remuneration Policy for Directors

The remuneration of Executive Directors i.e. Mr. Sunil Bharti Mittal – Chairman, Mr. Gopal Vittal – Managing Director and CEO (India & South Asia) and Mr. Manoj Kohli – Managing Director and CEO (International) (Ceased to be Managing Director and CEO of the Company w.e.f. April 1, 2014) is approved by the Board of Directors within the limits approved by the shareholders on the basis of the recommendation of the HR and Nomination Committee.

The remuneration of the Executive Directors has two components: fixed pay and variable pay (performance linked incentive). While the fixed pay is paid to the Directors on a monthly basis, the performance-linked incentive is paid on the basis of individual performance after the end of the financial year. The performance targets i.e. the key result areas (KRA), together with performance indicators for the Executive Directors, based on the balanced score card, are approved by the HR and Nomination Committee at the beginning of the year. At the end of the year, after announcement of the annual results, the HR and Nomination Committee evaluates the performance of each of these senior executives against the targets set and recommend the performance-linked incentive for each of them to the Board for payment.

Mr. Manoj Kohli also held the position of Managing Director of Bharti Airtel International (Netherlands) B.V. (BAIN BV), the Company's wholly owned subsidiary and had accordingly drawn his remuneration from BAIN BV till December 31, 2013. W.e.f. January 1, 2014, Mr. Manoj Kohli relocated to India and therefore, started drawing his remuneration from Bharti Airtel Limited. According to the policy for payment of commission to Non-Executive Directors (including Independent Director) adopted by the Board, the Non-Executive Directors (including Independent Director) are eligible for commission based on a pre-defined criteria which inter alia takes into account their contribution and participation at the Board and various Committee meetings, committee membership / chairmanship and time spent on matters other than at the meetings etc. The Executive Directors are not paid any commission.

The aforesaid Commission is payable annually after the approval of the respective financial statements. The payment of commission is subject to the availability of sufficient profits as well as overall ceiling of 1% of net profits, as approved by the shareholders in the General Meeting held on September 1, 2011.

In addition to the Commission, the Independent Non-Executive Directors are also paid the following sitting fees for the Board / Committee Meetings attended by them:

(i) ₹ 20,000/- for attending each meeting of the Board of Directors.

(ii) ₹ 20,000/- for attending all the meetings of the Board Committees at one occasion.

The Board in its meeting held on April 29, 2014 has revised the sitting fees payable to Independent Non-Executive Directors for the Board / Committee Meetings attended by them. The revised sitting fee effective from April 29, 2014 is as follows:

(i) ₹ 100,000 or equivalent USD for a Board meeting.

(ii) ₹ 100,000 or equivalent USD for a Committee meeting.

If an Independent Director attends more than one Committee meeting in a day, ₹ 100,000 or equivalent USD will be the consolidated sitting fee payable for all such Committee meetings.

Remuneration to Directors

The details of the remuneration paid by the Company to all Directors during the FY 2013-14 are as under:

(Amount in ₹)

Name of Director	Sitting fees	Salary and allowances	Performance-linked incentive	Perquisites	Commission	Total
Executive Directors						
Mr. Sunil Bharti Mittal	--	95,882,196	135,000,000	7,918,427	--	238,800,623
Mr. Manoj Kohli	--	9,621,297	--	--	--	9,621,297
Mr. Gopal Vittal	--	32,475,654	9,945,205	40,160	--	42,461,019
Non-Executive Directors						
Mr. Akhil Gupta	--	--	--	--	3,804	3,804
Mr. Ajay Lal	360,000	--	--	--	6,527,626	6,887,626
Mr. Manish Kejriwal	200,000	--	--	--	4,760,294	4,960,294
Ms. Chua Sock Koong	--	--	--	--	3,461,556	3,461,556
Mr. Craig Ehrlich	180,000	--	--	--	8,472,546	8,652,546
Lord Evan Mervyn Davies	--	--	--	--	189,681	189,681
Mr. Hui Weng Cheong	--	--	--	--	103,886	103,886
Mr. N. Kumar	--	--	--	--	31,051	31,051
Mr. Obiageli Ezekwesili	120,000	--	--	--	7,664,793	7,784,793
Mr. Nikesh Arora	80,000	--	--	--	6,926,419	7,006,419
Mr. Pulak Prasad	80,000	--	--	--	2,991,144	3,071,144
Mr. Rajan Bharti Mittal	--	--	--	--	2,710,958	2,710,958
Mr. Rakesh Bharti Mittal	--	--	--	--	3,804	3,804
HE. Dr. Salim Ahmed Salim	--	--	--	--	189,681	189,681
Ms. Tan Yong Choo	--	--	--	--	3,461,556	3,461,556
Mr. Tsun-yan Hsieh	120,000	--	--	--	8,843,001	8,963,001
Sheikh Faisal Thani Al-Thani	--	--	--	--	1,511,570	1,511,570
Mr. V. K. Viswanathan	60,000	--	--	--	1,160,274	1,220,274
Mr. D. K. Mittal	--	--	--	--	286,301	286,301
Mr. Ben Verwaayen	60,000	--	--	--	6,989,667	7,049,667
Total	**1,260,000**	**137,979,147**	**144,945,205**	**7,958,587**	**66,289,612**	**358,432,551**

- The salary and allowance includes the Company's contribution to the Provident Fund. Liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the Directors is not ascertainable and, therefore, not included.
- The value of the perquisites is calculated as per the provisions of the Income Tax Act, 1961.
- During the year, Mr. Gopal Vittal was granted 150,000 stock options on May 1, 2013 under ESOP Scheme 2001 at an exercise price of ₹ 5 per option, with vesting period spread over three years. The above remuneration of Mr. Gopal Vittal does not include perquisite value of ₹ 15 Mn towards the value of stock options exercised during the year.

  The options can be converted into equity shares either in full or in tranches at any time upto seven years from the grant date. The unexercised vested options can be carried forward throughout the exercise period. The options which are not exercised will lapse after the expiry of the exercise period.

  No other Director has been granted any stock option during the year.
- The Company has entered into contracts with the Executive Directors i.e. Mr. Sunil Bharti Mittal dated October 1, 2011 and with Mr. Gopal Vittal and Mr. Manoj Kohli dated February 1, 2013. These are based on the approval of the shareholders. There are no other contracts with any other Director.
- No notice period or severance fee is payable to any Director.
- Performance Linked Incentive (PLI) is based on the actual pay out made during the year.
- Commission include provision for the FY 2013-14 and adjustments on account of actual payout for the FY 2012-13.
- Mr. Manoj Kohli has drawn remuneration from Airtel Africa till December 31, 2013 and w.e.f. January 1, 2014 has drawn remuneration from Bharti Airtel Limited.
- During the year, Mr. Akhil Gupta, Lord Evan Mervyn Davies, Mr. Hui Weng Cheong, Mr. N. Kumar, Mr. Rakesh Bharti Mittal and HE. Dr. Salim Ahmed Salim were paid commission for FY 2012-13, on account of certain adjustments.
- Mr. Manoj Kohli ceased to be Managing Director and CEO (International) of the Company w.e.f. April 1, 2014.

Code of Conduct

The Code of Conduct for all Directors and senior management personnel laid down by the Board, is available on the Company's website (www.airtel.com). The Code is applicable to all Board members and senior management executives who directly report to the Chairman, the Managing Director & CEO (India & South Asia). The Code is circulated annually among all Board members and senior management; the compliance is affirmed by them annually. Besides, the Company also procures a quarterly confirmation of transactions entered into by the senior management. A declaration signed by the Managing Director & CEO (India & South Asia), regarding affirmation of the compliance with the Code of Conduct by Board members and senior management, is appended at the end of this report.

Along with the Code of Conduct for the Board members and senior management, the Company has also laid down a Code of Conduct for its employees. As a process, an annual confirmation is also sought from all the employees. All employees are expected to confirm compliance to the Code annually.

Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the code.

Board Committees

In compliance with the Listing Agreements (both mandatory and non-mandatory), the SEBI Regulations, the Board has constituted various committees with specific terms of reference and scope. The objective is to focus effectively on the issues and ensure expedient resolution of the diverse matters. The committees operate as the Board's empowered agents according to their charter / terms of reference. Constitution and charter of the Board Committees are available on the Company's website, www.airtel.com, and are also given herein.

Audit Committee

The Company's Audit Committee comprises five Directors, four of whom are independent. The Chairman of the Audit Committee, Mr. Ajay Lal is an Independent Director and has sound financial knowledge as well as many years of experience in general management. The majority of the Audit Committee members, including the Chairman, have accounting and financial management expertise. The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Company Secretary is the secretary to the Committee. Managing Director & CEO (India & South Asia), CEO (Africa) and Group CFO, Group Director – Internal Assurance, Statutory Auditors and the Internal Auditors are permanent invitees.

Key Responsibilities of the Audit Committee

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Consider and recommend to the Board the appointment (including filling of a casual vacancy), resignation or dismissal, remuneration and terms of appointment (including qualification and experience) of the Statutory Auditor, Internal Auditors / Chief Internal Auditor and Cost Auditors.
- Prior approval of non-audit services that can be provided by the Statutory Auditors and approval of payment of such non-audit services.
- Prior approval of all transactions with related party(s) and of subsequent modifications of transactions with related parties and review of the statement of significant related party transactions with specific details of the transactions.
- Discussion with the Statutory Auditor before the commencement of audit about the nature and scope of the audit to be conducted and post-audit discussion to ascertain any areas of concern.
- To call for comments of the Auditors about internal control systems, including the observation of the Auditors and review financial statement before their submission to the Board and may also discuss any related issues with the internal and Statutory Auditors and the management of the Company.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' responsibility statement, included in the Board's report in terms of Clause (c) of Sub-section 3 of Section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of all related party transactions.
  - Qualifications in the draft audit report.
- Review the following information:
  - Management discussion and analysis of financial condition and results of operations.
  - Management letter / letters of internal control weaknesses issued by the Statutory Auditors.
  - Internal audit reports relating to internal control weaknesses.
  - The financial statements, in particular the investments, if any, made by unlisted subsidiary companies.
  - Quarterly compliance certificates confirming compliance with laws and regulations, including any exceptions to these compliances.
- Oversee the functioning of the Vigil mechanism / Whistle Blower Mechanism.

- Establish the systems for storage, retrieval and display etc. of books of accounts and other financial records in electronic format.
- Review the findings of any internal investigation by the Internal Auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Review the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any.
- Approve the appointment, re-appointment and removal of Chief Financial Officer of the Company after assessing the qualifications, experience and background, etc. of the candidate.
- Review the Company's financial and risk management policies, implementation of treasury policies & strategies and status of investor relation activities.
- Ensure that the internal audit function is effective, adequately resourced, and to review coordination between internal and Statutory Auditors and (where relevant) the risk management department.
- Review the state and adequacy of internal controls with key members of the management, Statutory Auditors and Internal Auditors.
- Discuss with the internal auditor the coverage, functioning, frequency and methodology of internal audits as per the annual audit plan and discuss significant findings and follow up thereon.
- Review & monitor the statutory and internal auditor's independence, performance & effectiveness of audit process.
- Review and scrutinise the inter-corporate loans & investments.
- Monitor & Review with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Valuation of undertakings or assets of the Company, wherever necessary.
- Appointment of a registered valuer of the Company and fixation of their terms and conditions.
- Evaluation of internal financial controls and risk management systems.

The Audit Committee shall also undertake such other functions, as may be assigned by the Board of Directors from time to time, or as may be stipulated under any law, rule or regulation, including the Listing Agreement and the Companies Act, 2013.

Powers of the Audit Committee

- Investigate any activity within its terms of reference.
- Seek any information that it requires from any employee of the Company and all employees are directed to cooperate with any request made by the Committee.
- Obtain outside legal or independent professional advice.
- Secure attendance of outsiders with relevant expertise.
- Access sufficient resources to carry out its duties.

Meetings, Attendance and Composition of the Audit Committee

During the FY 2013-14 the Audit Committee met four times i.e. on May 1, 2013, July 30, 2013, October 29, 2013 and January 28, 2014. Time gap between any two meetings was less than four months. All the meetings were held in New Delhi.

Beside the Committee meetings as above, the Committee also holds a conference call before every regular Audit Committee meeting to discuss routine internal audit issue. This provided an opportunity to the Audit Committee to devote more time on other significant matters in the regular Audit Committee meeting. During the financial year the Committee met four times through the conference call i.e. April 24, 2013, July 23, 2013, October 22, 2013 and January 21, 2014.

The composition and the attendance of members at the meetings held during the FY 2013-14, are given below:

Member Director	Category	Number of meetings attended (total held)	Number of conference calls attended (total conducted)
Mr. Ajay Lal (Chairman)	Independent Director	4 (4)	4 (4)
Mr. Craig Ehrlich	Independent Director	4 (4)	4 (4)
Mr. Pulak Prasad[1]	Independent Director	2(2)	1 (2)
Ms. Tan Yong Choo	Non-Executive Director	4 (4)	4 (4)
Mr. Manoj Kohli[2]	Executive Director	1 (1)	1 (1)
Ms. Obiageli Ezekwesili	Independent Director	4 (4)	2 (4)
Mr. V. K. Viswanathan[3]	Independent Director	1 (1)	1 (1)

1. Ceased to be member of the Committee w.e.f. September 5, 2013.
2. Ceased to be member of the Committee w.e.f. May 1, 2013.
3. Appointed as a member of the Committee w.e.f. January 14, 2014.

Audit Committee Report for the year ended March 31, 2014

To the Shareholders of Bharti Airtel Limited

The Audit Committee is pleased to present its report for the year ended March 31, 2014:

The Committee presently comprises of five members of whom two-thirds, including the Chairman, are Independent Directors, as per the requirements of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013 (Corresponding to Section 292A of the Companies Act, 1956). Responsibility for Company's internal controls and financial reporting processes lies with the management. The Statutory Auditors have the responsibility of performing an independent audit of the Company's financial statements in accordance with the India's Generally Accepted Accounting Principles (IGAAP) and International Financial Reporting Standards (IFRS) and issuing a report thereon.

The Board has appointed three External and Independent Internal Auditors. They are responsible for ensuring adequacy of internal control systems and adherence to management policies and statutory requirements. The Company also has in place an internal assurance group headed by the Group Director-Internal Assurance. The Group is responsible for reviewing all the operations of the Company to evaluate the risks, internal controls and governance processes. The Ombudsperson is responsible for the Company's Whistle Blower Mechanism. The Audit Committee oversees the work of the External Auditors, Internal Auditors, Internal Assurance Group and Ombudsperson. It is also responsible for overseeing the processes related to the financial reporting and information dissemination.

In this regard, the Committee Reports as follows:

I. The Committee has discussed with the Company's Internal Auditors and Statutory Auditors the overall scope and plan for their respective audits. The Committee also discussed the results and effectiveness of the audit, evaluation of the Company's internal controls and the overall quality of financial reporting.

II. The management presented the Company's financial statements to the Committee. They also affirmed that the Company's financial statements had been drawn in accordance with the Indian GAAP and IFRS. Based on its review and discussions conducted with the management and the Statutory Auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with applicable accounting standards in all material aspects. The Committee also considers that the financial statements are true and accurate, provide sufficient information. The Committee believes the Company has followed an adequate process to create them.

III. The Committee reviewed both abridged and unabridged versions of the standalone and consolidated financial statements for the year ended March 31, 2014. It has recommended the same for the Board's approval.

IV. The Committee reviewed the internal controls put in place to ensure that the Company's accounts are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the Company's internal control systems.

V. The Committee reviewed the Company's internal audit function and risk management systems from time to time.

VI. The Committee reviewed the Ombudsperson's report on the functioning of the Whistle Blower Mechanism for reporting concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's Code of Conduct or ethics policy. The Committee believes that the Company has effective Whistle Blower Mechanism and nobody has been denied access to this policy.

VII. The Committee reviewed with the management the independence and performance of the Statutory Auditors and has recommended to the Board the re-appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants, Gurgaon, as the Company's Statutory Auditors for balance term of three years.

VIII. The Committee, along with the management, reviewed the performance of the Internal Auditors and recommended to the Board the re-appointment of M/s. KPMG, ANB Solutions Private Limited and Towers Watson India Private Limited, Internal Auditors as the Company's Internal Auditors for succeeding tenure.

IX. The Committee has been vested with the adequate powers to seek support and other resources from the Company. The Committee has access to the information and records as well. It also has the authority to obtain professional advice from external sources, if required.

X. The Audit Committee monitored and approved all related party transactions, including any modification / amendment in any such transactions.

In conclusion, the Committee is sufficiently satisfied that it has complied with the responsibilities as outlined in the Audit Committee's Charter.

Place: Gurgaon	**Ajay Lal**
Date: April 29, 2014	Chairman, Audit Committee

The composition and the attendance of members at the meetings held during the FY 2013-14, are given below:

Member Director	Category	Number of meetings attended (total held)	Number of Conference call attended (total conducted)
Mr. Ajay Lal (Chairman)	Independent Director	4 (4)	4 (4)
Mr. Craig Ehrlich	Independent Director	4 (4)	4 (4)
Mr. Pulak Prasad[1]	Independent Director	2(2)	1 (2)
Ms. Tan Yong Choo	Non-Executive Director	4 (4)	4 (4)
Mr. Manoj Kohli[2]	Executive Director	1 (1)	1 (1)
Ms. Obiageli Ezekwesili	Independent Director	4 (4)	2 (4)
Mr. V. K. Viswanathan[3]	Independent Director	1 (1)	1 (1)

1. Ceased to be member of the Committee w.e.f. September 5, 2013.
2. Ceased to be member of the Committee w.e.f. May 1, 2013.
3. Appointed as a member of the Committee w.e.f. January 14, 2014.

HR and Nomination Committee

During the year, the Board, in its meeting held on October 29, 2013, on the recommendation of the Nomination committee, approved the consolidation of 'HR Committee', 'ESOP Compensation Committee' and 'Nomination Committee' into 'HR, ESOP Compensation and Nomination Committee' to be consistent with the requirements of the Companies Act, 2013. The nomenclature of the Committee was changed to HR and Nomination Committee w.e.f. April 29, 2014.

The Committee comprises seven Non-Executive Directors, of whom four members, including, the Chairman are Independent Directors. The Company Secretary acts as the secretary of the Committee. The Group Director-HR is the permanent invitee. Other senior management members are also invited to the committee meeting to present reports in the items being discussed at the meeting.

Key Responsibilities of the HR and Nomination Committee

HR Related

- Formulation and recommendation to the Board, a policy relating to remuneration of Directors, key managerial personnel** and other employees.
- Determine the compensation (including salaries and salary adjustments, incentives / benefits, bonuses) and performance targets of the Chairman and of the Managing Directors & CEO's.
- In the event of no profit or inadequate profit, to approve the remuneration payable to managerial persons taking into account the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration while bringing objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.
- Attraction and Retention strategies for employees.
- Review employee development strategies.
- Assess the learning and development needs of the Directors and recommend learning opportunities which can be used by Directors to meet their needs for development.
- Review all human resource related issues including succession plan of key personnel.
- The HR Committee shall also consider any other key issues / matters as may be referred by the Board or as may be necessary in view of Clause 49 of the listing agreement or any other statutory provisions.

ESOP Related

- Formulation of ESOP plans and decide on future grants;
- Formulation of terms and conditions on following under the present ESOP Schemes of the Company with respect to:
  - Quantum of options to be granted under ESOP Scheme(s) per employee and in the aggregate under a plan.
  - Performance conditions attached to any ESOP Plan;
  - Conditions under which options vested in employees may lapse in case of termination of employment for misconduct.
  - Exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period.
  - Specified time period within which the employee must exercise the vested options in the event of termination or resignation of an employee.
  - Right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
  - Procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions.
  - Grant, vest and exercise of option in case of employees who are on long leave; and the procedure for cashless exercise of options.
  - Any other matter which may be relevant for administration of ESOP schemes from time to time.

- To frame suitable policies and processes to ensure that there is no violation of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
- Other key issues as may be referred by the Board.

Nomination Related

- Formulate the criteria / policy for appointment of Directors, senior management*, which shall inter-alia include qualifications, positive attributes, diversity and independence of a Director.
- Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and Board Committees.
- Evaluate the balance of skills, knowledge, experience and diversity on the Board for description of the role and capabilities required for a particular appointment.
- Identify and recommend to the Board persons who are qualified to become Directors and who may be appointed in senior management* including key managerial personnel in accordance with the criteria laid down and their removal thereof.
- Recommend the appointment of any Director to executive or other employment / place of profit in the Company.
- Identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise.
- Review succession planning for Executive and Non-Executive Directors and other senior executives particularly the Chairman, Managing Directors, and CEO's.
- Recommend suitable candidate for the role of Lead Independent Director.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Conduct an annual evaluation of the overall effectiveness of the Board, the committees of the Board and the performance of each Director.
- Review the Terms of Reference of all committees of the Board including itself on an annual basis and recommend any changes to the Board.

*"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

**"Key Managerial Personnel" means: i) the Chief Executive Officer or the Managing Director or the Manager; ii) the Company Secretary; iii) the Whole-time Director; iv) the Chief Financial Officer.

Meetings, Attendance and Composition of HR and Nomination Committee

During the FY 2013-14, the Committee met five times i.e. on May 1, 2013, July 30, 2013, October 29, 2013, January 28, 2014 and March 13, 2014. Time gap between any two meetings was less than four months.

The composition and the attendance of members at the meetings held during the FY 2013-14, are given below:

HR Committee

Member Director	Category	Number of meetings Attended (total held)
Mr. Tsun-yan Hsieh (Chairman)	Independent Director	2 (3)
Ms. Chua Sock Koong*	Non-Executive Director	3 (3)
Mr. Rajan Bharti Mittal	Non-Executive Director	3 (3)
Mr. Manish Kejriwal	Independent Director	3 (3)
Mr. Nikesh Arora	Independent Director	2 (3)

*One meeting attended by Mr. Paul O'Sullivan, alternate Director

ESOP Compensation Committee

Member Director	Category	Number of meetings Attended (total held)
Mr. Rajan Bharti Mittal (Chairman)	Non-Executive Director	3 (3)
Mr. Nikesh Arora	Independent Director	2 (3)
Mr. Tsun-yan Hsieh	Independent Director	2 (3)
Ms. Chua Sock Koong*	Non-Executive Director	3 (3)
Mr. Manish Kejriwal	Independent Director	3 (3)

*One meeting attended by Mr. Paul O'Sullivan, alternate Director

Nomination Committee

Member Director	Category	Number of meetings Attended (total held)
Mr. Rajan Bharti Mittal (Chairman)	Non-Executive Director	3 (3)
Mr. Ajay Lal	Independent Director	3 (3)
Ms. Chua Sock Koong*	Non-Executive Director	3 (3)
Mr. Craig Ehrlich	Independent Director	3 (3)
Mr. Tsun-yan Hsieh	Independent Director	2 (3)

*One meeting attended by Mr. Paul O'Sullivan, alternate Director

HR and Nomination Committee

Member Director	Category	Number of meetings Attended (total held)
Mr. Ben Verwaayen[1] (Chairman)	Independent Director	2 (2)
Ms. Chua Sock Koong*	Non-Executive Director	2 (2)
Mr. Manish Kejriwal	Independent Director	2 (2)
Mr. Nikesh Arora	Independent Director	0 (2)
Mr. Rajan Bharti Mittal	Non-Executive Director	2 (2)
Sheikh Faisal Thani Al-Thani[2]	Non-Executive Director	0 (2)
Mr. Tsun-yan Hsieh	Independent Director	1 (2)

1. Appointed as a member & Chairman of the Committee w.e.f. December 27, 2014
2. Appointed as a member of the committee w.e.f. January 28, 2014

*One meeting attended by Mr. Paul O'Sullivan, alternate Director.

Stakeholders' Relationship Committee

In compliance with the Listing Agreement requirements and provisions of the Companies Act, 2013, the Company has a Stakeholders' Relationship Committee (formerly known as Investor Grievance Committee). The Committee comprises four members including two Independent Directors. Mr. Rajan Bharti Mittal, Non-Executive Director is the Chairman of the Committee. The Company Secretary acts as a Secretary to the Committee.

Key Responsibilities of the Stakeholders' Relationship Committee

The key responsibilities of the stakeholders' relationship committee include the following:

- Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.
- Consider and resolve the complaints / grievances of security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend.
- Dematerialise or rematerialise the share certificates.
- Approve the transmission of shares or other securities arising as a result of death of the sole / anyone joint shareholder.
- Sub-divide, consolidate and / or replace any share or other securities certificate(s) of the Company.
- Issue duplicate share / other security(ies) certificate(s) in lieu of the original share / security(ies) certificate(s) of the Company.
- Approve, register, refuse to register transfer / transmission of shares and other securities.
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).
- Oversee & review, all matters connected with the transfer of securities of the Company.
- Oversee the performance of Registrar and Share Transfer Agent of the Company.
- Recommend methods to upgrade the standard of services to the investors.
- To deal with the unclaimed / undelivered shares of the Company, as prescribed in the relevant Clause of the Listing Agreement.
- To do all such acts, deeds and things as may be necessary in this regard.

The meetings of the committee are generally held on a monthly basis, to review and ensure that all investor requests / grievances are redressed within a period of 7-10 days. These, however, do not include complaints / requests, which are constrained by legal impediments / procedural issues.

Meetings, Attendance and Composition of Stakeholders' Relationship Committee

During the FY 2013-14, the Committee met 10 times i.e. on April 30, 2013, June 14, 2013, July 24, 2013, July 30, 2013, August 27, 2013, October 10, 2013, January 3, 2014, January 28, 2014, February 20, 2014 and March 27, 2014. The composition and the attendance of members at the meetings held during the FY 2013-14, are given below:

Member Director	Category	Number of meetings Attended (total held)
Mr. Rajan Bharti Mittal (Chairman)	Non-Executive Director	10 (10)
Mr. Ajay Lal	Independent Director	10 (10)
Mr. Manish Kejriwal	Independent Director	3 (10)
Mr. Gopal Vittal[1]	Executive Director	7 (7)

1. Appointed as a member of the Committee w.e.f. July 30, 2013.

Compliance Officer

Mr. Mukesh Bhavnani, Group General Counsel & Company Secretary acts as Company's Compliance Officer and is responsible for complying with the requirements of the Listing Agreement with the stock exchanges and requirements of securities laws including SEBI (Prohibition of Insider Trading) Regulations, 1992.

Nature of Complaints and Redressal Status

To provide an appropriate disclosure of the investor complaint, the Company has formed and adopted a policy on classification of investor communications. The Policy endeavours to differentiate between general shareholders communications and complaints and has been duly approved by the stakeholders' relationship committee.

During the FY 2013-14, the complaints and queries received by the Company were general in nature, which include issues relating to non-receipt of dividend warrants, shares and Annual Reports and others, which were resolved to the satisfaction of the shareholders.

Details of the investors' complaints, as on March 31, 2014 are as follows:

Type of complaint	Number	Redressed	Pending
Non-receipt of securities	0	0	Nil
Non-receipt of Annual Report	0	0	Nil
Non–receipt of dividend / dividend warrants	13	13	Nil
Miscellaneous	1	1	Nil
Total	**14**	**14**	**Nil**

The Company has a dedicated e-mail id, compliance.officer@bharti.in for redressal of investor grievances. The investors may send their queries / complaints at this email ID.

Committee of Directors

To cater to various day-to-day requirements and to facilitate seamless operations, the Company has formed a functional committee known as the Committee of Directors. The Committee meets generally on a monthly basis.

Key Responsibilities of the Committee of Directors (within the limit approved by the Board)

Investment Related

- To grant loans to anybody corporate / entity.
- To give guarantee(s) in connection with loan made to anybody corporate / entity.
- To negotiate, finalise, amend, modify, approve and accept the terms and conditions with respect to aforesaid loans and / or guarantee(s) from time to time.
- To purchase, sell, acquire, subscribe, transfer, sale or otherwise deal in the shares / securities of any Company, body corporate or other entities.

Treasury Related

- To borrow such sum of money as may be required by the Company from time to time provided that the money already borrowed, together with the money to be borrowed by the Company does not exceed the limits provided under Section 180 of the Companies Act, 2013 (corresponding to Section 293(1)(d) of the Companies Act, 1956) i.e. upto the paid up capital and free reserve of the Company.
- To create security / charge(s) on all or any of the assets of the Company for the purpose of securing credit facility (ies) of the Company.
- To deal in government securities, units of mutual funds, fixed income and money market instruments, fixed deposits & certificate of deposit programme of banks and other instruments / securities / treasury products of banks & financial institutions as per treasury policy of the Company.
- To deal in foreign exchange and financial derivatives linked to foreign exchange and interest rates including, but not limited to foreign exchange spot, forwards, options, currency swaps and interest rate swaps.
- To open, operate, close, change in authorisation for any bank account, Subsidiary General Ledger (SGL) Account, Dematerialisation / Depository Account.
- To approve, finalise and authorise the execution of any deed, document, letter or writing in connection with the aforesaid activities including borrowing / credit facilities, creation of charge.

Allotment of Shares

- Issue and allot shares of the Company in one or more tranches as per the terms of the ESOP Schemes for the time being in force or upon conversion of Foreign Currency Convertible Bonds issued by the Company.
- To seek listing of shares issued as above on one or more stock exchanges in India and all such shares being pari-passu with the existing equity shares of the Company in all respects.
- To do all such acts, deeds and things, as may be necessary and incidental to allotment and listing of shares.

General Authorisations

- To open, shift, merge, close any branch office, circle office.
- To approve for participation into any tender, bid, auction by the Company.
- To register the Company with any Central / State Government authorities, Semi-Government authorities, local authorities, tax authorities including sales tax, service tax, value added tax authorities, labour law authorities, administrative authorities, business associations and other bodies.
- To purchase, sell, take on lease / license, transfer or otherwise deal with any property.
- To apply for and surrender any electricity, power or water connection.
- To appoint any Merchant Banker, Chartered Accountant, Advocate, Company Secretary, Engineer, Technician, Consultants and / or Professionals for undertaking any assignment for and on behalf of the Company.
- To constitute, reconstitute, modify, dissolve any trust or association with regard to the administrative matters or employee related matters and to appoint, reappoint, remove, replace the trustees or representatives.
- To authorise one or more employee(ies), officer(s), representative(s), consultant(s), professional(s), or agent(s) jointly or severally to:
  - represent the Company before Central Government, State Governments, Judicial, Quasi-judicial and other statutory / administrative authorities or any other entity.
  - negotiate, finalise, execute, modify, sign, accept, and withdraw all deed, agreements, undertakings, certificates, applications, confirmations, affidavits, indemnity bonds, surety bonds, and all other documents and papers.
  - affix common seal of the Company.

- enter into, sign, execute and deliver all contracts for and on behalf of the Company.

- To do all such acts, deeds and things as may be required for the smooth conduct of the operations of the Company and which does not require the specific approval of the Board of the Company or which has specifically been delegated by the Board to any other committee of the Board or any officer, employee or agent of the Company.
- To perform such other functions as may be authorised / delegated by the Board or as might have been authorised / delegated to the erstwhile Borrowing Committee, Investment Committee, Committee of Director or the Allotment Committee.
- To authorise / delegate any or all of its power to any person, officer, representative to do any act, deed or thing as may be required to be done to give effect to the aforementioned resolution.

Technology Committee

During the year, the Board of Directors, in its meeting held on October 28-29, 2013 had constituted a Technology Committee. The Committee comprises four members - Ben Verwaayen, Independent Director, is the Chairman of the Committee. The Chief IT Officer and Director – NSG are the permanent invitees to the meetings of the Committee. The Company Secretary acts as a secretary to the Committee.

Key Responsibilities of the Technology Committee

- Review the Company's strategy and approach to technology and innovation including its impact on the Company's performance, growth and competitive position.
- Oversee the Company's investments in technology and software, including through acquisition and other business development activities.
- Ensure that the Company adopts the industry's best practices and is future ready.
- Establish and maintain relationships with key technology partner of the Company.
- Appraise and critically review the financial, tactical and strategic benefits of proposed major IT-related projects and technology architecture alternatives.

Meetings, Attendance and Composition of Technology Committee

During the FY 2013-14, the Committee met once on January 28, 2014. The Composition and the attendance of the members at the meetings held during the FY 2013-14, are given below:

Member Director	Position held	Number of meetings Attended (total held)
Mr. Ben Verwaayen	Chairman	1 (1)
Mr. Christian De Faria[1]	Member	1 (1)
Mr. Manoj Kohli	Member	1 (1)
Mr. Gopal Vittal	Member	1 (1)

1. Appointed as a member of the Committee w.e.f. January 28, 2014.

Corporate Social Responsibilities (CSR) Committee

In compliance with the requirements of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. The Company supervises and supports the Company's corporate social responsibilities and share growth management activities.

The Committee comprises four members, Rajan Bharti Mittal, Non-Executive Director, is the Chairman of the Committee. The Company Secretary acts as a secretary to the Committee.

Key Responsibilities of the CSR Committee

- Formulate, monitor and recommend to the Board CSR Policy and the activities to be undertaken by the Company.
- Recommend the amount of expenditure to be incurred on the activities undertaken.
- Review the performance of the Company in the area of CSR.
- Evaluate social impact of the Company's CSR activities.
- Review the Company's disclosure of CSR matters including any annual social responsibility report.
- Review the following, with the management, before submission to the Board for approval
  - The Business Responsibility (BR) Report
  - CSR Report
  - Annual Sustainability Report
- Formulate and implement the BR policies with the consultation of the respective stakeholders.
- Establish a monitoring mechanism to ensure that the funds contributed by the Company are spent by Bharti Foundation or any other charitable organisation to which the Company makes contribution, for the intended purpose only.
- Approve the appointment or re-appointment of Directors responsible for Business Responsibility.
- Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the Listing Agreement, Corporate Social Responsibility Voluntary Guidelines, 2009 and the Companies Act, 2013.

Composition of CSR Committee

Member Director	Category
Mr. Rajan Bharti Mittal (Chairman)	Non-Executive Director
Mr. Ajay Lal	Independent Director
Mr. Manoj Kohli	Non-Executive Director
Mr. Gopal Vittal	Executive Director

Airtel Corporate Council (ACC)

Airtel Corporate Council is a non-statutory committee of the Board and has been constituted for strategic management and supervision of the Company's operations within the approved framework.

The Committee comprises seven members. Sunil Bharti Mittal, is the Chairman of the Committee. The Company Secretary acts as a secretary to the Committee.

Key Responsibilities of the ACC Committee

- Strategic Management and supervision of Company's business.
- Formulation of Company's business plan including objectives and strategies, capex, and investments.
- Formulation of organisation policies, systems and processes concerning the operations of the Company.
- Review and monitor implementation of plans / strategies.
- Review the business wise performance against approved plans of revenue, costs, profits, balance sheet, borrowings and investments, including strategy implementation.
- Appointment, remuneration, promotion, termination, career & succession planning and all employment related matters of the AMB and AIMB members (other than Chairman, MD & JMD).
- Approval of the variation in the Approved Annual Operation Plan up to 5% negative deviation.
- Approval of overall rewards strategy for the Company and its funding cost.
- Approval of performance target for the purpose of performance bonus and long term incentive plans in respect of regions, segments and concerned business units.
- Review and approval of all strategic consulting assignment.
- Review and recommend for approval all items / proposals relating to restructuring, new line of business, investments, financial restructuring, General Reserved Matters (as referred in Article 125 (ii) of Articles of Association of the Company) and other matters which require approval of the Board.
- Acquisition, disposal, transfer of any immovable property of value exceeding any amount in excess of the duly approved respective DoA's.
- Review with the Auditors the Internal Audit Reports and special audit reports.
- Formation, modification, withdrawal, implementation of systems policies, control manuals and other policy frameworks for operational efficiency and risk management.
- Approval of major legal initiatives including commencement of legal action against Government / Quasi Government authorities.
- Write off advances, receivables, claims and any other amounts in excess of the duty authorised respective DoA's.
- Entry or exit into new sub line of business / product line / major activity in any manner whatsoever.
- Change of Company's brand name, logo, trade mark.
- Approval for charitable donations within the overall limit set by the Board.
- Approval for contribution to any political party / political trust within the overall limit set by the Board.
- Nomination of Director / representative on the subsidies and joint ventures.
- Reviewing all major pending legal cases and related matters.

Powers of ACC in respect of the Subsidiaries and their step down Subsidiaries (Other than listed subsidiaries)

- Formulation of business plan, including and strategic initiative, investments, capex, borrowing including refinancing and extension etc.
- Nomination of the respective subsidiaries nominee on Board of other companies.
- Entry into / exit from business / major business activities, in any manner whatsoever, including purchase, sale, lease, franchise etc.

Subsidiary Companies

Since Bharti Infratel Limited, the Company's material Indian subsidiary, is now listed on the stock exchanges w.e.f. December 28, 2012, the Company is no more required to nominate a Director on the Board of Bharti Infratel.

General Body Meetings

The last three Annual General Meetings (AGMs) were held as under:

Financial Year	Location	Date	Time
2012-2013	Air Force Auditorium, Subroto Park, New Delhi-110010	September 5, 2013	1530 Hrs. (IST)
2011-2012		September 6, 2012	1530 Hrs. (IST)
2010-2011		September 1, 2011	1530 Hrs. (IST)

Special Resolutions Passed at the Last Three AGMs

No special resolution was passed in any of the last three AGMs held on September 1, 2011, September 6, 2012 and September 5, 2013.

No special resolution is proposed to be passed at the ensuing AGM.

Extra-Ordinary General Meeting

An Extra-Ordinary General Meeting of the members was held on Wednesday, June 5, 2013 at 10.30 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110010 to pass a Special Resolution for Preferential Allotment of Equity Shares and for amendment in Articles of Association of the Company.

Postal Ballot / E-voting

During the previous year, the Company had passed the Ordinary Resolution for Sale of Data Centre and Managed Services Business to Nxtra Data Limited, a Wholly Owned Subsidiary of Bharti Airtel Limited through postal ballot / e-voting on Monday, September 30, 2013.

Person Conducting the Postal Ballot Exercise

Mr. Gopal Vittal, Joint Managing Director & CEO (India) and Mr. Mukesh Bhavnani, Group General Counsel & Company Secretary were appointed as persons responsible for the entire postal ballot / e-voting process. Mr. Sanjay Grover of M/s. Sanjay Grover & Associates, Company Secretaries, New Delhi was appointed as Scrutiniser for the postal ballot voting process. Mr. Sanjay Grover, Practicing Company Secretary conducted the process and submitted the report to the Company.

Procedure Followed

I. The Company issued the postal ballot notice dated July 31, 2013 containing draft resolutions together with the explanatory statements and the postal ballot forms and self-addressed envelopes to the members whose names appeared in the register of members as on Friday, August 23, 2013 and other concerned.

II. Members were advised to read carefully the instructions printed on the postal ballot form and return the duly completed form in the attached self-addressed envelope so as to reach the Scrutiniser on or before the close of business hours on Saturday, September 28, 2013. The members who opted for the e-voting could vote on or before the business hours, i.e. 6.30 P.M. on Saturday, September 28, 2013.

III. After due scrutiny of all the postal ballot forms / e-voting received up to the close of the working hours on Saturday, September 28, 2013. The Scrutiniser submitted his final report on Monday, September 30, 2013.

IV. The results of the postal ballot / e-voting was declared on Monday, September 30, 2013. The date of declaration of the results of the postal ballot was taken as the date of passing of the resolution.

V. The result of the postal ballot was published in the newspapers within 48 hours of the declaration of the results and were also placed on the website of the Company at www.airtel.com.

Details of Voting Pattern

After scrutinising all the ballot forms received, the Scrutiniser reported as under:

Ordinary Resolution for Slump Sale of Data Centre and Managed Services Business to Nxtra Data Limited, a Wholly Owned Subsidiary of Bharti Airtel Limited

No. of Valid Votes	Votes cast in favour of the resolution (no. & % age)	Votes cast against the resolution (no. & %age)
3,266,523,307	3,263,418,413 (99.90%)	3,104,894 (0.10%)

Disclosures

Disclosure on Materially Significant Related Party Transactions

The required statements / disclosures, with respect to the related party transactions, are placed before the Audit Committee as well as to the Board of Directors, on quarterly basis in terms of Clause 49(IV)(A) of the Listing Agreement and other applicable laws for approval / information.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of members is drawn to the disclosure of transactions with the related parties set out in Note No. 48 of the Standalone Financial Statements, forming part of the Annual Report.

The Company's major related party transactions are generally with its subsidiaries and associates. These transactions are entered into based on consideration of various business exigencies such as synergy in operations, sectoral specialisation, liquidity and capital resource of subsidiary and associates and all are on an arm's length basis.

Disclosure on Risk Management

In compliance with Clause 49 of the Listing Agreement, the Company has established an enterprise-wide risk management (ERM) framework to optimally identify and manage risks as well as to address operational, strategic and regulatory risks. In line with the Company's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach to evaluate and managing risks. Risk assessment monitoring is included in the Company's annual Internal Audit programme and received by the Audit Committee at regular intervals.

The Board is periodically updated on the key risks and the steps and processes initiated for reducing and, if feasible, eliminating various risks. Business risk evaluation and management is an ongoing process within the Company.

Detailed update on risk management framework has been covered under the risk section forming apart of the Management Discussion and Analysis.

Details of Non-compliance with regard to the Capital Market

There have been no instances of non-compliances by us and no penalties and / or strictures have been imposed by stock exchanges or SEBI or any statutory authority on any matter related to the capital markets during the last three years.

CEO and CFO Certification

The certificate required under Clause 49(V) of the Listing Agreement duly signed by the CEO and CFO was placed before the Board. The same is provided as annexure A to this report.

Compliance with the Mandatory Requirements of Clause 49 of the Listing Agreement

Bharti Airtel has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under the Listing Agreement. It has obtained a certificate affirming the compliances from M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, Gurgaon, the Company's Statutory Auditors and the same is attached to the Directors' Report.

Adoption of Non-mandatory Requirements of Clause 49 of the Listing Agreement

The Company has adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement:

- **Remuneration Committee**

  The Company has a remuneration committee, which is known as HR and Nomination committee of the Board of Directors. A detailed note on the HR and Nomination Committee has been provided in the Board Committees' section of this report.

- **Shareholders' Rights and Auditors' Qualification**

  The Company has a policy of announcement of the audited quarterly results. The results, as approved by the Board of Directors (or Committee thereof) are first submitted to the stock exchanges within 15 minutes of the approval of the results. Once taken on record by the stock exchanges, the same are disseminated in the media through press release.

  During the previous financial year, none of the Auditors' Reports on quarterly results were qualified.

  On the day of announcement of the quarterly results, an earnings call is organised where the management responds to the queries of the investors / analysts. These calls are webcast live and transcripts posted on the website. In addition, discussion with the management team is webcast and also aired on the electronic media.

- **Ombudsperson Policy**

  Bharti Airtel has adopted an Ombudsperson Policy (includes Whistle Blower Policy). It outlines the method and process for stakeholders to voice genuine concerns about unethical conduct that may be in breach the employees' Code of Conduct. The policy aims to ensure that genuine complainants can raise their concerns in full confidence, without any fear of retaliation or victimisation. The Ombudsperson administers a formal process to review and investigate any concerns raised. It also undertakes all appropriate actions required to resolve the reported matter. Instances of serious misconduct dealt with by the Ombudsperson are reported to the Audit Committee. All the employees of the Company as well as vendors / partners and any person that has a grievance (excluding standard customer complaints) has full access to the Ombudsperson through phones, emails or even meetings in person.

- **Compliance with the ICSI Secretarial Standards**

  The Company has substantially complied with the Secretarial Standards as laid down by the Institute of Company Secretaries of India (ICSI).

- **Memorandum and Articles of Associations**

  The updated Memorandum and Articles of Association of the Company are uploaded on the Company's website in the Investor Relations section.

Adoption of International Financial Reporting Standards

Till 2009-2010, beside preparing the Indian GAAP (IGAAP) consolidated financial statements as per statutory requirements, the Company also used to prepare the financial statements under US GAAP voluntarily, which were audited by Ernst & Young. In April 2010, the stock exchanges had amended Clause 41 of the Listing Agreement and permitted the companies to prepare their consolidated financial statements. The statements needs to be prepared in accordance with IFRS in place of IGAAP from FY 2010-11. The Ministry of Corporate Affairs, Government of India, has also issued a detailed roadmap for convergence of the IGAAP with IFRS. In line with the philosophy of the Government and amendment in the Listing Agreement, the Company has voluntarily migrated to IFRS accounting and accordingly the consolidated financial statements have been prepared under IFRS from FY 2010-11 onwards.

Green Initiatives by MCA

To protect the environment, the Company has decided to send all future communications through email to those shareholders, who have registered their email id with their depository participant's / company's registrar and share transfer agent in compliance with the provisions of Section 20 of the Companies Act, 2013 (Corresponding to Section 53 of the Companies Act, 1956). In case the shareholders desire to receive printed copy of such communications, they may send requisition to the Company. The Company will forthwith send a printed copy of the communication to the respective shareholder.

Status of Dividend Declared

The Company declared its maiden dividend in August 2009 for the FY 2008-09. Status of the dividend declared by the Company for the last five years is as under.

Amount in ₹ Millions

Financial Year	Rate of Dividend	Total Pay-out	Amount Paid to the shareholders	Amount un-paid to the shareholders
2012-13	₹ 1 per equity share of ₹ 5 each	3797.53	3791.05 (99.83%)	6.48 (0.17%)
2011-12	₹ 1 per equity share of ₹ 5 each	3797.53	3790.78 (99.82%)	6.75 (0.18%)
2010-11	₹ 1 per equity share of ₹ 5 each	3797.53	3791.13 (99.83%)	6.40 (0.17%)
2009-10	₹ 1 per equity share of ₹ 5 each	3797.53	3790.09 (99.80%)	7.44 (0.20%)
2008-09	₹ 2 per equity share of ₹ 10 each	3796.48	3790.39 (99.84%)	6.09 (0.16%)

The Company constantly endeavours to reduce the unpaid dividend amount. The Shareholders who have not claimed their dividend for the above financial years are requested to contact the Company or its Share Transfer Agent.

Equity Shares in the Suspense Account

In terms of Clause 5A(II) of the Listing Agreement, the Company reports the following details in respect of equity shares lying in the suspense accounts which were issued in physical form:

Particulars	Number of Shareholders	Number of equity shares
Number of shareholders and aggregate number of shares transferred to the Unclaimed Suspense Account during the year	8	21
Number of shareholders who approached the Company for transfer of shares and shares transferred from suspense account during the year	Nil	Nil
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2014	8	21

The voting rights on the shares in the suspense accounts as on March 31, 2014 shall remain frozen till the rightful owners of such shares claim the shares.

Means of Communication

Quarterly Results: The Company's quarterly audited Results are published in prominent daily newspapers, viz. Mint (English daily) and Hindustan (vernacular newspaper) and are also posted on the Company's website.

Earning Calls & Presentations to Analysts: The Company organises an earnings call with analysts and investors on the day of announcement of results, which is also broadcast live on the Company's website. The transcript is posted on the website soon after. Any specific presentation made to the analysts / others is also posted on the website.

Website: Up-to-date financial results, annual reports, shareholding patterns, official news releases, financial analysis reports, latest presentation made to the institutional investors and other general information about the Company are available on the its website www.airtel.com.

Since the time of listing of shares, Bharti Airtel adopted a practise of releasing a quarterly report, which contains financial and operating highlights, key industry and Company developments, results of operations, stock market highlights, non-GAAP information, ratio analysis, summarised financial statements and so on. The quarterly reports are posted on the Company's website and are also submitted to the stock exchanges where the Company's shares are listed.

General Shareholders' Information

19th Annual General Meeting

Date	:	September 1, 2014
Day	:	Monday
Time	:	3.30 p.m.
Venue	:	Air Force Auditorium, Subroto Park, New Delhi – 110 010

Financial Calendar

(Tentative Schedule, subject to change)

Financial year	:	April 1 to March 31 Results for the quarter ending
June 30, 2014	:	July 29, 2014, (Tuesday)
September 30, 2014	:	October 30, 2014, (Thursday)
December 31, 2014	:	February 4, 2015, (Wednesday)
March 31, 2015	:	April 28, 2015 (Tuesday)

Book Closure

Saturday, August 23, 2014 to Monday, September 1, 2014
(both days inclusive)

Dividend

₹ 1.80 per share of ₹ 5 each
(i.e. 36% on the face value of the shares)

Dividend Pay-out Date

On or after September 1, 2014 (within the statutory time limit of 30 days i.e. up to September 30, 2014), subject to the approval of the shareholders

Plant Locations

Being a service provider company, Bharti Airtel has no plant locations. However, Circle Office addresses of the Company are provided at the end of the Annual Report.

Equity Shares Listing, Stock Code and Listing Fee Payment

Name and Address of the Stock Exchange	Scrip code	Status of fee paid
National Stock Exchange of India Limited Exchange Plaza' 'C-1 Block G Bandra Kurla Complex, Bandra (E), Mumbai – 400001	BHARTIARTL	Paid
The BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001	532454	Paid

The Company de-listed its shares from the Delhi Stock Exchange Association Limited (Regional) during the FY 2003-04.

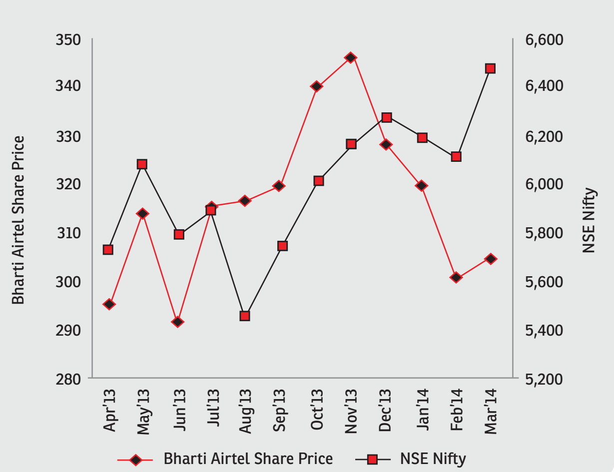
Stock Market Data for the Period April 1, 2013 to March 31, 2014

Month	NSE			BSE		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
Apr-13	324.15	266.55	81,930,998	324.25	266.95	7,237,260
May-13	332.80	294.65	87,542,440	332.20	294.80	5,559,683
Jun-13	308.50	274.25	93,584,419	308.30	274.50	4,272,825
Jul-13	348.00	282.80	96,464,232	348.30	283.80	7,153,848
Aug-13	354.00	279.20	13,817,426	354.00	279.25	6,338,813
Sep-13	358.75	280.50	11,157,553	358.75	281.00	7,426,980
Oct-13	370.50	309.00	94,386,182	369.85	309.25	9,349,313
Nov-13	373.80	318.55	81,658,937	373.50	318.90	5,325,393
Dec-13	344.00	311.50	79,713,464	342.95	312.25	5,932,639
Jan-14	339.00	300.10	107,896,213	339.70	291.25	6,704,453
Feb-14	319.45	281.90	118,381,929	319.30	282.10	8,382,857
Mar-14	327.20	281.90	116,284,722	327.00	282.30	5,616,177

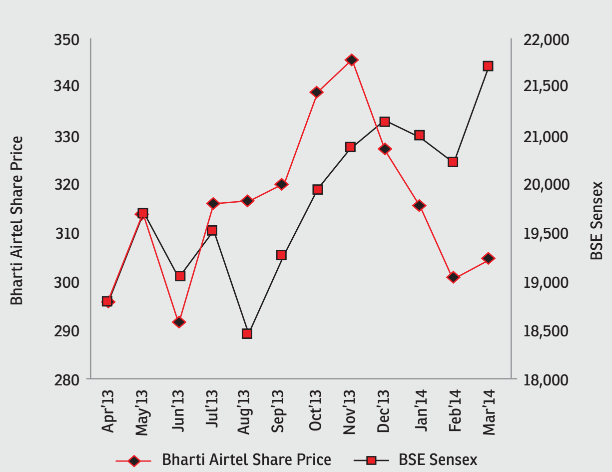
Source: www.nseindia.com

Source: www.bseindia.com

BHARTI AIRTEL SHARE PRICE Vs. NSE NIFTY



BHARTI AIRTEL SHARE PRICE Vs. BSE SENSEX



Share Transfer System

As much as 99.86% of the Company's equity shares are in electronic format. These shares can be transferred through the depositories without the Company's involvement.

Transfer of shares in physical form is processed within 15 days from the date of receipt, provided the documents are complete in all respects. All transfers are first processed by the Transfer Agent and are submitted thereafter to the Company for approval. However, the Transfer Agent has been authorised to transfer minor shareholding up to 50 shares without the Company's involvement. Pursuant to Clause 47(c) of the Listing Agreements, we obtain certificates from a practising Company Secretary on half-yearly basis to the effect that all the transfers are completed in the statutorily stipulated period. A copy of the certificate so received is submitted to both stock exchanges, where the Company's shares are listed.

Distribution of Shareholding

By number of shares held as on March 31, 2014

Sl. no.	Category (by no. of shares)	No. of shareholders	% to holders	No. of shares	% of shares
1	1 - 5000	276,837	99.31	34,822,831	0.87
2	5001 - 10000	587	0.21	4,296,508	0.11
3	10001 - 20000	334	0.12	4,807,426	0.12
4	20001 - 30000	135	0.05	3,299,574	0.08
5	30001 - 40000	86	0.03	2,989,553	0.07
6	40001 - 50000	59	0.02	2,670,707	0.07
7	50001 - 100000	142	0.05	10,266,134	0.26
8	100001 - above	594	0.21	3,934,247,369	98.42
	Total	**278,774**	**100 %**	**3,997,400,102**	**100 %**

By category of holders as on March 31, 2014

Sl. no.	Category		No. of shares	%age of holding
I	**Promoter and Promoter Group**			
	(i)	Indian promoters	1,745,595,460	43.67
	(ii)	Foreign promoters	865,673,286	21.66
	Total Promoters Shareholding		**2,611,268,746**	**65.32**
II	**Public Shareholding**			
	(A)	**Institutional Investors**		
	(i)	Mutual Funds and Unit Trust of India	98,510,288	2.46
	(ii)	Financial Institutions and Banks	3,262,189	0.08
	(iii)	Insurance companies	209,160,055	5.23
	(iv)	Foreign Institutional Investors	655,170,258	16.39
	(B)	**Others**		
	(i)	Bodies Corporate (Indian)	152,631,387	3.82
	(ii)	Bodies Corporate (Foreign)	204,952,716	5.13
	(iii)	Trusts	5,261,543	0.13
	(iv)	NRIs / OCBs / Foreign Nationals / QFI	2,606,949	0.07
	(v)	Indian Public & Others	54,575,971	1.37
	Total Public Shareholding		**1,386,131,356**	**34.68**
	Total Shareholding		**3997400102**	**100**

Top 10 Shareholders as on April 25, 2014

Sl. No.	Holders*	Shareholding	%
1	Bharti Telecom Limited	1,747,545,460	43.72
2	Pastel Limited	591,319,300	14.79
3	Indian Continent Investment Limited	265,860,986	6.65
4	Three Pillars Pte Ltd.	199,870,006	5.00
5	Life Insurance Corporation of India	135,289,153	3.38
6	ICICI Prudential Life Insurance Company Limited	50,109,102	1.25
7	Dodge and Cox International Stock Fund	39,912,904	1.00
8	Goldman Sachs (Singapore) Pte.	38,027,678	0.95
9	Skagen Kon-Tiki Verdipapirfond	31,881,489	0.80
10	Emerging Markets Growth Fund, Inc.	30,791,797	0.77
	Total	**3,130,607,875**	**78.32%**

*includes shares held in different accounts

Dematerialisation of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialised form and are available for trading with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders can hold the Company's shares with any of the depository participants registered with these depositories. ISIN for the Company's shares is INE 397D01024.

The Company's equity shares are frequently traded at the BSE Limited and the National Stock Exchange of India Limited.

Communication Addresses

	Contact	Email	Address
For Corporate Governance and Other Secretarial related matters	**Mr. Mukesh Bhavnani** Group General Counsel and Company Secretary	compliance.officer@bharti.in	**Bharti Airtel Limited** Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase - II New Delhi 110 070 Ph No. +91 11 46666100 Fax No. +91 11 46666137 Website: www.airtel.com
For queries relating to Financial Statements	**Mr. Harjeet Kohli** Corporate Head - Treasury & Investor Relations	ir@bharti.in	
For Corporate Communication related matters	**Mr. Raza Khan** Head – Group Corporate Communications	corporate.communications@bharti.in	
Registrar & Transfer Agent	**Karvy Computershare Pvt. Ltd.**	einward.ris@karvy.com	Plot No. 17-24, Vittal Rao Nagar Madhapur Hyderabad 500 081 Ph No. 040-23420815-821 Fax No. 040-23420814 Website: www.karvy.com Toll Free No. 1-800-3454001

Annexure A

Declaration

I hereby confirm that the Company has received from all the members of the Board and Senior Management, for the financial year ended March 31, 2014, a confirmation that they are in compliance with the Company's Code of Conduct.

For **Bharti Airtel Limited**

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

Date: April 29, 2014
Place: Gurgaon

Annexure B

Chief Executive Officer (CEO) / Chief Financial Officer (CFO) certification

We, Gopal Vittal, Managing Director & CEO (India & South Asia) and Srikanth Balachandran, Global Chief Financial Officer of Bharti Airtel Limited, to the best of our knowledge and belief hereby certify that:

(a) We have reviewed the financial statements and the cash flow statements for the year ended March 31, 2014 and:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are no transactions entered into by the Company during the period that are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

(i) Significant changes in the internal control over financial reporting during the year;

(ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Srikanth Balachandran
Global Chief Financial Officer

Date: April 29, 2014
Place: Gurgaon

Annual Secretarial Audit Report for Shareholders

To,

The Board of Directors
Bharti Airtel Limited
Bharti Crescent,
1, Nelson Mandela Road
VasantKunj, Phase II,
New Delhi – 110070

We have examined the registers, records and documents of Bharti Airtel Limited (the Company) for the financial year ended March 31, 2014 in the light of the provisions contained in:

- The Companies Act, 1956 and the Rules made thereunder;
- The Depositories Act, 1996 and the Regulations made thereunder;
- The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines 1999;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1992; and
- The Listing Agreement entered into by the Company with stock exchanges having nation-wide trading terminals;

A. Based on our examination and verification of the records made available to us and according to the clarifications and explanations given to us by the Company, we report that the Company has, in our opinion, complied with all the applicable provisions of the Companies Act, 1956 and the rules made thereunder, other applicable provisions of various Acts and the Rules, Regulations and Guidelines made thereunder, Listing Agreement as mentioned above and of the Memorandum and Articles of Association of the Company, with regard to:

1) Maintenance of various statutory and non-statutory registers and documents and making necessary changes therein as and when the occasion demands.
2) Filing with the Registrar of Companies the forms, returns and resolutions.
3) Service of the requisite documents by the Company on its members, Registrar and Stock Exchanges.
4) Composition of the Board, appointment, retirement and resignation of Directors.
5) Remuneration of Executive and Non-Executive Directors.
6) Service of notice and agenda of Board meetings and meetings of the Committee of Directors.
7) Meeting of the Board and its committees.
8) Holding Annual General Meetings and production of the various registers thereat.
9) Recording the minutes of proceedings of Board meetings, committee meetings and general meetings.
10) Appointment and remuneration of Auditors.
11) The Company has declared dividend and paid to the eligible shareholders in compliance with the provisions of Section 205 of the Companies Act, 1956 during the year.
12) Registration of transfer of shares held in physical mode.
13) Dematerialisation and Rematerialisation of shares.
14) Execution of contracts, affixation of common seal, registered office and the name of the Company.
15) Conferment of options and transfer of shares under the Employee Stock Option Scheme of the Company.
16) Requirement of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) regulations, 2011.
17) Requirement of the Securities and Exchange Board of India (Prohibition of Insider Trading regulations), 1992
18) Requirements set out in the Listing Agreement with the stock exchanges having nation-wide trading terminals.

B. We further report that the Company has complied with various requirements relating to disclosures, declarations made by the Directors with respect to directorships, memberships of committees of the Board of Companies of which they are Directors, their shareholding and interest of concern in the contracts entered into by the Company in pursuing its normal business.

For **Chandrasekaran Associates**
Company Secretaries

Rupesh Agarwal
Partner
ACS No. 16302
CP No. 5673

Place: Delhi
Date: April 23, 2014

Standalone
Financial Statements

Independent Auditor's Report

To the Members of Bharti Airtel Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Bharti Airtel Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to 26(ii)(g)(vii) to the financial statements which describe the uncertainties related to the legal outcome of Department of Telecommunications' demand with respect to One Time Spectrum Charge. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;

   (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: April 29, 2014

Independent Auditor's Report

Annexure referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' our report of even date

Re: BHARTI AIRTEL LIMITED ('the Company')

(i) (a) The Company has maintained proper records showing full particulars with respect to most of its fixed assets, *however, is in the process of updating* quantitative and situation details with respect to certain fixed assets in the records maintained by the Company.

(b) The Company has physical verification program of covering all fixed assets over a period of three years. Pursuant to the program, during the year, a substantial portion of planned physical verification of fixed assets and capital work in progress has been conducted which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, Clause (iii) of the Companies (Auditor's Report) Order, 2003, (as amended) is not applicable to the Company for the current year and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of proprietary nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have neither observed nor have been informed of any major weakness or continuing failure to correct any major weaknesses in the aforesaid internal control system.

(v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of Clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of accounts maintained by Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of records with a view to determine whether they are accurate or complete.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty and cess and other material statutory dues applicable to it. The provisions relating to excise duty is not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, cess and other material undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Independent Auditor's Report

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty and cess on account of any dispute, are as follows:

Name of Statutes	Nature of the Dues	Amount Disputed (in ₹ Mn)	Period to which it relates	Forum where the dispute is pending
Andhra Pradesh VAT Act	Sales Tax	26	2007-10	Commercial tax Officer
Andhra Pradesh VAT Act	Sales Tax	4	2006-07	Deputy Commissioner
Andhra Pradesh VAT Act	Sales Tax	1	2005-06	Deputy Commissioner, Commercial Taxes
Bihar Value Added Sales Tax Act	Sales Tax	34	2007-08	Asst Commissioner
Bihar Value Added Sales Tax Act	Sales Tax	20	2006-08	Commissioner
Bihar Value Added Sales Tax Act	Sales Tax	16	2012-13	High court
Bihar Value Added Sales Tax Act	Sales Tax	11	2005-07	Tribunal
Gujarat Sales Tax Act	Sales Tax	1	2006-07	Assistant Commissioner
Himachal Pradesh Value Added Tax Act	Sales Tax	1	1999-02	Additional Commissioner
J&K General Sales Tax	Sales Tax	34	2004-07	High Court, Jammu & Kashmir
Karnataka Sales Tax Act	Sales Tax	291	2005-06	Assistant Commissioner
Karnataka Sales Tax Act	Sales Tax	1	2001-06	Commercial tax Officer
Kerala Sales Tax Act	Sales Tax	5	2005-06	Commissioner (Appeals)
Kerala Sales Tax Act	Sales Tax	2	2005-13	Commercial tax Officer
Kerala Sales Tax Act	Sales Tax	11	2005-06	Deputy Commissioner, Appeal
Kerala Sales Tax Act	Sales Tax	0	2009-13	Intelligence Officer Squad
Kerala Sales Tax Act	Sales Tax	2	2002-05	Tribunal
Madhya Pradesh Commercial Sales Tax Act	Sales Tax	6	2008-11	Appellate authority
Madhya Pradesh Commercial Sales Tax Act	Sales Tax	0	2005-07	Assistant Commissioner
Madhya Pradesh Commercial Sales Tax Act	Sales Tax	0	2004-08	Commercial tax Officer
Madhya Pradesh Commercial Sales Tax Act	Sales Tax	18	2006-10	Deputy Commissioner
Madhya Pradesh Commercial Sales Tax Act	Sales Tax	22	1997-04	Deputy Commissioner, Appeal
Maharashtra Sales Tax Act	Sales Tax	9	2003-04	High Court, Mumbai
Maharashtra Sales Tax Act	Sales Tax	0	2003-04	Joint Commissioner, Appeal
Orissa Value Added Tax Act	Sales Tax	1	2006-07	Additional Commissioner
Punjab Sales Tax Act	Sales Tax	0	2009-10	Commissioner
Punjab Sales Tax Act	Sales Tax	30	2003-04	High Court
Punjab Sales Tax Act	Sales Tax	1	2002-03	Jt. Director(Enforcement)
Punjab Sales Tax Act	Sales Tax	1	2008-10	Tribunal
UP VAT Act	Sales Tax	21	2002-12	Assessing officer

Independent Auditor's Report

Name of Statutes	Nature of the Dues	Amount Disputed (in ₹ Mn)	Period to which it relates	Forum where the dispute is pending
UP VAT Act	Sales Tax	21	2002-05	Assistant Commissioner
UP VAT Act	Sales Tax	2	2005-10	Commercial tax Officer
UP VAT Act	Sales Tax	6	2008-11	High court
UP VAT Act	Sales Tax	1	2003-09	Joint Commissioner Appeal
UP VAT Act	Sales Tax	12	2005-07	Tribunal
West Bengal Sales Tax Act	Sales Tax	0	1996-98	Assistant Commissioner
West Bengal Sales Tax Act	Sales Tax	0	1995-96	Commercial tax Officer
West Bengal Sales Tax Act	Sales Tax	11	2005-08	Revision Board
West Bengal Sales Tax Act	Sales Tax	1	2011-12	Tribunal
Sub Total (A)		**624**		
Finance Act, 1994 (Service tax provisions)	Service Tax	301	2004-08	High Court
Finance Act, 1994 (Service tax provisions)	Service Tax	25	1999-07	Commissioner Adjudication
Finance Act, 1994 (Service tax provisions)	Service Tax	1	2003-06	Commissioner Appeal
Finance Act, 1994 (Service tax provisions)	Service Tax	22	2002-07	High court
Finance Act, 1994 (Service tax provisions)	Service Tax	5	1995-97	Supreme Court
Finance Act, 1994 (Service tax provisions)	Service Tax	9,720	1995-10	Tribunal
Sub Total (B)		**10,074**		
Income Tax Act, 1961	Income Tax	6	2002-04	Supreme Court
Income Tax Act, 1961	Income Tax	2,330	1996-97; 2001-02, 2003-10	High Court
Income Tax Act, 1961	Income Tax	17,337	2003-04 to 2009-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	5,491	1995-2003; 2004-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	12,977	1994-95; 1996-98; 2005-13	Assessing Officer
Sub Total (C)		**38,141**		
Custom Act, 1962	Custom Act	4,329	2001-06	Supreme Court
Custom Act, 1962	Custom Act	134	2006-10	Tribunal
Sub Total (D)		**4,463**		

The above mentioned figures represent the total disputed cases without any assessment of Probable, Possible and Remote, as done in case of contingent liabilities. Of the above cases, total amount deposited in respect of sales tax is ₹ 227 Mn, Service tax is ₹ 54 Mn, Income Tax is ₹ 11,199 Mn and Custom Duty is ₹ 2,138 Mn.

Independent Auditor's Report

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that funds amounting to ₹ 105,265 Mn raised on short-term basis (primarily represented by capital creditors, network cost payable, deferred revenue and trade creditors) have been used for long-term investment (primarily represented by fixed assets and investment in it's subsidiaries).

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: April 29, 2014

Balance Sheet

(₹ Millions)

Particulars	Notes	As of March 31, 2014	As of March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	5	19,987	18,988
Reserves and surplus	6	647,293	522,474
Non-current liabilities			
Long-term borrowings	7	72,717	98,408
Deferred tax liabilities (net)	8	9,475	11,503
Other long term liabilities	9	39,394	31,708
Long term provisions	10	2,095	1,494
Current liabilities			
Short-term borrowings	11	12,510	31,390
Trade payables	12	62,663	51,372
Other current liabilities	13	106,454	106,034
Short term provisions	14	9,453	5,461
Total		**982,041**	**878,832**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	15	240,682	264,362
Intangible assets	16	158,100	167,464
Capital work-in-progress		12,442	10,308
Non current investments	17	340,348	271,191
Long-term loans and advances	18	145,180	89,358
Other non-current assets	19	17,901	14,111
Current assets			
Current investments	20	4,891	10,800
Inventories	21	11	21
Trade receivables	22	21,655	22,468
Cash and bank balances	23	4,460	3,627
Short-term loans and advances	24	24,218	14,133
Other current assets	25	12,153	10,989
Total		**982,041**	**878,832**

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: April 29, 2014

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman

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

Mukesh Bhavnani
Group General Counsel
& Company Secretary

Srikanth Balachandran
Global Chief
Financial Officer

Statement of Profit and Loss

(₹ Millions, except per share data and as stated otherwise)

Particulars	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
Income			
Revenue from operations	29	499,185	453,509
Other income	30	8,534	14,631
Total income		**507,719**	**468,140**
Expenses			
Access charges		73,015	74,212
License fee and spectrum charges (revenue share)		54,682	48,815
Cost of goods sold	31	22	19
Employee benefits expenses	32	16,481	15,113
Power and fuel	33	41,697	35,699
Rent	33	56,904	52,225
Other expenses	33	92,711	92,424
Total expenses		**335,512**	**318,507**
Profit before finance costs, depreciation, amortisation, charity and donation and taxation		**172,207**	**149,633**
Finance costs	34	13,364	16,523
Depreciation and amortisation expense	35	72,313	68,267
Charity and donation [includes ₹ 280 Mn (2012-13 ₹ Nil) paid to Satya Electoral Trust for political purpose]		685	295
Profit before exceptional items and tax		85,845	64,548
Exceptional items	36	2,071	-
Profit before tax		**83,774**	**64,548**
MAT credit		(180)	(3,155)
Tax expense (including exceptional items)			
Current tax		19,980	13,604
Deferred tax		(2,028)	3,136
Profit for the year		**66,002**	**50,963**
Earnings per share (equity shares of par value ₹ 5 each)	39		
Basic and diluted (in ₹)		16.69	13.42

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: April 29, 2014

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman

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

Mukesh Bhavnani
Group General Counsel
& Company Secretary

Srikanth Balachandran
Global Chief
Financial Officer

Cash Flow Statement

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
A. Cash flows from operating activities:		
Profit before tax	83,774	64,548
Adjustments for:		
Depreciation and amortisation expense	72,313	68,267
Exceptional items (refer note 36)	2,071	
Interest income	(433)	(2,096)
(Profit)/ loss on sale of investments	(2,096)	(1,208)
Finance costs	13,364	17,654
Unrealised foreign exchange (gain) / loss	(285)	(8,860)
Expenses on employee stock option plan	(42)	242
(Profit)/ loss on sale of assets (net)	(95)	481
Dividend income	(4,588)	(4,100)
Operating cash flow before changes in assets and liabilities	**163,983**	**134,928**
Adjustments for changes in assets and liabilities :		
- (Increase)/decrease in trade receivables	600	(1,123)
- (Increase)/decrease in other receivables	(1,596)	(948)
- (Increase)/decrease in inventories	10	300
- Increase/(decrease) in trade and other payables	15,420	21,218
- Increase/(decrease) in provisions	316	304
Cash generated from operations	**178,733**	**154,679**
Taxes paid	(18,513)	(15,832)
Net cash flow from / (used in) operating activities	**160,220**	**138,847**
B. Cash flows from investing activities:		
Purchase of tangible assets	(50,820)	(44,213)
Purchase of intangible assets	(57,289)	(2,974)
Proceeds from sale of fixed assets	332	405
Sale/(Purchase) of investments (net)	8,005	(4,250)
Proceeds from sale of an undertaking under slump sale (refer note 38 (iv))	1,771	-
Acquisition/ subscription/investment in subsidiaries/ associate / joint venture (refer note 38)	(13,350)	(43,709)
Net movement in advances given to subsidiaries/ associate / joint venture	(64,443)	(20,201)
Purchase of fixed deposits (with maturity more than three months)	(791)	(2,852)
Proceeds from maturity of fixed deposits (with maturity more than three months)	654	3,764
Interest received	218	2,933
Dividend received from subsidiary companies	4,850	3,838
Net cash flow from / (used in) investing activities	**(170,863)**	**(107,259)**
C. Cash flows from financing activities:		
Proceeds from issuance of equity shares to institutional investor	67,956	-
Proceeds from borrowings	69,914	54,511
Repayments of borrowings	(111,219)	(68,434)
Short-term borrowings (net)	-	2,022
Dividend paid	(3,798)	(3,798)
Tax on dividend paid	-	(8)
Interest and other finance charges paid	(11,031)	(16,150)
Net cash flow from / (used in) financing activities	**11,822**	**(31,857)**
Net increase / (decrease) in cash and cash equivalents during the year	**1,179**	**(269)**
Add : Balance as at the beginning of the year	3,279	3,548
Balance as at the end of the year (refer note 23)	**4,458**	**3,279**

Notes :

1 Figures in brackets indicate cash out flow.

2 The above cash flow statement has been prepared under the indirect method setout in AS-3 'Cash Flow Statements' notified under the Companies (Accounting Standard) Rules, 2006 (as amended).

3 Cash and cash equivalents also includes ₹ 33 Mn in unpaid dividend bank account (March 31, 2013- ₹ 27 Mn)

4 Advances given to Subsidiary Companies have been reported on net basis.

5 Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: April 29, 2014

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman

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

Mukesh Bhavnani
Group General Counsel
& Company Secretary

Srikanth Balachandran
Global Chief
Financial Officer

Notes to financial statements

1. Corporate Information

Bharti Airtel Limited ('the Company') incorporated in India on July 7, 1995, is a company promoted by Bharti Telecom Limited ('BTL'), a company incorporated under the laws of India. The Company's shares are 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.

The Company is a leading telecommunication service provider in India providing telecommunication systems and services.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, ('as amended') and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared under the historical cost convention and on an accrual basis except in case of assets for which revaluation is carried out and certain derivative financial instruments (refer note 3.13). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

These financial statements are presented in Indian ₹ and all amount are rounded to the nearest million ('Mn'), except as stated otherwise.

3. Summary of Significant Accounting Policies

3.1. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

3.2. Tangible Assets

Tangible Assets are 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 tangible assets are required to be replaced in intervals, the Company recognises 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 Company 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 recognised in the statement of profit and loss as incurred. Capital work in progress is valued at cost.

Where assets are installed on the premises of customers (commonly called Customer premise equipment –"CPE"), such assets continue to be treated as tangible assets as the associated risks and rewards remain with the Company and management is confident of exercising control over them.

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of profit and loss on the date of retirement or disposal.

Depreciation on tangible assets is provided on the straight line method based on useful lives of respective assets as estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively.Freehold Land is not depreciated.

Estimated useful lives of the assets are as follows:

	Years
Leasehold Land	Period of lease
Building	20
Building on Leased Land	20
Leasehold Improvements	Period of lease or 10 years, whichever is less
Plant & Equipment	3 – 20
Computer	3
Office Equipment	2 - 5
Furniture and Fixtures	5
Vehicles	5

Notes to financial statements

Assets individually costing Rupees five thousand or less are fully depreciated over a period of 12 months from the date placed in service.

3.3. Intangible Assets

Identifiable intangible assets are recognised when the Company controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Company and the cost of the asset can be reliably measured.

At initial recognition, the separately acquired intangible assets are recognised at cost. Following initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation period and the amortisation method for an intangible asset are 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.

Gains and losses arising from retirement or disposal of the intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statement of profit and loss on the date of retirement or disposal.

(i) 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 ₹ 500 thousand,which has an independent use, is amortised over a period of one year from the date of place in service.

(ii) Licenses

Acquired licenses (including spectrum) are initially recognised at cost. Subsequently, licenses are measured at cost less accumulated amortisation and accumulated impairment loss, if any. Amortisation is recognised in the statement of profit and 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.

Intangible assets under development are valued at cost.

(iii) Bandwidth

Payment for bandwidth capacitites 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 intangible assets and the cost is amortised over the period of the agreements,which may exceed a period of ten years depending on the tenor of the agreement.

3.4. Leases

(i) Where the Company is the Lessee

Leases where the lessor effectively retains substantially all the risks and rewards incidental to ownership of the leased item, are classified as operating leases. Lease rentals with respect to assets taken on 'Operating Lease' are charged to the statement of profit and loss on a straight-line basis over the lease term.

Leases which effectively transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item are classified as finance lease. These 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 profit or loss.

Leased assets are depreciated over the useful life of the asset. However,if there is no reasonable certainty that the Company 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.

(ii) Where the Company is the Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease income in respect of 'Operating Lease' is recognised in the statement of profit and loss on a straight-line basis over the lease term. Assets subject to operating leases are included in fixed assets. 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 basis as rental income.

Leases in which the Company transfer substantially all the risks and rewards incidental to ownership of the asset are classified as finance leases.

Assets leased to others under finance lease are recognised as receivables at an amount equal to the net investment in the leased assets. Finance Income is recognised based on a pattern reflecting a constant periodic rate of return on the net investment of the lessor outstanding in respect of the finance lease.

Initial direct costs are expensed in the statement of profit and loss at the inception of the lease.

(iii) Indefeasible right to use ('IRU')

As a part of operations, the Company enters into agreement for leasing assets under "Indefeasible right to use" with third parties. Under the arrangement the assets are given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remain with the lessor. Hence, such arrangements are recognised as operating lease.

The contracted price is received in advance and is recognised as revenue during the tenure of the agreement. Unearned IRU revenue net of the amount recognisable within one year is disclosed as deferred revenue in other long term liabilities and the amount recognisable within one year is disclosed as deferred revenue in other current liabilities.

3.5. Borrowing Cost

Borrowing costs consist of interest and other costs that the Group Company 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. All other borrowing costs are expensed in the period in which they occur.

3.6. Impairment of Assets

The carrying amounts of assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when annual impairment testing for an asset is required. An impairment loss is recognised 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 recognised in profit or loss as a component of depreciation and amortisation expense.

An impairment loss is 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.

3.7. Asset Retirement Obligations (ARO)

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs are added to or deducted from the cost of the asset and depreciated prospectively over the remaining useful life.

3.8. Investment

Investment, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current Investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

3.9. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, cash on hand and cheques on hand, call deposits, and other short term highly liquid investments with an original maturity of

Notes to financial statements

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.

3.10. Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is determined on First in First out basis. 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.

The Company provides for obsolete and slow-moving inventory based on management estimates of the usability of inventory.

3.11. Revenue Recognition and Receivables

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the consideration received/receivable, excluding discounts, rebates, and value added tax ('VAT'), service tax or duty. The Company 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.

(i) Service Revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and very small aperture terminal ('VSAT')/ internet usage charges, bandwidth services, roaming charges, activation fees, processing fees and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the telephone network of other operators for local, domestic long distance and international calls and data messaging services.

Service revenues are 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. Processing fees on recharge coupons is being recognised over the estimated customer relationship period or coupon validity period, whichever is lower. Activation revenue and related activation costs, not exceeding the activation revenue, are deferred and amortised over the estimated customer relationship period. The excess of activation costs over activation revenue, if any, are expensed as incurred.

Service revenues from the internet and VSAT business comprise revenues from registration, installation and provision of internet and VSAT services. Registration fee and installation charges are deferred and amortised over the period of agreement with customer. Service revenue is recognised from the date of satisfactory installation of equipment and software at the customer site and provisioning of internet and VSAT services.

Revenues from national and international long distance operations comprise revenue from voice services which are recognised on provision of services while revenue from bandwidth services (including installation) is recognised over the period of arrangement.

Deferred revenue includes amount received in advance from customers which would be recognised over the periods when the related services are expected to be rendered.

(ii) Equipment Sales

Equipment sales consist primarily of revenues from sale of telecommunication equipment and related accessories. Revenue from equipment sales transactions are recognised when the significant risks and rewards of ownership are transferred to the buyer and when no significant uncertainty exists regarding realisation of consideration.

(iii) Investing and other Activities

Income on account of interest and other activities are recognised on an accrual basis.

(iv) Dividend Income

Dividend income is recognised when the Company's right to receive the payment is established.

(v) Provision for Doubtful Debts

The Company provides for amounts outstanding for more than 90 days from the date of billing, in case of active subscribers , roaming receivables, receivables for data services and for entire outstanding from deactivated customers net off security deposits or in specific cases where the management is of the view that the amounts from certain customers are not recoverable.

For receivables due from the other operators on account of their National Long Distance (NLD) and International Long Distance (ILD) traffic for voice and Interconnect Usage charges (IUC), the Company provides for amounts outstanding for more than 120 days from the date of billing, net of any amounts payable to the operators or in specific cases where the management is of the view that the amounts from these operators are not recoverable.

(vi) Unbilled Revenue

Unbilled revenue represent revenue recognised in respect of services provided from the last bill cycle date to the end of the reporting period. These are billed in subsequent periods as per the terms of the billing plans / contractual arrangements.

3.12. License Fees – Revenue Share

The revenue-share fee on license and spectrum is computed as per the licensing agreement at the prescribed rate and is expensed as incurred.

3.13. Foreign Currency translation, accounting for forward contracts and derivatives

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are translated using exchange rates prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates at the date when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise as mentioned below.

Forward Exchange Contracts covered under AS 11, 'The Effects of Changes in Foreign Exchange Rates'

Exchange differences on forward exchange contracts and plain vanilla currency options for establishing the amount of reporting currency and not intended for trading & speculation purposes, are recognised in the statement of profit and loss in the year in the which the exchange rate changes. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense for the year.

Exchange difference on forward contracts which are taken to establish the amount other than the reporting currency, arising due to the difference between forward rate available at the reporting date for the remaining maturity period and the contracted forward rate (or the forward rate last used to measure a gain or loss on the contract for an earlier period) are recognised in the statement of profit and loss for the year.

Other Derivative Instruments, not in the nature of AS 11, 'The Effects of Changes in Foreign Exchange Rates'

The Company enters into various foreign currency option contracts and interest rate swap contracts that are not in the nature of forward contracts designated under AS 11 as such and contracts that are not entered to establish the amount of the reporting currency required or available at the settlement date of a transaction; to hedge its risks with respect to foreign currency fluctuations and interest rate exposure arising out of foreign currency loan. In accordance with the ICAI announcement, at every year end, all outstanding derivative contracts are fair valued on a mark-to-market basis and any loss on valuation is recognised in the statement of profit and loss, on each contract basis. Any gain on mark-to-market valuation on respective contracts is not recognised by the Company, keeping in view the principle of prudence as enunciated in AS 1, 'Disclosure of Accounting Policies'. Any reduction to fair values and any reversals of such reductions are included in statement of profit and loss of the year.

Embedded Derivative Instruments

The Company occasionally enters into contracts, that do not in their entirety meet the definition of a derivative instrument, that may contain "embedded" derivative instruments – implicit or explicit terms that affect some or all of the cash flow or the value of other exchanges required by the contract in a manner similar to a derivative instrument. The Company assesses whether the economic characteristics and risks of the embedded derivative are clearly and closely related to the economic characteristics and risks of the remaining component of the host contract and whether a separate, non-embedded instrument with the same terms as the embedded instrument would meet

Notes to financial statements

the definition of a derivative instrument. When it is determined that (1) the embedded derivative possesses economic characteristics and risks that are not clearly and closely related to the economic characteristics and risks of the host contract and (2) a separate, stand-alone instrument with the same terms would qualify as a derivative instrument, the embedded derivative is separated from the host contract, carried at fair value as a trading or non-hedging derivative instrument. At every year end, all outstanding embedded derivative instruments are fair valued on mark-to-market basis and any loss on valuation is recognised in the statement of profit and loss for the year. Any reduction in mark to market valuations and reversals of such reductions are included in statement of profit and loss of the year.

Translation of Integral and Non-Integral Foreign Operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rate; income and expense items are translated at average exchange rates prevailing during the year; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

3.14. Employee Benefits

The Company's post employment benefits include defined benefit plan and defined contribution plans. The Company also provides other benefits in the form of deferred compensation and compensated absences.

Under the defined benefit retirement plan, the Company 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 Company.

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 balance sheet. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of balance sheet. 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 statement of profit and loss as incurred.

The Company's contributions to defined contribution plans are recognised in statement of profit and loss as they fall due. The Company has no further obligations under these plans beyond its periodic contributions.

The employees of the Company are entitled to compensated absences based on the unavailed leave balance as well as other long term benefits. The Company records liability based on actuarial valuation computed under projected unit credit method.

The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits.

3.15. Share Based Compensation

The Company issues equity-settled and cash-settled share-based options to certain employees. Equity-settled share-based options are measured at fair value on the date of grant.

The fair value determined on the grant date of the equity settled share based options is expensed over the vesting period, based on the Company's estimate of the shares that will eventually vest.

The fair value determined on the grant date of the cash settled shares based options is expensed over the vesting period, based on the Company's estimates of the shares that will eventually vest. At the end of the each reporting period, until the liability is settled, and at the date of settlement, the fair value of the liability is recognised, with any changes in fair value pertaining to the vested period recognised immediately in profit or loss.

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/ 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 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 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 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.

3.16. Taxes

(i) Current Income Tax

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

(ii) Deferred Tax

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised and reviewed at each balance sheet date, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations, where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate.

At each balance sheet date, unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

(iii) MAT Credit

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the statement of profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

3.17. Segment Reporting

(i) Primary Segment

The Company operates in three primary business segments viz. Mobile Services, Telemedia Services and Airtel Business.

(ii) Secondary Segment

The Company has operations serving customers within India as well as in other countries located outside India. The operations in India constitute the major part, which is the only reportable segment, the remaining portion being attributable to others.

3.18. Earnings Per Share

The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit after tax attributable to equity shareholders. 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 bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares). The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

Notes to financial statements

3.19. Provisions and Contingencies

Provisions are recognised when the Company has a present obligation as a result of 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Information on contingent liabilities is disclosed in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.20. Multiple Element Contracts with Vendors

The Company enters 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 such contracts are accounted as Tangible assets or as Intangible assets in view of the substance of these contracts and existence of economic ownership in these assets.

4. Information about Business Segments-Primary

Segment Definitions:

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Effective April 1, 2013, to better reflect business synergies, intra city fibre networks earlier included in 'Telemedia Services', has now been included in 'Mobile Services'. Further, in order to improve the comparability of results with the single segment telecom players, the Company has also allocated certain central common expenses, earlier included in 'Unallocated' to 'Mobile Services', 'Telemedia Services' and 'Airtel Business'. Accordingly, previous period year segment figures have been restated.

Mobile Services – These services cover voice and data telecom services provided through wireless technology in India (2G/3G/4G). This includes the captive national long distance networks which primarily provide connectivity to the mobile services business in India. This also includes intra city fibre networks.

Telemedia Services – These services cover voice and data communications based on fixed network and broadband technology.

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.

Notes to financial statements

Summary of the Segmental Information for the year ended and as of March 31, 2014

(₹ Millions)

Particulars	Mobile Services	Telemedia Services	Airtel Business	Unallocated	Eliminations	Total
Revenue						
Revenue from operations	415,484	36,243	47,458	-	-	499,185
Inter Segment Revenue	19,530	1,132	11,109	-	(31,771)	-
Total Revenue	**435,014**	**37,375**	**58,567**	**-**	**(31,771)**	**499,185**
Results						
Segment Result- Profit / (Loss)*	81,667	5,750	6,519	(1,844)	-	92,092
Finance costs*						6,247
Exceptional items#						2,071
Profit / (Loss) before tax						**83,774**
Provision for Tax						
- Current Tax (including MAT Credit)						19,800
- Deferred Tax (Credit)/ Charge						(2,028)
Net Profit / (Loss) after tax						**66,002**
Other Information						
Capital Expenditure	96,945	8,747	5,639	160	(9,887)	101,604
Depreciation and amortisation	62,527	8,996	5,320	-	(4,530)	72,313
As of March 31, 2014						
Segment Assets	462,946	29,753	30,922	424,928	-	948,549
Inter Segment Assets	322,048	38,392	63,058	28	(423,526)	-
Advance tax (Net of provision for tax)				2,855		2,855
MAT Credit				30,637		30,637
Total Assets	**784,994**	**68,145**	**93,980**	**458,448**	**(423,526)**	**982,041**
Segment Liabilities**	154,462	8,384	25,227	117,213	-	305,286
Inter Segment Liabilities	46,424	12,988	18,236	345,878	(423,526)	-
Deferred Tax Liability (net)				9,475		9,475
Total Liabilities	**200,886**	**21,372**	**43,463**	**472,566**	**(423,526)**	**314,761**

*Segment result excludes finance income of ₹ 7,117 Mn, which is netted off from finance costs for the purpose of segment reporting
**Unallocated liabilities includes amount borrowed for the acquisition of 3G & BWA Licenses (including spectrum) of ₹ 36,400 Mn
Exceptional items shown separately relates to reassessment of residual useful lives of certain assets [Refer Note 36 for details].

Notes to financial statements

Summary of the Segmental Information for the year ended and as of March 31, 2013

(₹ Millions)

Particulars	Mobile Services	Telemedia Services	Airtel Business	Unallocated	Eliminations	Total
Revenue						
Revenue from operations	379,520	34,185	39,804	-	-	453,509
Inter Segment Revenue	22,284	1,142	9,329	-	(32,755)	-
Total Revenue	**401,804**	**35,327**	**49,133**	**-**	**(32,755)**	**453,509**
Results						
Segment Result- Profit / (Loss)*	59,149	7,020	1,393	6,105	-	73,667
Finance costs *						9,119
Profit / (Loss) before tax						**64,548**
Provision for Tax						
- Current Tax (including MAT credit)						10,449
- Deferred Tax (Credit)/ Charge						3,136
Net Profit / (Loss) after tax						**50,963**
Other Information						
Capital Expenditure	56,041	9,827	5,461	889	(10,304)	61,914
Depreciation and amortisation	59,044	7,608	5,484	(88)	(3,781)	68,267
As of March 31, 2013						
Segment Assets	423,195	39,170	36,964	344,522	-	843,851
Inter Segment Assets	258,873	16,680	53,133	8,262	(336,948)	-
Advance tax (Net of provision for tax)				1,920		1,920
MAT Credit				33,061		33,061
Total Assets	**682,068**	**55,850**	**90,097**	**387,765**	**(336,948)**	**878,832**
Segment Liabilities**	144,769	7,150	20,808	153,140	-	325,867
Inter Segment Liabilities	36,852	7,021	24,739	268,336	(336,948)	-
Deferred Tax Liability (net)				11,503		11,503
Total Liabilities	**181,621**	**14,171**	**45,547**	**432,979**	**(336,948)**	**337,370**

*Segment result excludes finance income of ₹ 7404 Mn, which is netted off from finance costs for the purpose of segment reporting
**Unallocated liabilities includes amount borrowed for the acquisition of 3G and BWA Licenses (including spectrum) of ₹ 52,225 Mn

Notes:
1. Segment results represent profit/(loss) before finance costs (net of finance income), exceptional items and tax.
2. Capital expenditure represents gross additions, capital work-in-progress and capital advance given for acquiring tangible and intangible assets during the year.
3. Segment assets include tangible, intangible, current and other non current assets and excludes non current investments, MAT credit, advance tax (net).
4. Segment liabilities include current, non current liabilities and excludes provision for tax (net), deferred tax liabilities (net).
5. Inter segment assets / liabilities represent the inter segment account balances.
6. Inter segment revenue is accounted for on terms established by the management on arm's length basis. These transactions have been eliminated at the Company level.
7. Unallocated includes other income, profits / (losses), assets and liabilities of the Company which are not allocated to the individual segments and is primarily related to the corporate headquarter of the Company.

Notes to financial statements

Information about Geographical Segment – Secondary

The Company has operations serving customers within India as well as located in other countries. The information relating to the geographical segments in respect of customers being served and assets within India, which is the only reportable segment, the remaining portion being attributable to others, is presented below :

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Segment Revenue from external customers based on geographical location of customers		
Within India	464,256	425,772
Others	34,929	27,737
	499,185	**453,509**
Carrying amount of Segment Assets by geographical location of assets		
Within India	960,288	850,974
Others	21,753	27,858
	982,041	**878,832**
Cost incurred during the year to acquire Segment Assets by geographical location of assets		
Within India	100,832	61,317
Others	772	597
	101,604	**61,914**

Notes:

1. Segment assets include tangible, intangible, current and other non-current assets.
2. Cost incurred during the year to acquire segment assets represents gross additions, capital work-in-progress and capital advance given for acquiring tangible and intangible assets during the year.

5. Share capital

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Authorised shares		
5,000,000,000 (March 31, 2013 - 5,000,000,000) equity shares of ₹ 5 each	25,000	25,000
Issued, Subscribed and fully paid-up shares		
3,997,400,102 (March 31, 2013- 3,797,530,096) equity shares of ₹ 5 each	19,987	18,988
	19,987	**18,988**

Note: 21,474,527 Equity shares of ₹ 10 each were alloted as fully paid-up shares upon the conversion of Foreign Currency Convertible Bonds (FCCBs) during the financial years from 2007-08 to 2009-10 (42,949,054 equity shares post share split of one equity share of ₹ 10 each into 2 equity shares of ₹ 5 each)

Notes to financial statements

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the year

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	No.	₹ Mn	No.	₹ Mn
At the beginning of the year	3,797,530,096	18,988	3,797,530,096	18,988
Issued during the year (refer note 37)	199,870,006	999	-	-
Outstanding at the end of the year	**3,997,400,102**	**19,987**	**3,797,530,096**	**18,988**

b. **Terms/rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2014, the Board of Directors has proposed dividend of ₹ 1.80 per share (March 31, 2013 ₹ 1.00). The Company, based on an independent legal opinion, has determined that the provisions of the Companies Act, 2013 apply to the proposed dividend for the year ended March 31, 2014, as it would be declared and paid after April 1, 2014. Since the Companies Act, 2013 does not mandate transfer of certain percentage of profits to general reserve, the Company has not transferred any amount to general reserve in respect of proposed dividend.

c. **Details of shareholders (as per the register of shareholders) holding more than 5% shares in the Company**

Particulars	As of March 31, 2014		As of March 31, 2013	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid up				
Bharti Telecom Limited*	1,745,595,460	43.67%	1,737,558,892	45.75%
Pastel Limited	591,319,300	14.79%	591,319,300	15.57%
Indian Continent Investment Limited	265,860,986	6.65%	265,860,986	7.00%
Life Insurance Corporation of India	207,987,846	5.20%	202,430,788	5.33%
Three Pillar Pte Limited	199,870,006	5.00%	-	-

*Above holding does not include 1,950,000 shares which have been credited to demat account after March 31, 2014 (March 31,2013 530,000 shares)

6. Reserves and Surplus

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Capital Reserve	51	51
Securities Premium Reserve		
Opening balance	40,896	40,798
Additions during the year	67,040	98
Closing balance	**107,936**	**40,896**
Revaluation Reserve	**21**	**21**
Employee Stock Options Outstanding		
Opening balance	3,176	3,391
Add: Granted during the year#	131	362
Less:Forfeiture/Exercise	808	577
	2,499	3,176
Less:Deferred stock compentation	134	335
Closing balance	**2,365**	**2,841**

Notes to financial statements

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Reserve for Business Restructuring	24,912	24,912
General Reserve		
Opening balance	26,973	23,157
Add : Adjustment on account of exercise of stock options through open market purchase	70	(14)
Add: Transferred from surplus balance in statement of profit and loss	-	3,830
Closing balance	**27,043**	**26,973**
Surplus in the Statement of Profit and Loss		
Opening balance	426,780	383,438
Add : Profit for the year	66,002	50,963
Amount available for appropriation	492,782	434,401
Appropriations :		
Transferred to General Reserve	-	(3,830)
Dividend proposed (refer note 52)	(7,195)	(3,798)
Tax on dividend proposed*	(622)	7
Net surplus in the statement of profit and loss	**484,965**	**426,780**
Total	**647,293**	**522,474**

* Tax on dividend proposed is net of credit of ₹ 601 Mn (March 31, 2013 - ₹ 653 Mn) on account of dividend distribution tax on dividend from subsidiary companies.

Includes an amount of ₹ 82 Mn (March 31, 2013 ₹ Nil) consequent to achievement of performance targets with respect to performance linked equity settled share based compensation to employees.

7. Long term borrowings

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Secured		
From Banks	10	15
From Others	4	5
Total secured loans	**14**	**20**
Unsecured		
Term Loans:		
From Banks	54,876	71,059
From Others	35,228	39,714
Total	**90,104**	**110,773**
Deferred payment liabilities	1,026	-
Total unsecured loans	**91,130**	**110,773**
Less: Current maturities (refer note 13)		
From Banks	12,642	8,294
From Others	5,785	4,091
	18,427	**12,385**
	72,717	**98,408**

a. Secured loans represent vehicle loans which are secured by hypothecation of vehicles of the Company.

Notes to financial statements

b. Details on analysis of borrowings i.e. Maturity profile, interest rate and currency of borrowing

(₹ Millions)

Particulars			Maturity Profile			
Currency of borrowings	Rate of Interest (Weighted average)	As of March 31, 2014	Within one year	between one and two years	between two and five years	over five years
INR	10.30%	59,439	11,656	15,755	23,028	9,000
USD	1.08%	31,705	6,771	5,529	10,493	8,912
Total	**7.06%**	**91,144**	**18,427**	**21,284**	**33,521**	**17,912**

(₹ Millions)

Particulars			Maturity Profile			
Currency of borrowings	Rate of Interest (Weighted average)	As of March 31, 2014	Within one year	between one and two years	between two and five years	over five years
INR	10.68%	92,995	7,588	16,132	65,275	4,000
USD	0.97%	17,798	4,797	3,939	7,718	1,344
Total	**6.96%**	**110,793**	**12,385**	**20,071**	**72,993**	**5,344**

c. The borrowings of ₹ 91,144 Mn outstanding as of March 31,2014 is repayable in total 559 half yearly installments and 5 yearly installments (borrowings of ₹ 110,793 Mn outstanding as of March 31, 2013 is repayable in total 315 half yearly installments).

8. Taxes

i) Deferred tax liabilities (Net)

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Deferred Tax Liabilities		
Depreciation claimed as deduction under Income Tax Act but chargeable in the statement of profit and loss in future years	25,790	25,146
Gross Deferred Tax Liabilities	**25,790**	**25,146**
Less:		
Deferred Tax Assets		
Provision for doubtful debts/advances charged in the statement of profit and loss but allowed as deduction under the Income Tax Act in future years (to the extent considered realisable)	5,900	4,995
Lease Rent Equalisation charged in the statement of profit and loss but allowed as deduction under the Income Tax Act in future years on actual payment basis	4,842	4,003
Foreign exchange fluctuation and mark to market losses charged in the statement of profit and loss but allowed as deduction under the Income Tax Act in future years (by way of depreciation and actual realisation)	3,910	2,940
Other expenses claimed as deduction in the statement of profit and loss but allowed as deduction under Income Tax Act in future year on actual payment (Net)	1,663	1,705
Gross Deferred Tax Assets	**16,315**	**13,643**
Deferred Tax Liabilities (Net)	**9,475**	**11,503**

Notes to financial statements

ii) Tax Expenses :

a) During the year ended March 31, 2013, the Company had changed the trigger plan date for earlier years for certain business units enjoying Income tax holiday under the Indian Income tax laws. Accordingly, tax charge of ₹ 410 Mn pertaining to earlier years had been recognised during the year ended March 31, 2013.

b) During the year ended March 31, 2013, the Company had recognised additional tax charge of ₹ 545 Mn on account of changes in tax rate from 32.445% to 33.99% as proposed in the Finance Bill, 2013.

c) MAT credit includes income of ₹ 180 Mn (March 31, 2013 – expense of ₹ 1,481 Mn), current tax includes income of ₹ 1,384 Mn (March 31, 2013 – expense of ₹ 65 Mn) and deferred tax includes expense of ₹ 76 Mn (March 31, 2013 – income of ₹ 291 Mn) relating to earlier years.

9. Other long term liabilities

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Security deposit received	2,848	5,024
Equipment supply payable	2,287	1,737
Deferred revenue	13,433	11,641
Lease rent equalisation	14,847	12,994
Others*	5,979	312
	39,394	**31,708**

Security deposit represents refundable security deposits received from subscribers on activation of connections granted thereto and are repayable on disconnection, net of outstanding, if any and security deposits received from channel partners. Trade receivables are secured to the extent of the amount outstanding against individual subscribers by way of security deposit received from them.

*Others as of March 31, 2014 includes ₹ 4,104 Mn payable to Qualcomm Asia Pacific Pte. Limited towards purchase of balance equity shares upon satisfaction of certain conditions as per the share purchase agreement for acquisition of Airtel Broadband Services Private Limited (formerly know as Wireless Business Services Private Limited) (refer note 38 (i)).

10. Long term provisions

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Provision for employee benefits (refer note 40)		
Provision for gratuity	1,269	988
Provision for long term service award	105	66
	1,374	**1,054**
Other provisions		
Provision for asset retirement obligation	721	440
	2,095	**1,494**

The Company uses various premises on lease to install the equipment. A provision is recognised for the costs to be incurred for the restoration of these premises at the end of the lease period. It is expected that this provision will be utilised at the end of the lease period of the respective sites as per the respective lease agreements. The movement of provision in accordance with AS–29 Provisions, Contingent liabilities and Contingent Assets' notified under the Companies (Accounting Standards) Rules, 2006 ('as amended'), is given below:

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening balance	440	439
Addition (net)	281	1
Closing balance	**721**	**440**

Notes to financial statements

11. Short term borrowings

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
(Unsecured unless stated otherwise)		
Loans		
From banks	12,510	8,395
Loans repayable on demand		
Cash Credit	-	5
Loans from related parties (refer note 48)	-	22,990
	12,510	**31,390**

a. Details on analysis of borrowings i.e. interest rate and currency of borrowings

(₹ Millions)

Particulars	As of March 31, 2014		As of March 31, 2013	
Currency of Borrowings	Rate of Interest (Weighted average)	Amount outstanding	Rate of Interest (Weighted average)	Amount outstanding
INR	9.96%	6,500	10.30%	3,500
USD	0.81%	6,010	3.28%	4,895
Total	**5.56%**	**12,510**	**8.49%**	**8,395**

b. The borrowings of ₹ 12,510 Mn outstanding as of March 31, 2014 is repayable in 4 bullet installments (borrowings of ₹ 8,395 Mn outstanding as of March 31, 2013 is repayable in 4 bullet installments).

12. Trade Payables

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Dues to Micro and Small Enterprises *	38	16
Trade payables other than dues to Micro and Small Enterprises **	62,625	51,356
	62,663	**51,372**

* refer note 47 for details of dues to micro and small enterprises

** amount payable to related parties ₹ 11,177 Mn (March 31, 2013 ₹ 6,292 Mn) (refer note 48)

13. Other current liabilities

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Deferred revenue	22,780	20,584
Equipment supply payables	30,633	38,938
Payable to others	27,616	22,406
Advance received from customers	1,440	1,347
Current maturities of long term debt (refer note 7)	18,427	12,385
Interest accrued but not due on borrowings	315	675
Other taxes payable	4,166	3,940
Unpaid dividends	33	27
Other liabilities*	1,044	5,732
	106,454	**106,034**

Payable to others and Other liabilities include provision of ₹ 22,097 Mn as of March 31, 2014 and ₹ 17,900 Mn as of March 31, 2013 towards sub judice matters.

*Includes payable to related party ₹ Nil (March 31, 2013 ₹ 4,792) (refer note 48)

Notes to financial statements

14. Short term provisions

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Provision for employee benefits (refer note 40)		
Provision for Gratuity	241	318
Provision for Leave Encashment	794	744
Total	**1,035**	**1,062**
Others		
Proposed Dividend (refer note 52)	7,195	3,798
Tax on Dividend	1,223	601
Total	**8,418**	**4,399**
	9,453	**5,461**

15. Tangible assets

(₹ Millions)

Particulars	Leasehold Land	Freehold Land	Building	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computer*	Leasehold improvements	Total
Cost										
As of April 1, 2012	352	1,499	5,402	457,345	1,368	274	2,721	25,655	3,612	498,228
Additions	-	17	423	53,238	77	16	493	2,036	699	56,999
Disposals / adjustment	-	-	-	(2,290)	(1)	(14)	(13)	(1,219)	(41)	(3,578)
Reclassification	62	(214)	106	91	(4)	-	2	5	(43)	5
As of March 31, 2013	**414**	**1,302**	**5,931**	**508,384**	**1,440**	**276**	**3,203**	**26,477**	**4,227**	**551,654**
Additions	-	50	303	38,726	54	11	554	2,247	252	42,197
Disposals / adjustment	-	(38)	(156)	(10,594)	(81)	(34)	(735)	(727)	(65)	(12,430)
Reclassification	(3)	(2)	(22)	163	-	-	-	(3)	(162)	(29)
As of March 31, 2014	**411**	**1,312**	**6,056**	**536,679**	**1,413**	**253**	**3,022**	**27,994**	**4,252**	**581,392**
Accumulated Depreciation										
As of April 1, 2012	19	-	1,422	204,915	1,061	193	2,085	22,580	2,171	234,446
Charge for the year	9	-	324	52,261	90	27	299	2,244	321	55,575
Disposals / adjustment	-	-	-	(1,527)	(1)	(7)	(10)	(1,126)	(21)	(2,692)
Reclassification	-	-	(55)	(5)	28	1	(2)	(2)	(2)	(37)
As of March 31, 2013	**28**	**-**	**1,691**	**255,644**	**1,178**	**214**	**2,372**	**23,696**	**2,469**	**287,292**
Charge for the year#	7	-	294	57,737	113	21	386	2,048	477	61,083
Disposals / adjustment	-	-	(79)	(6,066)	(74)	(18)	(665)	(709)	(47)	(7,658)
Reclassification	-	-	(12)	157	-	-	(1)	7	(158)	(7)
As of March 31, 2014	**35**	**-**	**1,894**	**307,472**	**1,217**	**217**	**2,092**	**25,042**	**2,741**	**340,710**
Net Carrying Amount										
As of April 1, 2012	**333**	**1,499**	**3,980**	**252,430**	**307**	**81**	**636**	**3,075**	**1,441**	**263,782**
As of March 31, 2013	**386**	**1,302**	**4,240**	**252,740**	**262**	**62**	**831**	**2,781**	**1,758**	**264,362**
As of March 31, 2014	**376**	**1,312**	**4,162**	**229,207**	**196**	**36**	**930**	**2,952**	**1,511**	**240,682**

* With respect to assets where the Company has economic ownership, refer note 3.20.
\# Includes exceptional items of ₹ 2,071 Mn with respect to Plant and Equipment (refer note- 36)

Notes to financial statements

a. Freehold Land and Building includes ₹ 4 Mn (March 31, 2013 - ₹ 4 Mn) and ₹ 13 Mn (March 31, 2013 - ₹ 13 Mn) respectively, in respect of which registration of title in favour of the Company is pending

b. Building includes building on leashold land:

(₹ Millions)

Particulars	Gross Block					Depreciation				Net Block	
	As of April 1, 2013	Additions	Disposals / adjustment	Reclassification	As of March 31, 2014	As of April 1, 2013	Charge for the year	Disposals / adjustment	Reclassification	As of March 31, 2014	As of March 31, 2014	As of March 31, 2013
Building on leasehold land	2,685	16	(25)	-	2,676	570	104	(7)	-	667	2,009	2,115

(₹ Millions)

Particulars	Gross Block					Depreciation					Net Block	
	As of April 1, 2012	Additions	Disposals / adjustment	Reclassification	As of March 31, 2013	As of April 1, 2012	Charge for the year	Disposals / adjustment	Reclassification	As of March 31, 2013	As of March 31, 2013	As of March 31, 2012
Building on leasehold land	2,490	43	-	152	2,685	414	156	-	-	570	2,115	2,076

c. Reclassification includes reclass of assets between category of assets. During the year ended March 31, 2014, ₹ 29 Mn (March 31, 2013 ₹ (5) Mn) and ₹ 7 Mn (March 31, 2013 ₹ 37 Mn) gross block and accumulated deprecation respectively, has been reclassified from tangible assets to intangible assets.

d. Capital work in progress includes goods in transit ₹ 1,718 Mn (March 31, 2013 ₹ 1,107 Mn).

e. Refer note 10, 41 and 49 for ARO, jointly owned assets and assets given on operating lease, respectively.

Notes to financial statements

16. Intangible assets

(₹ Millions)

Particulars	Software*	Bandwidth	Licenses	Total
Cost				
As of April 1, 2012	8,374	18,344	144,122	170,840
Additions	2,332	1,415	35,825	39,572
Reclassification	(5)	-	-	(5)
As of March 31, 2013	**10,701**	**19,759**	**179,947**	**210,407**
Additions	3,024	925	-	3,949
Disposals / adjustment	-	-	(34)	(34)
Reclassification	-	29	-	29
As of March 31, 2014	**13,725**	**20,713**	**179,913**	**214,351**
Accumulated Amortisation				
As of April 1, 2012	4,604	4,825	20,785	30,214
Charge for the year	2,535	1,304	8,853	12,692
Reclassification	20	17	-	37
As of March 31, 2013	**7,159**	**6,146**	**29,638**	**42,943**
Charge for the year	2,505	1,374	9,422	13,301
Disposals / adjustment	-	-	-	-
Reclassification	7	-	-	7
As of March 31, 2014	**9,671**	**7,520**	**39,060**	**56,251**
Net Carrying Amount				
As of April 1, 2012	3,770	13,519	123,337	140,626
As of March 31, 2013	3,542	13,613	150,309	167,464
As of March 31, 2014	**4,054**	**13,193**	**140,853**	**158,100**

* With respect to assets where the Company has economic ownership, refer note 3.20.

a. The remaining amortisation period of license fees as of March 31, 2014 ranges between 1 to 11 years for Unified Access Service Licenses, 8 years for Long Distance Licenses, 16.4 years for 3G spectrum fees and 16.4 years for BWA license fees.

b. Licenses includes Net Block of 3G and 4G spectrum fees of ₹ 135,828 Mn as of March 31, 2014 (March 31, 2013 ₹ 144,135 Mn).

c. Capitalised borrowing costs

Borrowing cost capitalised during the year ended March 31, 2014 was ₹ Nil (March 31, 2013 ₹ 298 Mn). The Company capitalises borrowing cost in the Intangible assets under development. Additions to licenses includes borrowing cost of ₹ Nil (March 31, 2013 ₹ 2,591 Mn) transferred from Intangible assets under development. Disposals/adjustment to Licenses includes reversal of ₹ 34 Mn borrowing costs capitalised in the earlier years.

d. Reclassification includes reclass of assets between category of assets. During the year ended March 31, 2014, ₹ 29 Mn (March 31, 2013 ₹ (5) Mn) and ₹ 7 Mn (March 31, 2013 ₹ 37 Mn) gross block and accumulated deprecation respectively, has been reclassified from tangible assets to intangible assets.

Notes to financial statements

17. Non-current investments

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Trade investments (at cost)		
Investment in Equity Instruments (Un-quoted)		
Investment in Subsidiaries		
1) Bharti Hexacom Limited: 175,000,000 (March 31, 2013 - 175,000,000) Equity shares of ₹ 10 each fully paid up	5,718	5,718
2) Bharti Airtel Services Limited: 100,000 (March 31, 2013 - 100,000) Equity shares of ₹ 10 each fully paid up	1	1
3) Bharti Airtel (USA) Limited: 300 (March 31, 2013 - 300) Equity shares of USD .0001 each fully paid up	509	509
4) Bharti Airtel (UK) Limited: 123,663 (March 31, 2013 - 123,663) Equity shares of GBP 1 each fully paid up	101	101
5) Bharti Airtel (Hongkong) Limited: 4,959,480 (March 31, 2013 - 4,959,480) Equity shares of HKD 1 each fully paid up	26	26
6) Bharti Airtel (Canada) Limited: 75,100 (March 31, 2013 - 75,100) Equity shares of Canadian Dollar (CAD) 1 each fully paid up	3	3
7) Network i2i Limited: 52,227,896 (March 31, 2013 - 9,000,000) Equity shares of USD 1 each fully paid up. (refer note 38 (v))	7,925	5,316
8) Bharti Infratel Limited: 1,500,000,000 (March 31, 2013 -1, 500,000,000) Equity shares of ₹ 10 each fully paid up	82,182	82,182
9) Bharti Telemedia Limited : 9,690,000 (March 31, 2013 - 9,690,000) Equity shares of ₹ 10 each fully paid up	115	115
10) Bharti Airtel Lanka (Private) Limited : 525,596,420 (March 31, 2013 - 525,596,420) Equity shares of SLR 10 each fully paid up	2,049	2,049
11) Bharti Airtel Holdings (Singapore) Pte Limited: 1 (March 31, 2013 - 1) Equity share of Singapore Dollar (SGD) 1 each fully paid up and 338,642,771 (March 31, 2013 - 338,642,771) Equity shares of USD 1 each fully paid up	15,475	15,475
12) Bharti Airtel International (Mauritius) Ltd : 1,044,970,000 (March 31, 2013 - 889,970,000) shares of USD 1 each fully paid up (refer note 38 (ii))	57,639	48,121
13) Airtel M Commerce Services Limited : 255,000,000 (March 31, 2013 - 156,000,000) Equity shares of ₹ 10 each fully paid up. (refer note 38 (iii))	2,550	1,560
14) Bharti International (Singapore) Pte. Ltd : 593,739,000 (March 31, 2013 - 593,739,000) Equity shares of USD 1 each fully paid up	33,035	33,035
15) Bharti Airtel International (Netherlands) B.V.: 908,443,919 (March 31, 2013 - 908,443,919) Equity shares of EURO 1 each fully paid up	67,354	67,354
16) Telesonic Networks Limited (formerly known as Alcatel-Lucent Network Management Service India Ltd): 89,230,796 (March 31, 2013 - 89,230,796) Equity shares of ₹ 10 each fully paid up	91	91
17) Nxtra Data Limited: 5,050,000 (March 31, 2013 - Nil) Equity shares of ₹ 10 each fully paid up (refer note 38(iv))	51	-
18) Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited): 5,667,137,909 (March 31, 2013 - Nil) Equity shares of ₹ 10 each fully paid up. (refer note 38 (i))	65,270	-

Notes to financial statements

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Investment in Joint Ventures		
1) Bridge Mobile PTE Limited: 2,200,000 (March 31, 2013- 2,200,000) Equity shares of USD 1 each fully paid up	92	92
2) Wireless Broadband Business Services (Delhi) Private Limited #@ Nil (March 31, 2013- 348,560,439) Equity shares of ₹ 10 each fully paid up. (refer note 38 (i))	-	4,225
3) Wireless Broadband Business Services (Haryana) Private Limited #@ Nil (March 31, 2013- 19,563,359) Equity shares of ₹ 10 each fully paid up. (refer note 38 (i))	-	237
4) Wireless Broadband Business Services (Kerala) Private Limited #@ Nil (March 31, 2013- 40,974,544) Equity shares of ₹ 10 each fully paid up. (refer note 38 (i))	-	497
5) Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited)@Nil (March 31, 2013 356,572,850) Equity shares of ₹ 10 each fully paid up. (refer note 38 (i))	-	4,322
#Merged w.e.f. August 5, 2013 with Airtel Broadband Services Private Limited (Formerly known as Wireless Business Services Private Limited) @ became subsidiary w.e.f. June 25, 2013		
Investment in Associates		
1) Bharti Teleport Limited; 11,270,000 (March 31, 2013- 11,270,000) Equity shares of ₹ 10 each fully paid up	113	113
Investment in other equity Instrument		
1) IFFCO Kissan Sanchar Limited : 100,000 (March 31, 2013- 100,000) Equity Shares of ₹ 10 each fully paid up	50	50
	340,349	**271,192**
Other Investments (at cost)		
Investment in Government Securities - National Savings Certificate (Un-quoted) : 18 units (March 31, 2013 - 18 units)	2	2
Less: Provision for diminution in value of investments	3	3
	340,348	**271,191**
Aggregate value of Unquoted Investments	258,169	189,012
Aggregate value of Quoted Investments	82,182	82,182
Aggregate Market value of Quoted Investments	305,100	268,425
Aggregate provision for diminution in value of investments	3	3

Notes to financial statements

18. Long-term Loans and Advances

(₹ Millions)

Particulars	As of March 31, 2014		As of March 31, 2013	
Unsecured, considered good unless stated otherwise				
Capital Advances				
Considered good*	54,519		1,195	
Considered doubtful	106		140	
Less: Provision for doubtful advances	(106)	54,519	(140)	1,195
Security Deposit				
Considered good**	9,005		8,704	
Considered doubtful	723		541	
Less: Provision for doubtful deposit	(723)	9,005	(541)	8,704
Loans and advances to related parties (refer note 48)		51,019		46,398
MAT Credit Entitlement#		30,637		33,061
		145,180		**89,358**

* Includes advance payments of ₹ 53,304 Mn towards spectrum (refer note 38(vi))

**Includes security deposit/advance with/to related parties of ₹ 7,308 Mn (March 31, 2013 – ₹ 7,119 Mn) (refer note - 48)

MAT credit of ₹ 2,604 Mn (March 31, 2013 – Nil) has been utilised during the year ended March 31, 2014 and adjusted with Provision for tax.

19. Other Non-current Assets

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Unsecured, considered good, unless stated otherwise		
Non-current bank balances (refer note 23)	493	10
Advances *	15,704	13,061
Unamortised upfront fees and Deferred Premium	1,704	1,040
	17,901	**14,111**

*Advances represent payments made to various Government authorities under protest and are disclosed net of provision of ₹ 20,199 Mn (March 31, 2013 ₹ 15,263 Mn)

20. Current Investments

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Current investment (at lower of cost and fair market value)		
Investment in Mutual Funds	4,865	10,765
Investment in Deposits and Bonds	26	35
	4,891	**10,800**
Aggregate value of Unquoted Investments	26	35
Aggregate value of Quoted Investments	4,865	10,765
Aggregate Market Value of Quoted Investments	4,881	10,841
Aggregate provision for diminution in value of investments	-	-

Notes to financial statements

Details of investments are provided below:

(₹ Millions, except as stated otherwise)

Particulars	As of March 31, 2014 (No. of Units)	As of March 31, 2014 Amount	As of March 31, 2013 (No. of Units)	As of March 31, 2013 Amount
Investment in mutual funds (Quoted)				
Axis Liquid Fund	405,484	575	32,545	42
Baroda Pioneer Treasury Advantage Fund Plan A - Growth	86,357	127	-	-
Birla Sun Life Cash Plus - Instl. Prem- Growth	5,948,101	1,221	4,684,442	872
DBS Chola Liq Sup Inst. Plan -Cumulative	-	-	174,694	276
DWS Insta Cash Plus Fund - Super Institutional Plan - Growth	-	-	4,726,818	715
ICICI Prudential Institutional Liquid Plan - Super	335,693	64	3,460,250	594
IDFC Ultra Short Term Fund	-	-	116,730,561	1,900
JP Morgan India Liquid Fund- Super Inst. Growth Plan	18,484,749	305	86,125,530	1,300
Kotak Liquid (Institutional Premium Plan) -Growth	-	-	590,854	1,396
BOI AXA Liquid Fund	69,211	100	-	-
Pramerica Liquid Fund - Growth	125,259	170	-	-
Reliance Liquidity Fund-Growth Option	35,475	68	720,786	1,264
Religare Liquid Fund - Super Institutional Growth	417,082	733	577,406	924
Tata Liquid Super High Inv. Fund- Appreciation	-	-	692,590	1,482
Tata Money Market Fund Plan A - Growth	249,461	502	-	-
UTI Liquid Cash Plan Institutional - Growth Option	476,781	1,000	-	-
Total	**26,633,653**	**4,865**	**218,516,476**	**10,765**
Investment in Deposits and Bonds (Unquoted)				
India Innovation Fund	10	6	10	5
7.30% REC Secured Bonds	20	20	30	30
Total	**30**	**26**	**40**	**35**

21. Inventories (valued at lower of cost and net realisable value)

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Stock-In-Trade*	11	21
	11	**21**

* Net of provision for diminution in value ₹ 411 Mn (March 31, 2013 ₹ 512 Mn)

Notes to financial statements

22. Trade Receivables

(₹ Millions)

Particulars	As of March 31, 2014		As of March 31, 2013	
Unsecured, unless stated otherwise				
Receivables outstanding for a period exceeding six months				
Considered good	229		1,081	
Considered doubtful	10,369		9,649	
Less: Provision for doubtful receivables	(10,369)	229	(9,649)	1,081
Other receivables				
Considered good	21,426		21,387	
Considered doubtful	3,162		1,721	
Less: Provision for doubtful receivables	(3,162)	21,426	(1,721)	21,387
		21,655		**22,468**

Refer note 9 on security deposit.

23. Cash and Bank Balances

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Cash and cash equivalents		
Balances with banks		
- On current accounts	875	1,615
- Deposits with original maturity of 3 months or less	3,300	1,375
Cheques on hand	228	189
Cash on hand	22	73
On unpaid dividend account	33	27
	4,458	**3,279**
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	2	348
Deposits with original maturity of more than 12 months	7	5
Margin money deposit	486	5
	495	358
Less: Amount disclosed under non-current assets (refer note 19)	493	10
	4,460	**3,627**

Notes to financial statements

24. Short-term Loans and Advances

(₹ Millions)

Particulars	As of March 31, 2014		As of March 31, 2013	
Unsecured, considered good unless stated otherwise				
Loans and advances to related parties (refer note 48)		12,510		1,242
Advances recoverable in cash or kind				
Considered good	3,645		5,925	
Considered doubtful	1,793		1,134	
Less: Provision for doubtful advances	(1,793)	3,645	(1,134)	5,925
Balances with customs, excise and other authorities		5,208		5,046
Advance Tax [net of provision for tax of ₹ 108,461 Mn (March 31, 2013 ₹ 91,216 Mn) and net of ₹ 419 Mn TDS receivable provided for (March 31,2013 ₹ 217 Mn)]#		2,855		1,920
		24,218		**14,133**

MAT credit of ₹ 2,604 Mn (March 31, 2013 – Nil) has been utilised during the year ended March 31, 2014 and adjusted with Provision for tax.

25. Other Current Assets

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Unsecured, considered good, unless stated otherwise		
Unbilled Revenue	10,715	9,919
Interest accured on loan given to related parties	682	471
Unamortised upfront fees and Deferred Premium	704	266
Others	52	333
	12,153	**10,989**

26. Contingent Liabilities

(i) Total Guarantees outstanding as of March 31, 2014 amounting to ₹ 57,582 Mn (March 31, 2013 – ₹ 29,714 Mn) have been issued by banks and financial institutions on behalf of the Company. These guarantees include certain financial bank guarantees which have been given for subjudice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under capital commitments, contingencies and liabilities, as applicable, in compliance with the applicable accounting standards.

Corporate Guarantees outstanding as of March 31, 2014 amounting to ₹ 770,121 Mn (March 31, 2013 - ₹ 537,606 Mn) have been given to banks, financial institutions and third parties on behalf of Group Companies at no cost to the latter.

(ii) Claims against the Company not acknowledged as debt: (excluding cases where the possibility of any outflow in settlement is remote):

Notes to financial statements

a) Claims against the Company not acknowledged as debt:

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
(i) Taxes, Duties and Other demands (under adjudication / appeal / dispute)		
-Sales Tax and Service Tax	10,463	6,649
-Income Tax	16,651	15,032
-Customs Duty	4,463	4,463
-Entry Tax	3,676	3,408
-Stamp Duty	359	351
-Municipal Taxes	122	111
-DoT demands*	2,487	2,362
-Other miscellaneous demands	59	118
(ii) Claims under legal cases including arbitration matters		
-Access Charges / Port Charges	5,781	4,616
-Others	557	570
Total	**44,618**	**37,680**

*in addition, refer note (g) (vi), (g) (vii) and (g) (viii) below for DoT matters not included above.

Unless otherwise stated below, the management believes that, based on legal advice, the outcome of these contingencies will be favorable and that a loss is not probable.

b) Sales Tax and Service Tax

Sales Tax

The claims for sales tax as of March 31, 2014 comprised the cases relating to:

i. the appropriateness of the declarations made by the Company under the relevant sales tax legislations which was primarily procedural in nature;

ii. the applicable sales tax on disposals of certain property and equipment items;

iii. lease circuit / broadband connectivity services;

iv. the applicability of sales tax on sale of SIM cards, SIM replacements, VAS, Handsets and Modem rentals;

v. 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.

Service Tax

The service tax demands as of March 31, 2014 relate to:

i. cenvat claimed on tower and related material,

ii. levy of service tax on SIM cards,

iii. cenvat credit disallowed for procedural lapses and inadmissibility of credit,

iv. disallowance of cenvat credit used in excess of 20% limit, and

v. employee talk time

c) Income Tax

Income tax demands under appeal mainly included the appeals filed by the Company before various appellate authorities against the disallowance by the income tax authorities of certain expenses being claimed, 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.

d) Custom Duty

The custom authorities, in some states, demanded ₹ 4,463 Mn as of March 31, 2014 (March 31, 2013 - ₹ 4,463 Mn) for the imports of special software on the ground that this would form part of the hardware on which it was pre-loaded at the time of import. The view of the Company is that such imports should not be subject to any custom duty as it would be an 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 favour of the custom authorities.

The Company has filed an appeal with Hon'ble Supreme Court against the CESTAT order.

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 also 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, 2014 was ₹ 3,676 Mn (March 31, 2013 - ₹ 3,408 Mn).

f) Access Charges (Interconnect Usage Charges)/Port Charges

(i) 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 Telecom Regulatory Authority of India (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 Company's favour. BSNL has challenged the same in Hon'ble Supreme Court. However, no stay has been granted.

(ii) In another proceeding with respect to distance based carriage charges, 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 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 Call Data Records (CDRs) to TRAI. The CDRs have been furnished to TRAI.

(iii) 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 favour of BSNL, and held that the pre-2007 rates shall be applicable prospectively from May 29, 2010. The rates were further revised downwards by TRAI in 2012. On BSNL's appeal, TDSAT declined to stay the revised regulation.

Further, the Hon'ble Supreme Court vide its judgement dated December 6, 2013, passed in another matter, held that TRAI is empowered to issue regulations on any matter under Section 11(1)(b) of TRAI Act and the same cannot be challenged before TDSAT. Accordingly, all matters raised before TDSAT, wherein TDSAT had interfered in Appeal and passed judgements, all such orders do not have any significance. However, parties can file Writ Petitions before High Court challenging such regulations.

The Company believes that the above said judgement has further strengthened the position of the Company on many issues with respect to Regulations which had been in its favour and impugned before TDSAT.

g) Department of Telecommunications ('DoT') Demands

i) The Company has not been able to meet its roll out obligations fully due to certain non-controllable factors like Telecommunication Engineering Center testing, Standing Advisory Committee of Radio Frequency Allocations clearance, non availability of spectrum, etc. The Company has received show cause notices from DoT for 14 of its circles for non-fulfillment of its roll out obligations and these have been replied to. DoT has reviewed and revised the criteria and there has been no further development on this matter since then.

ii) DoT demands include demands raised for contentious matters relating to computation of license fees and spectrum charges.

iii) DoT demands include alleged short payment of license fee for financial year 06-07 and financial year 07-08 due to difference of interpretation of Adjusted Gross Revenue (AGR) between the Company and DoT and interest thereon, against which the Company has obtained stay from appropriate Hon'ble High Courts & TDSAT.

iv) DoT demands also include the contentious matters in respect of subscriber verification norms and regulations including validity of certain documents allowed as Proof of Address / Identity in certain mobility circles.

v) DoT demand also include penalty for alleged failure to meet the procedural requirement for submission of EMF radiation self certification.

The above stated matters are being contested by the Company and the Company, based on legal advice, believes that it has complied with all license related regulations as and when prescribed and does not expect any loss relating to these matters.

In addition to the amount disclosed in the table above, the contingent liability on DoT matters includes the following:

Notes to financial statements

vi) Post the Hon'ble Supreme Court Judgment on October 11, 2011 on components of AGR for computation of license fee, based on the legal advice, the Company believes that the realised and unrealised foreign exchange gain should not be included in AGR for computation of license fee thereon. Accordingly, the license fee on such foreign exchange gain has not been provided in these financial statements. Also, due to ambiguity of interpretation of 'foreign exchange differences', the license fee impact on such exchange differences is not quantifiable and has not been included in the table above. Further, as per the Order dated June 18, 2012 of the Kerala High Court, stay has been obtained, wherein the licensee can continue making the payment as was being done throughout the period of license on telecom activities.

vii) On January 8, 2013, DoT issued a demand on the Company and one of its subsidiaries for ₹ 52,013 Mn towards levy of one time spectrum charge. The demand includes a retrospective charge of ₹ 9,090 Mn for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and also a prospective charge of ₹ 42,923 Mn for GSM spectrum held beyond 4.4 MHz for the period from January 1, 2013, till the expiry of the initial terms of the respective licenses.

In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. Based on a petition filed by the Company, the Hon'ble High Court of Bombay, vide its order dated January 28, 2013, has directed the DoT to respond and not to take any coercive action until the next date of hearing. The DoT has filed its reply and the next date of hearing is June 30, 2014.

viii) Based on the scope of Service under UAS License the Company has been providing 3G service under a commercial arrangement, i.e., "3G Intra Circle Roaming ('3G ICR') Agreements with other operators", where the Company has not been allocated 3G spectrum.

The Department of Telecommunications('DoT') 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 under 3G ICR arrangements.

DoT vide its order dated March 15, 2013 directed the Company to stop providing 3G services in these 7 circles (under 3G ICR arrangements) and also levied a financial penalty of ₹ 3,500 Mn. The same was challenged by the Company before Hon'ble Delhi High Court which granted a stay vide its order dated March 18, 2013. Subsequently, one of the operators (not being a party to the litigation) approached the Division Bench of Delhi High Court and, allowing its appeal, the Division Bench vacated the stay. The Company filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court, challenging the order of the Division Bench. The Hon'ble Supreme Court, vide its interim order dated April 11, 2013, restrained DoT from taking any coercive action and also directed the Company not to extend the facilities to any new customer on the basis of the 3G ICR arrangements in the meantime.

Both the writ petition as well as the appeal against interim order before the Supreme Court were disposed with liberty to the Company to approach TDSAT.

On October 3, 2013, the Company filed the petition before TDSAT which was heard by TDSAT and vide judgment dated April 29, 2014, TDSAT held 3G ICR to be a competent service and quashed the penalty of ₹ 3,500 Mn levied by DoT on the Company.

h) Others

Others mainly include disputed demands for consumption tax, disputes before consumer forum and with respect to labour cases and a potential claim for liquidated damages.

i) Bharti Mobinet Limited ('BMNL') Litigation

The Company is in litigation in various proceedings at various stages and in various forums with DSS Enterprises Private Limited (DSS) (which had 0.34 per cent equity interest in erstwhile Bharti Cellular Limited (BCL)) on claims of specific performance in respect of alleged agreements to sell the equity interest of DSS in erstwhile BMNL to the Company. In respect of one of the transactions with respect to purchase of 10.5% share of DSS in Skycell by the Company, Crystal Technologies Private Limited ('Crystal'), an intermediary, initiated arbitration proceedings against the Company demanding ₹ 195 Mn regarding termination of its appointment as a consultant to negotiate with DSS for the sale of DSS stake in erstwhile BMNL to the Company. The Ld. Arbitrator partly allowed the award for a sum of ₹ 31 Mn, 9% interest from period October 3, 2001 till date of award (i.e May 28, 2009) and a further 18% interest from date of award to date of payment. The Company appealed in Hon'ble High Court against the award.

Notes to financial statements

The Single Judge while dismissing the appeal reduced the rate of interest from 18% to 12%. The matter was appealed thereafter to Division Bench and finally to Hon'ble Supreme Court wherein the matter has been admitted on the condition that the amount as per Single Judge Order shall be secured in Hon'ble Supreme Court, which has been done. The matter will now come up in due course.

DSS has also filed a suit against a previous shareholder of BMNL and the Company challenging the transfer of shares by that shareholder to the Company. The matter is to be reheard.

DSS has also initiated arbitration proceedings seeking direction for restoration of the cellular license and the entire business associated with it including all assets of BCL/BMNL to DSS or alternatively, an award for damages. An interim stay was granted by the Hon'ble Delhi High Court with respect to the commencement of arbitration proceedings. The stay was made absolute.

The liability, if any, of the Company arising out of above litigation cannot be currently estimated. Since the amalgamation of BCL and erstwhile Bharti Infotel Limited (BIL) with the Company, DSS, a minority shareholder in BCL, had been issued 2,722,125 equity shares of ₹ 10 each (5,444,250 equity shares of ₹ 5 each post split) bringing the share of DSS in the Company down to 0.136% as of March 31, 2014.

27. Capital and Other Commitments

a) Estimated amount of contracts to be executed on capital account and not provided for (net of advances) ₹ 159,239 Mn as of March 31, 2014 (March 31, 2013 - ₹ 17,041 Mn). (refer note 38(vi))

b) Under certain Outsourcing Agreements, the Company has estimated commitments to pay ₹ 311 Mn as of March 31, 2014 (March 31, 2013 - ₹ 8,245 Mn) comprising of assets and service charges. The amount represents total minimum commitment over the unexpired period of the contracts (uptill 5 years from the reporting date), since it is not possible for the Company 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 contract.

28. The Company has undertaken to provide financial support, to its subsidiaries, namely, Bharti Airtel Services Limited, Bharti Airtel (USA) Limited, Bharti Airtel (Hongkong) Limited, Bharti Airtel (Japan) Limited, Bharti Airtel (France) Limited, Bharti Telemedia Limited, Airtel M Commerce Services Limited, Telesonic Networks Limited, Bharti International (Singapore) Pte Limited, Bharti Airtel Holdings (Singapore) Pte Limited, Bharti Airtel International (Netherlands) B.V. including its subsidiaries.

29. Revenue From Operations

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Service Revenue		
- Voice revenue	404,264	357,425
- Others	94,863	96,061
Sale of products	58	23
	499,185	**453,509**

Note: Voice Revenue includes revenue from home network subscribers, roaming revenues and interconnect revenues.

Notes to financial statements

30. Other income

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest income on bank deposits	173	985
Interest income on loan given to related parties	260	1,112
Dividend income from subsidiaries	4,588	4,100
Net gain on sale of investments	2,096	1,208
Net foreign exchange gain	-	6,597
Profit on sale of fixed assets	95	-
Other non-operating income		
Lease rentals	66	6
Liabilities/Provision written back	114	144
Miscellaneous income	1,142	480
	8,534	**14,631**

31. Cost of Goods Sold

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(Increase)/ Decrease in inventories	(183)	(177)
Purchase of Stock-in-Trade	205	196
	22	**19**

32. Employee Benefit Expenses

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries and wages	14,565	13,094
Contribution to provident and other funds (refer note 40)	670	612
Expenses on employee stock option plan (refer note 50)	195	242
Staff welfare expenses	572	622
Others	479	543
	16,481	**15,113**

Notes to financial statements

33. Power and Fuel, Rent and Other Operating Expenses

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Power and fuel		
Network	40,569	34,615
Others	1,128	1,084
	41,697	**35,699**
Rent		
Network	55,911	51,129
Others	993	1,096
	56,904	**52,225**
Other expenses		
Interconnect and Port charges	210	1,074
Insurance		
Network	501	501
Others	0	36
Installation	89	35
Repairs and Maintenance		
Plant and Machinery	22,837	20,507
Building	191	194
Others - Network	645	634
Others - Administrative	926	936
Leased Line and Gateway charges	1,253	1,323
Internet access and bandwidth charges	6,396	5,715
Advertisement and Marketing	6,074	5,993
Sales Commission, Customer verification and Content cost	15,779	21,108
Indirect Selling and Distribution	3,350	3,190
Sim card utilisation	1,068	1,920
Legal and Professional	1,906	2,141
Rates and Taxes	441	407
IT and Call Center Outsourcing	11,701	10,842
Travelling and Conveyance	1,269	1,243
Bad debts written off	2,644	1,881
Provision for doubtful debts and advances (refer note 53)	3,220	1,742
Provision for diminution in stock/ capital work in progress	190	542
Collection and Recovery Expenses	3,984	4,482
Loss on sale of Fixed Assets (net)	-	481
Printing and Stationery	689	728
Net foreign exchange loss	1,417	-
Miscellaneous Expenses		
Network	1,130	825
Sales and Marketing	3,858	3,209
Administrative	943	735
	92,711	**92,424**

Note: Miscellaneous Expenses (Sales and Marketing) above includes goodwill waivers which are other than trade discount, of ₹ 716 Mn (for the year ended March 31, 2013 ₹ 392 Mn).

Notes to financial statements

34. Finance Costs

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest expense	10,228	14,885
Other borrowing cost	1,036	607
Loss from swap arrangements (net)	476	190
Applicable net (gain)/loss on foreign currency borrowings	1,624	841
	13,364	**16,523**

35. Depreciation and Amortisation Expense

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Depreciation of tangible assets (refer note 15)	59,012	55,575
Amortisation of intangible assets (refer note 16)	13,301	12,692
	72,313	**68,267**

36. Exceptional Items

a) During the year ended March 31, 2014, the Company has reassessed useful life of certain categories of network assets due to technological developments and has revised the remaining useful life in respect of those assets effective April 1, 2013. Out of those assets, additional depreciation charge of ₹ 2,071 Mn (March 31, 2013- ₹ Nil) on assets for which the revised useful life has expired on April 1, 2013 has been recognised and disclosed as 'Exceptional Items' and additional depreciation charge of ₹ 2,708 Mn (March 31, 2013- ₹ Nil) for balance assets has been recognised and reflected as 'Depreciation and amortisation expense' for the year ended March 31, 2014.

The impact of above change on the depreciation charge for the future years is as follows:

(₹ Millions)

Particulars	Year ending March 31, 2015	Year ending March 31, 2016	Year ending March 31, 2017	After March 31, 2017
Increase/(decrease) in depreciation	158	(624	(783)	(3,530)

b) Tax expense includes:

i) Tax benefit of ₹ 540 Mn (March 31, 2013 - ₹ Nil) on above

ii) Reversal of tax provision of ₹ 640 Mn (March 31, 2013 - ₹ Nil) on account of settlement of an uncertain tax position

37. Preferential Allotment

During the year ended March 31, 2014, the Company has issued 199,870,006 equity shares to M/s. Three Pillars Pte. Ltd (belonging to non-promoter category), an affiliate of Qatar Foundation Endowment, constituting 5% of the post issue share capital of the Company, through preferential allotment at a price of ₹ 340 per share aggregating to ₹ 67,956 Mn. The proceeds of the preferential allotment were utilised towards the repayment of equivalent debt in accordance with the objective of the preferential allotment.

38. Acquisitions/Additional investments / New developments

(i) On June 25, 2013, the Company acquired additional equity stake of 2% by way of subscription to fresh equity in its existing 49% owned joint venture companies, namely, Airtel Broadband Services Private Limited ('ABSPL') (formerly known as Wireless Business Services Private Limited), Wireless Broadband Business Services (Delhi) Private Limited, Wireless Broadband Business Services (Kerala) Private Limited and Wireless

Notes to financial statements

Broadband Business Services (Haryana) Private Limited (together referred as "BWA entities"), for a sum of ₹ 638 Mn, thereby increasing its equity shareholding to 51% in each of these entities.

The Scheme of Arrangement ('Scheme') under Section 391 to 394 of the Companies Act, 1956 for amalgamation of Wireless Broadband Business Services (Delhi) Private Limited, Wireless Broadband Business Services (Kerala) Private Limited and Wireless Broadband Business Services (Haryana) Private Limited (collectively referred to as "the transferor companies") with ABSPL was approved by the Hon'ble High Courts of Delhi and Bombay vide order dated May 24, 2013 and June 28, 2013, respectively, with appointed date July 6, 2010, and filed with the Registrar of Companies on August 5, 2013, effective date of the Scheme. Accordingly, the transferor companies have ceased to exist and have merged into ABSPL. The shares issued to the Company in ABSPL in exchange of shares in transferor companies have been accounted for at the carrying amount of investment in the transferor companies.

On August 30, 2013, the Company increased its equity investment in ABSPL by way of conversion of loan of ₹ 49,094 Mn, thereby increasing its shareholding from 51% to 93.45% and on October 17, 2013 further acquired 371,273,844 equity shares of ABSPL for a total consideration of ₹ 6,257 Mn from Qualcomm Asia Pacific Pte. Ltd., the only other shareholder of ABSPL, thereby increasing it's shareholding to 100%. An amount of ₹ 4,104 Mn is payable upon satisfaction of certain conditions as per the share purchase agreement.

The Scheme of Arrangements ("Scheme') under Sections 391 to 394 of the Companies Act, 1956 for amalgamation of ABSPL, a wholly-owned subsidiary of the Company, with the Company, was approved by the Hon'ble High Courts of Delhi and Bombay on January 21, 2014 and April 11, 2014, respectively. The Scheme shall be effective on filing of certified copies of Orders of Hon'ble High Courts of Bombay and Delhi with the Registrar of Companies (ROC) and obtaining of any other regulatory approval. The said orders are yet to be filed with ROC. Accordingly, the Scheme has not been given effect to in these financial statements.

(ii) During the year ended March 31, 2014, the Company has made equity investment of ₹ 9,518 Mn (USD 155 Mn) in Bharti Airtel International (Mauritius) Limited.

(iii) During the year ended March 31, 2014, the Company has made equity investment of ₹ 990 Mn in Airtel M Commerce Services Limited.

(iv) During the year ended March 31, 2014, the Company has made equity investment of ₹ 51 Mn in Nxtra Data Limited (a wholly owned subsidiary company). Pursuant to the approval of the shareholders through Postal Ballot on September 30, 2013, the Company has transferred the Data Center and Managed Services undertaking as a going concern on a slump sale basis to Nxtra Data Limited, w.e.f. January 1, 2014 for a consideration of ₹ 1,771 Mn.

(v) During the year ended March 31, 2014, the Company has made equity investment of ₹ 2,609 Mn (USD 43 Mn) in Network i2i Limited by way of transfer of its co-ownership interest in three of its undersea cables to Network i2i Limited (refer note 55).

(vi) During the year ended March 31, 2014, the Company has won the auction for 99.80 MHz spectrum in 13 service areas in the auction conducted by the Government of India. The Company has opted for the deferred payment option and has paid an advance of ₹ 53,304 Mn with the balance amount of ₹ 129,129 Mn payable in 10 equal installments after a moratorium of two years. Pending the allocation of spectrum by the Government of India, the balance amount has been disclosed under capital commitments. (refer note 27)

39. Earnings Per Share

(₹ Millions, except per share data and as stated otherwise)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Basic and Diluted Earnings per Share :		
Nominal value of equity shares (₹)	5	5
Profit attributable to equity shareholders (A)	66,002	50,963
Weighted average number of equity shares outstanding during the year (Nos. in Mn) (B)	3,955	3,798
Basic/Diluted earnings per Share (₹) (A/B)	16.69	13.42

Notes to financial statements

40. Employee Benefits

a) During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

i. Defined Contribution Plans

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Employer's Contribution to Provident Fund *@	662	608
Employer's Contribution to ESI *	8	4

* Included in Contribution to Provident and Other Funds (refer note 32)
@ Includes contribution to Defined Contribution Plan for Key Managerial Personnel.

ii. Defined Benefit Plans

For the year ended March 31, 2014

(₹ Millions)

Particulars	Gratuity #	Leave Encashment #
Current service cost	258	171
Interest cost	117	63
Expected return on plan assets	(6)	-
Actuarial (gain) / loss	101	(62)
Total *	**470**	**172**

For the year ended March 31, 2013

(₹ Millions)

Particulars	Gratuity #	Leave Encashment #
Current service cost	221	152
Interest cost	95	55
Expected return on plan assets	(6)	-
Actuarial (gain) / loss	44	(70)
Total *	**354**	**137**

Included in Salaries and Wages (refer note 32)
*Included in above is the charge towards Defined Benefit Plan for Key Managerial Personnel for Gratuity and Leave Encashment as these are provided on an actuarial basis for the Company as a whole.

b) The assumptions used to determine the benefit obligations are as follows :

For the year ended March 31, 2014

(₹ Millions)

Particulars	Gratuity	Leave Encashment
Discount rate	8.00%	8.00%
Expected rate of increase in compensation levels	10.00%	10.00%
Expected rate of return on plan assets	8.00%	N.A.
Expected average remaining working lives of employees (years)	24.39	24.39

Notes to financial statements

For the year ended March 31, 2013

(₹ Millions)

Particulars	Gratuity	Leave Encashment
Discount rate	8.50%	8.50%
Expected rate of increase in compensation levels	10.00%	10.00%
Expected rate of return on plan assets	8.00%	N.A.
Expected average remaining working lives of employees (years)	24.81	24.81

c) Reconciliation of opening and closing balances of benefit obligation and plan assets is as follows :

For the year ended March 31, 2014

(₹ Millions)

Particulars	Gratuity	Leave Encashment
Change in Defined Benefit Obligation		
Defined benefit obligation at beginning of year	1,382	744
Current service cost	258	171
Interest cost	117	63
Benefits paid	(252)	(114)
Transferred (refer note 38 (iv))	(14)	(8)
Actuarial (gain) / loss	95	(62)
Defined benefit obligation at year end	**1,586**	**794**
Change in plan assets :		
Fair value of plan assets at beginning of year	76	-
Expected return on plan assets	6	-
Actuarial gain / (loss)	(6)	-
Fair value of plan assets at year end	**76**	**-**
Net funded status of the plan	**1,510**	**794**
Current Liabilities	**241**	**794**
Non-Current Liabilities	**1,269**	**-**

For the year ended March 31, 2013

(₹ Millions)

Particulars	Gratuity	Leave Encashment
Change in Defined Benefit Obligation		
Defined benefit obligation at beginning of year	1,119	652
Current service cost	221	152
Interest cost	95	55
Benefits paid	(91)	(45)
Actuarial (gain) / loss	38	(70)
Defined benefit obligation at year end	**1,382**	**744**
Change in plan assets :		
Fair value of plan assets at beginning of year	76	-
Expected return on plan assets	6	-
Actuarial gain / (loss)	(6)	-
Fair value of plan assets at year end	**76**	**-**
Net funded status of the plan	**1,306**	**744**
Current Liabilities	**318**	**744**
Non-Current Liabilities	**988**	**-**

Notes to financial statements

d) The expected rate of return on plan assets was based on the average long-term rate of return expected to prevail over the next 15 to 20 years on the investments made by LIC. This was based on the historical returns suitably adjusted for movements in long-term government bond interest rates. The discount rate is based on the average yield on government bonds of 20 years.

e) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

f) History of experience adjustment is as follows:

(₹ Millions)

Particulars	Gratuity				
	As of March 31, 2014	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010
Defined benefit obligation	1,586	1,382	1,119	995	800
Plan assets	76	76	76	76	76
Surplus / (deficit)	(1,510)	(1,306)	(1,043)	(919)	(724)
Experience adjustments on plan liabilities- gain/ (loss)	(28)	(31)	(57)	(87)	(130)
Experience adjustments on plan assets- gain/ (loss)	(6)	(6)	(6)	(6)	(6)

(₹ Millions)

Particulars	Leave Encashment				
	As of March 31, 2014	As of March 31, 2013	As of March 31, 2012	As of March 31, 2011	As of March 31, 2010
Defined benefit obligation	794	744	652	607	534
Plan assets	-	-	-	-	-
Surplus / (deficit)	(794)	(744)	(652)	(606)	(534)
Experience adjustments on plan liabilities- gain/ (loss)	98	79	51	(97)	(106)
Experience adjustments on plan assets- gain/ (loss)	-	-	-	-	-

g) Movement in other long term employee benefits :

The provision for long term service award provided by the Company as of March 31, 2014 is ₹ 105 Mn (March 31, 2013 ₹ 66 Mn).

Notes to financial statements

41. Investment in Joint Ventures/Jointly Owned Assets

a) Jointly owned assets

The Company has participated in various consortiums towards supply, construction, maintenance and providing long term technical support with regards to following Cable Systems. The details of the same are as follows:

As of March 31, 2014

(₹ Millions except % share)

Cable Project	Total Contribution	Capital Work In Progress	Net block	% Share
SMW-4	3,382	97	1,811	13.07%
EIG - Project	2,412	-	1,913	7.09%
IMEWE- Project	3,063	-	2,422	12.84%

Refer note 55 for cables transferred to Network i2i Limited, a wholly owned subsidiary of the Company.

As of March 31, 2013

(₹ Millions except % share)

Cable Project	Total Contribution	Capital Work In Progress	Net block	% Share
SMW-4	3,284	-	2,080	13.12%
AAG - Project	1,843	-	1,435	7.06%
EASSY - Project	119	-	102	1.01%
EIG - Project	2,412	-	2,074	7.09%
IMEWE- Project	3,132	-	2,687	12.77%
Unity - Project - Common & Others	1,317	-	1,107	10.00%
Unity - Project - Light Up	149	-	125	13.91%

b) Joint Ventures Entity

(i) The Company has a Joint Venture with 9 other overseas mobile operators to form a regional alliance called the Bridge Mobile Alliance, incorporated in Singapore as Bridge Mobile Pte Limited. The principal activity of the venture is creating and developing regional mobile services and managing the Bridge Mobile Alliance Programme. The Company has invested USD 2.2 Mn, amounting to ₹ 92 Mn, in 2.2 Mn ordinary shares of USD 1 each which is equivalent to an ownership interest of 10.00% as of March 31, 2014 (March 31, 2013 USD 2.2 Mn, ₹ 92 Mn, ownership interest 10.00%).

(ii) During the year ended March 31, 2013, the Company acquired 49% stake for a consideration of ₹ 9,281 Mn (USD 165 Mn) in Qualcomm Asia Pacific's 4 Indian Subsidiaries ("BWA entities"). The principal activity of the venture is to carry on the business of internet and broadband services. During the year ended March 31, 2014, the Company has increased its equity investment in Airtel Broadband Services Private Limited (ABSPL) from 49% to 100% and ABSPL became the wholly owned subsidiary of the Company (refer note 38).

Notes to financial statements

The following represent the Company's share of assets and liabilities, and income and results of the joint ventures.

(₹ Millions)

Particulars	As of March 31, 2014 (Unaudited)*	As of March 31, 2013 (Unaudited)
Current assets	113	794
Non-current assets	4	36,796
Current liabilities	11	14,420
Non-current liabilities	-	15,674
Equity	**106**	**7,496**
Revenue	37	27
Other Income	103	82
Employee benefit expenses	24	17
Other expenses	36	20
Finance costs	3	225
Depreciation	1	1
Profit/ (loss) before tax	**76**	**(154)**
Tax Expense	26	32
Loss for the year	**50**	**(186)**

*includes share of income and results of ABSPL till June 25, 2013, i.e., the date, it became the subsidiary of the Company.

42. As of March 31, 2014, Bharti Airtel Employee's Welfare Trust ('the Trust') holds 2,374,698 equity shares (of face value of ₹ 5 each) (March 31, 2013 3,937,055 equity shares) of the Company.

Particulars	As of March 31, 2014	As of March 31, 2013	As of March 31, 2014	As of March 31, 2013
	Number of shares		(₹ Millions)	
Opening Balance	3,937,055	2,456,750	674	282
Purchased during the year	-	2,945,000	-	762
Issued during the year	(1,562,357)	(1,464,695)	(332)	(370)
Closing Balance	**2,374,698**	**3,937,055**	**342**	**674**

43. Loans and advances in the nature of loan along with maximum amount outstanding during the year as per Clause 32 of the Listing Agreement are as follows:

(a) Loan and advance in the nature of loan given to Bharti Telemedia Limited at nil interest rate is ₹ 35,770 Mn (March 31, 2013 ₹ 35,026 Mn at nil interest rate).

(b) Loan and advance in the nature of loan given to Bharti Airtel Lanka (Private) Limited at nil interest rate is ₹ 11,047 Mn (March 31, 2013 ₹ 11,047 Mn at nil interest rate).

(c) Loan and advance in the nature of loan given to Bharti Airtel International (Netherlands) B.V at LIBOR + 1.75% interest rate is ₹ 10,895 Mn (March 31, 2013 ₹ 67,757 Mn at LIBOR + 1.7% interest rate).

(d) Loan and advance in the nature of loan given to Telesonic Networks Limited at SBI PLR + 1% interest rate is ₹ 90 Mn (March 31, 2013 ₹ 90 Mn at SBI PLR + 1% interest rate).

(e) Loan and advance in the nature of loan given to Bharti Teleports Limited at SBI +1% interest rate is ₹ 412 Mn (March 31, 2013 ₹ 302 Mn at SBI +1% interest rate).

(f) Loan and advance in the nature of loan given to Bharti Airtel International (Mauritius) Limited is ₹ Nil (March 31, 2013 ₹ 9,967 Mn at LIBOR + 1.7% interest rate).

(g) Loan and advance in the nature of loan given to Bharti International (Singapore) Pte Limited at LIBOR + 1.75% interest rate is ₹ 2,731 Mn (March 31, 2013 ₹ 32,378 Mn at LIBOR + 1.7% interest rate).

Notes to financial statements

(h) Loan and advance in the nature of loan given to Bharti Airtel (USA) Limited is ₹ Nil (March 31, 2013 ₹ 53 Mn at 7.33% p.a. interest rate).

(i) Loan and advance in the nature of loan given to Nxtra Data Limited at nil interest rate is ₹ 2,000 Mn (March 31, 2013 ₹ Nil).

(j) Loan and advance in the nature of loan given to Bharti Airtel Services Limited at nil interest rate is ₹ 635 Mn (March 31, 2013 ₹ 56 Mn at nil interest rate).

(k) Loan and advance in the nature of loan given to Airtel Broadband Services Private Limited at nil interest rate is ₹ 49,094 Mn (March 31, 2013 ₹ Nil).

Refer note 48 for outstanding balance at the end of the year for the above entities.

44. Expenditure / Earnings in Foreign Currency (on accrual basis)

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Expenditure		
On account of :		
Interest	295	304
Professional & Consultation Fees	36	37
Travelling (Net of Reimbursement)	26	22
Roaming Charges (including Commission)	1,868	1,685
Membership & Subscription	95	46
Staff Training & Others	2	43
Network Services	447	345
Annual Maintenance	1,863	1,690
Bandwidth Charges	3,723	2,959
Access Charges	18,689	13,872
Repairs & Maintenance	-	7
Marketing	673	743
Content Charges	1,289	105
Directors Commission and Sitting Fees	49	36
Agency Fees & Premium fees	-	3
Income Tax	210	155
Total	**29,265**	**22,052**
Earnings		
Service Revenue	34,929	27,737
Management Charges	106	87
Total	**35,035**	**27,824**

45. CIF Value of Imports

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Capital Goods	16,145	25,516
Total	**16,145**	**25,516**

46. Auditors' Remuneration

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
- Audit Fee*	68	66
- Reimbursement of Expenses*	5	5
- As advisor for taxation matters*	-	1
- Other Services*	11	5
Total	**84**	**77**

* Excluding Service Tax

Notes to financial statements

47. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Amounts due to micro, and small enterprises under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 aggregate to ₹ 38 Mn (March 31, 2013 – ₹ 16 Mn) based on the information available with the Company and the confirmation received from the creditors till the year end.

(₹ Millions)

Sr No	Particulars	March 31, 2014	March 31, 2013
1	The principal amount and the interest due thereon [₹ Nil (March 31, 2013 – ₹ NIL)] remaining unpaid to any supplier as at the end of each accounting year.	38	16
2	The amount of interest paid by the buyer in terms of Section 16 of the MSMED ACT, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED ACT, 2006.	-	-
4	The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED ACT, 2006.	-	-

48. Related Party Disclosures

In accordance with the requirements of Accounting Standard (AS) -18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships are:

Name of the related party and related party relationship :

(i) Key Management Personnel

Sunil Bharti Mittal

Manoj Kohli

Gopal Vittal (w.e.f. February 1, 2013)

Sanjay Kapoor (till February 28, 2013)

(ii) Other Related Parties

(a) Entities where control exist – Subsidiary/Subsidiaries of subsidiary

Bharti Hexacom Limited

Bharti Airtel Services Limited

Bharti Telemedia Limited

Bharti Airtel (USA) Limited

Bharti Airtel Lanka (Private) Limited

Bharti Airtel (UK) Limited

Bharti Airtel (Canada) Limited ^

Bharti Airtel (Hongkong) Limited

Bharti Infratel Limited ("BIL")

Bharti Infratel Services Limited (incorporated on June 4, 2013 as subsidiary of BIL)

Network i2i Limited

Bharti Airtel Holdings (Singapore) Pte Ltd

Bharti Infratel Lanka (Private) Limited (subsidiary of Bharti Airtel Lanka (Private) Limited)

Bharti Infratel Ventures Limited ("BIVL") (subsidiary of BIL) (w.e.f June 11, 2013, merged with Indus Towers Limited)

Airtel M Commerce Services Limited

Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited) (subsidiary w.e.f. June 25, 2013)*

Wireless Broadband Business Services (Delhi) Private Limited (subsidiary w.e.f. June 25, 2013)*$

Wireless Broadband Business Services (Haryana) Private Limited (subsidiary w.e.f. June 25, 2013)*$

Wireless Broadband Business Services (Kerala) Private Limited (subsidiary w.e.f. June 25, 2013)*$

Nxtra Data Limited (incorporated on July 2, 2013)*

Bharti Airtel (Japan) Kabushiki Kaisha (subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd)

Notes to financial statements

Bharti Airtel (France) SAS (subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd)

Bharti Airtel International (Mauritius) Limited

Bharti International (Singapore) Pte Ltd

Airtel Bangladesh Limited (subsidiary of Bharti Airtel Holdings (Singapore) Pte Ltd)

Bharti Airtel International (Netherlands) B.V.

Bangladesh Infratel Networks Limited (subsidiary of Airtel Bangladesh Limited)

Bharti Airtel Africa B.V. (subsidiary of Bharti Airtel International (Netherlands) B.V.)

Telesonic Networks Limited (formerly known as Alcatel-Lucent Network Management Services India Limited) (effective February 5, 2013)

Other subsidiaries of Bharti Airtel International (Netherlands) B.V. :

Africa Towers N.V.

Africa Towers Services Limited

Airtel Ghana Limited

Airtel (SL) Limited #

Airtel Burkina Faso S.A. #

Airtel Congo S.A #

Airtel DTH Services (SL) Limited ^

Airtel DTH Services Burkina Faso S.A. @

Airtel DTH Services Congo (RDC) S.p.r.l ^

Airtel DTH Services Congo S.A. @

Airtel DTH Services Gabon S.A @

Airtel DTH Services Ghana Limited @

Airtel DTH Services Nigeria Limited

Airtel DTH Services Tanzania Limited ^

Airtel DTH Services Uganda Limited @

Bharti DTH Services Zambia Limited ^

Airtel Madagascar S.A.#

Airtel Malawi Limited #

Airtel Mobile Commerce (SL) Limited

Airtel Mobile Commerce B.V.

Airtel Mobile Commerce Burkina Faso S.A.

Airtel Mobile Commerce (Ghana) Limited

Airtel Mobile Commerce Holdings B.V.

Airtel Mobile Commerce Madagascar S.A.

Airtel Mobile Commerce Limited

Airtel Mobile Commerce (Tanzania) Limited

Airtel Mobile Commerce Tchad S.a.r.l.

Airtel Mobile Commerce Uganda Limited

Airtel Mobile Commerce Rwanda Limited

Airtel Mobile Commerce (Seychelles) Limited (subsidiary w.e.f. August 9, 2013)

Airtel Mobile Commerce (Kenya) Limited

Airtel Money Niger S.A.

Airtel Money (RDC) S.p.r.l

Airtel Networks Kenya Limited #

Airtel Networks Limited

Airtel Rwanda Limited #

Airtel Tanzania Limited #

Airtel Towers (Ghana) Limited

Airtel Towers (SL) Company Limited

Airtel Uganda Limited #

Airtel (Seychelles) Limited

Bharti Airtel Acquisition Holdings B.V.

Bharti Airtel Burkina Faso Holdings B.V.

Bharti Airtel Cameroon B.V.

Bharti Airtel Chad Holdings B.V.

Bharti Airtel Congo Holdings B.V.

Bharti Airtel Developers Forum Limited

Bharti Airtel DTH Holdings B.V.

Bharti Airtel Gabon Holdings B.V.

Bharti Airtel Ghana Holdings B.V.

Bharti Airtel Kenya B.V.

Bharti Airtel Kenya Holdings B.V.

Bharti Airtel Madagascar Holdings B.V.

Bharti Airtel Malawi Holdings B.V.

Bharti Airtel Mali Holdings B.V.

Bharti Airtel Niger Holdings B.V.

Bharti Airtel Nigeria B.V.

Bharti Airtel Nigeria Holdings B.V. ^

Bharti Airtel Nigeria Holdings II B.V.

Bharti Airtel RDC Holdings B.V.

Bharti Airtel Services B.V.

Bharti Airtel Sierra Leone Holdings B.V.

Bharti Airtel Tanzania B.V.

Bharti Airtel Uganda Holdings B.V.

Bharti Airtel Zambia Holdings B.V.

Burkina Faso Towers S.A.

Celtel (Mauritius) Holdings Limited

Celtel Congo (RDC) S.a.r.l. #

Airtel Gabon S.A.#

Celtel Niger S.A.#

Airtel Tchad S.A.#

Airtel Networks Zambia Plc (formerly known as Celtel Zambia plc)#

Notes to financial statements

Channel Sea Management Company (Mauritius) Limited

Congo (RDC) Towers S.p.r.l.

Congo Towers S.A.

Gabon Towers S.A.

Indian Ocean Telecom Limited

Kenya Towers Limited

Madagascar Towers S.A.

Malawi Towers Limited

Mobile Commerce Congo S.A.

Airtel Money S.A. (Gabon)

Montana International

MSI-Celtel Nigeria Limited ^

Niger Towers S.A.

Partnership Investments S.p.r.l.

Rwanda Towers Limited

Société Malgache de Telephonie Cellulaire SA

Tanzania Towers Limited

Tchad Towers S.A.

Towers Support Nigeria Limited

Uganda Towers Limited

Warid Congo S.A. (subsidiary w.e.f. March 12, 2014)

Warid Telecom Uganda Limited (subsidiary w.e.f. May 13, 2013) (merged with Airtel Uganda Limited w.e.f. February 1, 2014)

Zambian Towers Limited

Zap Trust Company Nigeria Limited

Zebrano (Mauritius) Limited

Airtel Mobile Commerce Zambia Limited (formerly known as ZMP Limited)

(b) Associates / Associate of subsidiary

Bharti Teleports Limited

Tanzania Telecommunications Company Limited (Associate of Bharti Airtel Tanzania B.V.)

Seychelles Cable Systems Company Limited (Associate of Airtel (Seychelles) Limited)

Telesonic Networks Limited (formerly known as Alcatel-Lucent Network Management Services India Limited) (till February 4, 2013)

(c) Joint Ventures /Joint Venture of Subsidiary

Forum I Aviation Limited (Joint Venuture of Bharti Airtel Services Limited)

Indus Towers Limited (Joint Venture of Bharti Infratel Limited)

Bridge Mobile Pte Limited

Wireless Broadband Business Services (Delhi) Private Limited (till June 24, 2013)*

Wireless Broadband Business Services (Haryana) Private Limited (till June 24, 2013)*

Wireless Broadband Business Services (Kerala) Private Limited, (till June 24, 2013)*

Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited) (till June 24, 2013)*

(d) Entities where Key Management Personnel and their relatives exercise significant influence /Group Companies

Beetel Teletech Limited

Bharti Airtel Employees Welfare Trust

Bharti AXA General Insurance Company Limited

Bharti AXA Life Insurance Company Limited

Bharti Enterprises Limited

Bharti Foundation

Bharti Realty Holdings Limited

Bharti Realty Limited

Bharti Retail Limited

Bharti Wal-Mart Private Limited (till December 28, 2013)

BSB Portal Limited

Centum Learning Limited

Comviva Technologies Limited (till December 13, 2012)

Fieldfresh Foods Private Limited

Indian Continent Investment Limited

Jersey Airtel Limited

Nile Tech Limited

Mehrauli Realty and Consultants Limited

Mobinteco Limited

Y2CF Digital Media Limited (w.e.f May 6, 2013)

Hike Limited (formerly known as MessngrCo Private Limited)

(e) Entities having significant influence over the Company

Singapore Telecommunications Limited

Pastel Limited

Bharti Telecom Limited

* Refer note 38 above for details of new operations during the year.

Transactions of similar nature with such subsidiaries have been clubbed and shown under the head 'Other African Subsidiaries' as their contribution to total transaction value is less than 10%.

@ Dissolved during the year ended March 31, 2014

^ Under Liquidation. Airtel DTH Services Tanzania Limited liquidated on 3rd April 2014.

$ Merged w.e.f. August 5, 2013 with Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited)

Notes to financial statements

The details of amounts due to or due from the related parties as of March 31, 2014 and March 31, 2013 are as follows:

(₹ Millions)

S.No	Particulars	As of March 31, 2014	As of March 31, 2013
1	**Loans & Advances (including accrued interest, wherever applicable)**		
	Entities where control exist:		
	Bharti Airtel (Services) Limited	634	-
	Airtel Broadband Services Pvt. Ltd.*	3,800	-
	Bharti Telemedia Ltd.	33,226	35,026
	Bharti Airtel Lanka (Pvt.) Ltd.	11,517	11,517
	Nxtra Data Limited	2,000	-
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	90	90
	Bharti International (Singapore) Pte Ltd.	2,467	-
	Bharti Airtel International (Netherlands) B.V.	9,831	-
	Associate:		
	Bharti Teleports Ltd.	320	302
	Entity where key management personnel & their relatives exercise significant influence:		
	Bharti Airtel Employees Welfare Trust	326	662
		64,211	**47,597**
	*refer note 38(i)		
2	**Borrowings (including accrued interest)**		
	Entity where control exist:		
	Bharti Infratel Ltd.	-	23,091
		-	**23,091**
3	**Security Deposit/Advances given**		
	Entities where control exist:		
	Bharti Airtel (Services) Limited	729	729
	Bharti Infratel Ltd.	1,777	1,769
	Joint Venture of Subsidiary:		
	Indus Towers Limited	3,813	3,727
	Entities where key management personnel & their relatives exercise significant influence:		
	Bharti Realty Limited	358	353
	Bharti Realty Holdings Limited	86	86
	Centum learning Limited	60	60
	Nile Tech Ltd.	395	395
	Bharti Enterprises Limited	90	-
		7,308	**7,119**
4	**Trade Receivables/(Payables)**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	278	904
	Bharti Airtel (Services) Limited	(757)	154

Notes to financial statements

(₹ Millions)

S.No	Particulars	As of March 31, 2014	As of March 31, 2013
	Bharti Telemedia Ltd.	26	-
	Bharti Infratel Ventures Ltd.	-	6
	Bharti Infratel Ltd.	(2,692)	(2,199)
	Airtel M Commerce Services Limited	(36)	62
	Airtel Broadband Services Pvt. Ltd.*	151	-
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	(318)	(867)
	Network i2i Limited	(137)	371
	Nxtra Data Limited	182	-
	Bharti Airtel (USA) Ltd.	182	720
	Bharti Airtel (UK) Ltd.	(543)	(15)
	Bharti Airtel (Hongkong) Ltd.	(31)	(6)
	Bharti Airtel (Canada) Ltd.$	26	25
	Bharti Airtel (Japan) Kabushiki Kaisha	(4)	(3)
	Bharti Airtel (France) SAS	(46)	(15)
	Bharti Airtel International (Mauritius) Ltd.	2	1
	Bharti International (Singapore) Pte Ltd.	(778)	1,136
	Bharti Airtel Holdings (Singapore) Pte Limited	1	5
	Bharti Airtel International (Netherlands) B.V.	355	38
	Bharti Airtel Lanka (Pvt.) Ltd.	3	6
	Airtel Bangladesh Ltd.	(2)	(6)
	Airtel Networks Ltd.	76	191
	Airtel (Seychelles) Limited	(4)	0
	Airtel Ghana Ltd.	68	(27)
	Other African Subsidiaries	(40)	(126)
	Associate:		
	Bharti Teleports Ltd.	81	7
	Joint Venture/ Joint Venture of Subsidiary:		
	Forum 1 Aviation Ltd	(3)	(3)
	Indus Towers Limited	(7,395)	(6,708)
	Bridge Mobile Pte Limited	(4)	(5)
	Wireless Business Services Pvt. Ltd. # *	-	(2,242)
	Wireless Broadband Business Services (Delhi) Pvt. Ltd. # *	-	(2,167)
	Wireless Broadband Business Services (Haryana) Pvt. Ltd. # *	-	(124)
	Wireless Broadband Business Services (Kerala) Pvt. Ltd. # *	-	(259)
	Entities where key management personnel & their relatives exercise significant influence:		
	Beetel Teletech Limited	(41)	(21)
	Bharti Realty Limited	(1)	(4)
	Bharti Realty Holdings Limited	(7)	(3)
	Bharti Retail Ltd.	37	31

Notes to financial statements

(₹ Millions)

S.No	Particulars	As of March 31, 2014	As of March 31, 2013
	Bharti Wal-Mart Private Limited	-	6
	Bharti Enterprises Limited	(56)	(56)
	Bharti AXA Life Insurance Company Limited	5	3
	Bharti AXA General Insurance Co Ltd	2	18
	BSB Portal Limited	(1)	-
	Centum learning Limited	(66)	(72)
	Fieldfresh Foods Private Limited	0	1
	Hike Limited	14	-
	Jersey Airtel Limited	(0)	1
	Mehrauli Realty and Consultants Limited	-	(2)
	Mobinteco Limited	2	-
	Entity having significant influence over the Company:		
	Singapore Telecommunications Ltd.	294	324
	Key Management Personnel:		
	Sunil Bharti Mittal	-	(143)
	Sanjay Kapoor	-	(12)
	Gopal Vittal	-	(9)
	Manoj Kohli	-	-
		(11,177)	**(11,084)**

$ gross of ₹ 24 Mn provided for

Wireless Broadband Business Services Entities became Joint Venture w.e.f. July 1, 2012. Advances of ₹ 4,847 Mn were received before July 1, 2012 when these entities were associates

* refer note 38(i)

The details of the related party transactions entered into by the Company for the years ended March 31, 2014 and March 31, 2013 are as follows:

(₹ Millions)

S.No	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
1	**Purchase of fixed assets/ bandwidth**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	158	214
	Bharti Airtel (Services) Limited	0	2
	Network i2i Limited	-	106
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	1,993	330
	Bharti Airtel (France) SAS	47	-
	Bharti International (Singapore) Pte Ltd.	296	121
	Associate:		
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	-	1,583
	Entity where key management personnel & their relatives exercise significant influence:		
	Beetel Teletech Limited	422	257
		2,916	**2,613**

Notes to financial statements

(₹ Millions)

S.No	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
2	**Sale of fixed assets/ IRU given**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	773	1,259
	Bharti Airtel (USA) Ltd.	-	3
	Network i2i Limited	2,547	205
	Nxtra Data Limited	1,771	-
	Bharti International (Singapore) Pte Ltd.	101	705
	Entities where key management personnel & their relatives exercise significant influence:		
	Bharti Enterprises Limited	2	-
	Bharti Retail Ltd.	20	-
	Mehrauli Realty and Consultants Limited	72	-
	Comviva Technologies Limited	-	0
	Jersey Airtel Limited	-	0
	Joint Venture of Subsidiary:		
	Indus Towers Limited	-	0
	Entity having significant influence over the Company:		
	Singapore Telecommunications Ltd.	9	28
		5,295	**2,200**
3	**Purchase of Investments/Subscription to share capital@**		
	Entities where control exist:		
	Network i2i Limited	2,609	-
	Airtel Broadband Services Pvt. Ltd.	49,732	-
	Nxtra Data Limited	51	
	Airtel M Commerce Services Limited	990	1,060
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	-	1**
	Bharti Airtel International (Mauritius) Ltd.	9,518	43,274
	Bharti International (Singapore) Pte Ltd.	-	32,184
	Bharti Airtel International (Netherlands) B.V.	-	67,353
		62,901	**1,43,872**
	@ refer note 38 ** ₹ 546.15 Mn loan to Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited) acquired for ₹ 0.5 Mn converted into equity		
4	**Rendering of Services**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	7,745	6,450
	Bharti Airtel (Services) Limited	115	-
	Bharti Airtel (USA) Ltd.	217	280
	Bharti Airtel (UK) Ltd.	131	11
	Airtel Broadband Services Pvt. Ltd.*	8	-
	Bharti Airtel (Hongkong) Ltd.	98	7
	Bharti Airtel Holdings (Singapore) Pte Limited	12	11
	Airtel Bangladesh Limited	-	0

Notes to financial statements

(₹ Millions)

S.No	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Bharti Telemedia Ltd.	49	239
	Bharti Infratel Ltd.	159	169
	Bharti Airtel Lanka (Pvt.) Ltd.	363	282
	Network i2i Limited	106	71
	Airtel M Commerce Services Limited	3	-
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	121	16
	Bharti Airtel (Japan) Kabushiki Kaisha	1	0
	Bharti Airtel (France) SAS	2	0
	Bharti Airtel International (Mauritius) Ltd.	1	1
	Bharti International (Singapore) Pte Ltd.	562	583
	Bharti Airtel International (Netherlands) B.V.	506	95
	Airtel (Seychelles) Limited	40	46
	Airtel Ghana Ltd.	242	288
	Airtel Networks Ltd.	218	400
	Other African Subsidiaries	1,267	1,979
	Associate:		
	Bharti Teleports Ltd.	5	4
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	-	81
	Joint Venture of Subsidiary:		
	Indus Towers Limited	22	22
	Entities where key management personnel & their relatives exercise significant influence:		
	Bharti Wal-Mart Private Limited	4	12
	Comviva Technologies Limited	-	3
	Fieldfresh Foods Private Limited	0	1
	Bharti AXA Life Insurance Company Limited	15	12
	Jersey Airtel Limited	29	21
	Bharti Retail Ltd.	35	44
	Mobinteco Limited	2	-
	Hike Limited	66	-
	BSB Portal Limited	3	-
	Entity having significant influence over the Company:		
	Singapore Telecommunications Ltd.	1,555	1,422
		13,702	**12,550**
	* refer note 38(i)		
5	**Receiving of services**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	2,549	2,105
	Bharti Airtel (Services) Limited	3,343	2,522
	Bharti Airtel (USA) Ltd.	477	394
	Bharti Airtel (UK) Ltd.	743	128
	Bharti Airtel (Hongkong) Ltd.	110	75

Notes to financial statements

(₹ Millions)

S.No	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Airtel Bangladesh Ltd.	2	3
	Bharti Telemedia Ltd.	59	40
	Bharti Infratel Ltd.	14,085	12,062
	Bharti Airtel Lanka (Pvt.) Ltd.	727	379
	Network i2i Limited	1,233	925
	Airtel M Commerce Services Limited	161	103
	Nxtra Data Limited	395	-
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	2,612	436
	Bharti Airtel (Japan) Kabushiki Kaisha	10	8
	Bharti Airtel (France) SAS	96	37
	Bharti International (Singapore) Pte Ltd.	1,379	1,114
	Airtel (Seychelles) Limited	44	39
	Airtel Ghana Ltd.	188	463
	Airtel Networks Ltd.	170	501
	Other African Subsidiaries	1,272	1,900
	Associate:		
	Bharti Teleports Ltd.	2	-
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	-	2,182
	Joint Venture/ Joint Venture of Subsidiary:		
	Forum 1 Aviation Ltd	45	54
	Indus Towers Limited	32,350	30,146
	Bridge Mobile Pte Limited	29	29
	Entities where key management personnel & their relatives exercise significant influence:		
	Bharti Wal-Mart Private Limited	3	2
	Comviva Technologies Limited	-	672
	Beetel Teletech Limited	395	103
	Bharti Realty Limited	548	510
	Nile Tech Ltd.	596	590
	BSB Portal Limited	307	-
	Y2CF Digital Media Pvt. Ltd.	8	-
	Bharti Realty Holdings Limited	194	187
	Fieldfresh Foods Private Limited	-	1
	Bharti AXA Life Insurance Company Limited	1	-
	Jersey Airtel Limited	1	1
	Centum learning Limited	216	423
	Bharti Retail Ltd.	7	23
	Bharti AXA General Insurance Co Ltd	40	9
	Entity having significant influence over the Company:		
	Singapore Telecommunications Ltd.	480	586
		64,946	**58,752**

Notes to financial statements

(₹ Millions)

S.No	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
6	**Common cost allocation charged by the Company**		
	Entity where control exist:		
	Bharti Hexacom Ltd.	794	659
	Associate:		
	Bharti Teleports Ltd.	2	2
		796	**661**
7	**Fund Transferred / Expenses incurred on behalf of others**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	562	361
	Bharti Airtel (Services) Limited	299	1,681
	Bharti Airtel (UK) Ltd.	-	0
	Airtel Broadband Services Pvt. Ltd.*	105	-
	Bharti Airtel (Hongkong) Ltd.	-	1
	Bharti Telemedia Ltd.	633	386
	Bharti Infratel Ltd.	7	13
	Network i2i Limited	7	-
	Airtel M Commerce Services Limited	78	213
	Nxtra Data Limited	102	
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	128	
	Bharti International (Singapore) Pte Ltd.	-	53
	Joint Venture:		
	Wireless Business Services Pvt. Ltd.*	18	-
	Associate:		
	Bharti Teleports Ltd.	14	14
	Entities where key management personnel & their relatives exercise significant influence:		
	Beetel Teletech Limited	-	12
	Bharti Retail Ltd.	15	14
	Entity having significant influence over the Company		
	Singapore Telecommunications Ltd.	1	-
		1,969	**2,748**
	* refer note 38(i)		
8	**Fund received/Expenses incurred on behalf of the Company**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	103	68
	Bharti Airtel (Services) Limited	9	1,575
	Bharti Airtel (USA) Ltd.	-	10
	Bharti Airtel Holdings (Singapore) Pte Limited	3	-
	Bharti Telemedia Ltd.	74	254
	Airtel M Commerce Services Limited	211	58
	Associate:		
	Bharti Teleports Ltd.	2	-

Notes to financial statements

(₹ Millions)

S.No	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Entity where key management personnel & their relatives exercise significant influence:		
	Bharti Enterprises Limited	638	669
	Entity having significant influence over the Company:		
	Singapore Telecommunications Ltd.	-	24
		1,040	**2,658**
9	**Employee related expenses incurred on behalf of others**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	138	90
	Bharti Airtel (Services) Limited	307	138
	Bharti Telemedia Ltd.	173	302
	Bharti Infratel Ltd.	-	28
	Airtel M Commerce Services Limited	142	131
	Nxtra Data Limited	12	-
	Associate:		
	Bharti Teleports Ltd.	13	16
		785	**705**
10	**Employee related expenses incurred on behalf of the Company**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	15	8
	Bharti Airtel (Services) Limited	54	21
	Bharti Airtel (Hongkong) Limited	-	0
	Bharti Telemedia Ltd.	25	52
	Airtel M Commerce Services Limited	0	1
	Entity where key management personnel & their relatives exercise significant influence:		
	Bharti Enterprises Limited	92	83
		186	**165**
11	**Donation**		
	Entity where key management personnel & their relatives exercise significant influence:		
	Bharti Foundation	196	106
		196	**106**
12	**Security deposit given/Advances paid**		
	Entities where control exist:		
	Bharti Infratel Ltd.	24	72
	Bharti Infratel Ventures Ltd.	-	6
	Joint Venture/ Joint Venture of Subsidiary:		
	Wireless Business Services Pvt. Ltd.*	-	15
	Wireless Broadband Business Services (Delhi) Pvt. Ltd.*	-	39
	Indus Towers Limited	86	192
	Entities where key management personnel & their relatives exercise significant influence:		
	Bharti Realty Limited	-	31

Notes to financial statements

(₹ Millions)

S.No	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Nile Tech Ltd.	-	52
	Bharti Enterprises Limited	90	-
	* refer note 38(i)	**200**	**407**
13	**Refund of Capital Advance**		
	Entity where control exist:		
	Airtel Broadband Services Pvt. Ltd.*	4,757	-
		4,757	**-**
	* refer note 38(i)		
14	**Advance received/Refund of Security deposit given**		
	Entity where control exist:		
	Bharti Infratel Ltd.	16	816
	Associates:		
	Wireless Business Services Pvt. Ltd.*	-	2,258
	Wireless Broadband Business Services (Delhi) Pvt. Ltd.*	-	2,206
	Wireless Broadband Business Services (Haryana) Pvt. Ltd.*	-	124
	Wireless Broadband Business Services (Kerala) Pvt. Ltd.*	-	259
	Joint Venture of Subsidiary:		
	Indus Towers Limited	-	2,180
	Entity where key management personnel & their relatives exercise significant influence:		
	Bharti Realty Holdings Limited	-	8
		16	**7,851**
	* refer note 38(i)		
15	**Repayment of Loan taken**		
	Entity where control exist:		
	Bharti Infratel Ltd.	22,990	3,670
		22,990	**3,670**
16	**Loans given**		
	Entities where control exist:		
	Bharti Airtel (Services) Limited	634	-
	Airtel Broadband Services Pvt. Ltd.*	22,728	-
	Bharti Telemedia Ltd.	1,520	3,174
	Nxtra Data Limited	2,000	-
	Bharti International (Singapore) Pte Ltd.	2,211	4,600
	Bharti Airtel International (Netherlands) B.V.	9,045	11,164
	Entity where key management personnel & their relatives exercise significant influence:		
	Bharti Airtel Employees Welfare Trust	332	762
	Associate:		
	Bharti Teleports Ltd.	110	130
	Joint Venture of Subsidiary:		
	Wireless Business Services Pvt. Ltd.*	14,904	-
	Wireless Broadband Business Services (Delhi) Pvt. Ltd.*	13,016	-

Notes to financial statements

(₹ Millions)

S.No	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Wireless Broadband Business Services (Haryana) Pvt. Ltd.*	693	-
	Wireless Broadband Business Services (Kerala) Pvt. Ltd.*	1,556	-
	Entity where key management personnel & their relatives exercise significant influence:		
	Bharti Wal-Mart Private Limited	-	-
		68,749	**19,830**
	* refer note 38(i)		
17	**Repayment of Loans given**		
	Entity where control exist:		
	Bharti Telemedia Ltd.	3,320	-
	Entity where key management personnel & their relatives exercise significant influence:		
	Bharti Airtel Employees Welfare Trust	338	369
	Associate:		
	Bharti Teleports Ltd.	100	-
		3,758	**369**
18	**Loans received**		
	Entity where control exist:		
	Bharti Infratel Ltd.	-	13,500
		-	**13,500**
19	**Interest charged by others**		
	Entities where control exist:		
	Bharti Hexacom Ltd.	19	-
	Bharti Infratel Ltd.	485	1,743
		504	**1,743**
20	**Interest charged by the Company**		
	Entities where control exist:		
	Bharti Airtel (USA) Ltd.	-	1
	Bharti Airtel Lanka (Pvt.) Ltd.	-	64
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	14	0
	Bharti Airtel International (Mauritius) Ltd.	-	93
	Bharti International (Singapore) Pte Ltd.	40	294
	Bharti Airtel International (Netherlands) B.V.	164	614
	Associates:		
	Bharti Teleports Ltd.	35	32
	Telesonic Networks Limited (Formerly known as Alcatel-Lucent Network Management Services India Limited)	-	14
		253	**1,112**
21	**Dividend Income**		
	Entities where control exist:		
	Final Dividend for FY 2012-13		

Notes to financial statements

(₹ Millions)

S.No	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
	Bharti Hexacom Ltd.	88	-
	Bharti Infratel Ltd.	4,500	-
		4,588	**-**
	Final Dividend for FY 2011-12		
	Bharti Hexacom Ltd.	-	88
	Bharti Infratel Ltd.	-	-
		-	**88**
	Interim Dividend for FY 2012-13		
	Bharti Hexacom Ltd.	-	262
	Bharti Infratel Ltd.	-	3,750
		-	**4,012**
22	**Dividend Paid**		
	Entity where key management personnel & their relatives exercise significant influence:		
	Indian Continent Investment Ltd.	266	266
	Entities having significant influence over the Company		
	Pastel Ltd.	591	591
	Bharti Telecom Ltd.	1,738	1,735
		2,595	**2,592**
23	**Reimbursement of energy expenses**		
	Entity where control exist:		
	Bharti Infratel Ltd.	17,440	16,766
	Joint Venture of Subsidiary:		
	Indus Towers Limited	21,961	18,615
		39,401	**35,381**
24	**Remuneration***		
	Key Management Personnel:		
	Sunil Bharti Mittal	239	243
	Gopal Vittal**	67	14
	Manoj Kohli	10	-
	Sanjay Kapoor	-	82
		316	**339**
25	**Guarantees and collaterals given on behalf of others (Including Performance guarantees)**		
	Entity where control exist:		
	Bharti Hexacom Ltd.	2,171	2,096
	Bharti Telemedia Ltd.	727	582
	Airtel Bangladesh Ltd.	26,444	10,878
	Bharti Airtel (Services) Limited	-	86
	Bharti Airtel International (Netherlands) B.V	684,320	431,028
	Bharti International (Singapore) Pte. Limited	56,486	96,311
		770,148	**540,981**

* Includes expense recognised in the statement of profit and loss for options granted during the year ended March 31, 2014. Uptill, March 31, 2013, the fair value of the options granted was disclosed in the respective year of grant.

**Includes an amount of ₹ 25 Mn towards expense recognised in the statement of profit and loss for options granted during the year ended March 31, 2014.

Notes to financial statements

49. Operating lease

Operating lease as a lessee

The lease rentals charged during the year for cancellable/non-cancellable leases relating to rent of building premises and cell sites as per the agreements and maximum obligation on long-term non-cancellable operating leases are as follows:

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Lease Rentals [Excluding Lease Equalisation Reserve - ₹ 3,079 Mn (2012-13 ₹ 2,302 Mn)]	53,825	49,925
Obligations on non cancellable leases :		
Not later than one year	56,538	52,044
Later than one year but not later than five years	228,617	138,302
Later than five years	130,621	147,548
Total	**415,776**	**337,894**

The escalation Clause includes escalation ranging from 0 to 2.5%, includes option of renewal from 1 to 15 years and there are no restrictions imposed by lease arrangements.

Operating Lease – As a Lessor

i) The Company has entered into non–cancellable lease arrangements to provide dark fiber on indefeasible right of use (IRU) basis and certain premises on lease. Due to the nature of the transaction, it is not possible to compute gross carrying amount, depreciation for the year and accumulated depreciation of the asset given on operating lease as of March 31, 2014 and accordingly, disclosures required by AS 19 are not provided.

ii) The future minimum lease payments receivable are:

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Not later than one year	319	115
Later than one year but not later than five years	1,305	-
Later than five years	1,134	-
Total	**2,757**	**115**

50. Employee Stock Compensation

(i) Pursuant to the shareholders' resolutions dated February 27, 2001 and September 25, 2001, the Company introduced the "Bharti Tele-Ventures Employees' Stock Option Plan" (hereinafter called "the Old Scheme") under which the Company decided to grant, from time to time, options to the employees of the Company and its subsidiaries. The grant of options to the employees under the Old Scheme is on the basis of their performance and other eligibility criteria.

(ii) On August 31, 2001 and September 28, 2001, the Company issued a total of 1,440,000 (face value ₹ 10 each) equity shares at a price of ₹ 565 per equity share (2,880,000 equity shares post split of one equity share of ₹ 10 each into 2 equity shares of ₹ 5 each) to the Trust. The Company issued bonus shares in the ratio of 10 equity shares for every one equity share held as at September 30, 2001, as a result of which the total number of shares allotted to the trust increased to 15,840,000 (face value ₹ 10 each) equity shares (31,680,000 equity shares post share split of one equity share of ₹ 10 each into 2 equity shares of ₹ 5 each).

(iii) Pursuant to the shareholders' resolution dated September 6, 2005, the Company announced a new Employee Stock Option Scheme (hereinafter called "the New Scheme") under which the maximum quantum of options was determined at 9,367,276 (face value ₹ 10 each) options to be granted to the employees from time to time on the basis of their performance and other eligibility criteria. (18,734,552 equity shares post share split of one equity share of ₹ 10 each into 2 equity shares of ₹ 5 each)

Notes to financial statements

(iv) The following table provides an overview of all existing share option plans of the Company:

Scheme	Plan	Year of issuance of plan	Share options granted (thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price
Equity settled Plans						
Scheme I	2001 Plan	2002	30,893	1 - 4	7	21.25
Scheme I	2004 Plan	2004	4,380	1 - 4	7	35.00
Scheme I	Superpot	2004	143	1 - 3	7	-
Scheme I	2006 Plan	2006	5,264	1 - 5	7	5.50
Scheme 2005	2005 Plan	2005	11,260	1 - 4	7	237.06
Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	2008	8,817	1 - 3	7	352.13
Scheme 2005	Performance Share Plan (PSP) 2009 Plan	2009	1,691	3 - 4	7	5.00
Scheme 2005	Special ESOP & Restricted Share Units (RSU)	2010	3,615	1 - 5	7	5.00
Scheme 2005	Long Term Incentive (LTI) Plan	2011	422	1 - 3	7	5.00
Scheme 2005	LTI Plan	2012	1,593	1 - 3	7	5.00
Cash settled Plans						
Performance Unit Plan (PUP) 2013	Performance Unit Plan (PUP) 2013	2013	2,167	1 - 3	3	-

(v) The following table exhibits the net compensation expenses arising from share based payment transaction:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Expenses arising from equity-settled share-based payment transactions	(42)	242
Expenses arising from Cash-settled share-based payment transactions	237	-
	195	242

(vi) The total carrying value of cash settled share based compensation liability is ₹ 266 Mn and ₹ nil as of March 31, 2014 and March 31, 2013, respectively.

Notes to financial statements

(vii) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows

(Shares in Thousands)	As of March 31, 2014		As of March 31, 2013	
Particulars	Number of share options	Weighted average exercise price (₹)	Number of share options	Weighted average exercise price (₹)
Equity Settled Plans				
Scheme I - 2006 plan				
Outstanding at beginning of year	1,185	5.89	1,445	5.73
Granted	150	5.00	62	5.04
Exercised*	(320)	5.36	(294)	5.00
Forfeited / Expired	(476)	5.00	(28)	6.92
Outstanding at end of year	539	6.74	1,185	5.89
Exercisable at end of year	223	9.21	606	6.74
Scheme 2005 - 2005 plan				
Outstanding at beginning of year	1,736	384.72	2,602	331.48
Granted	-	-	-	-
Exercised#	(130)	201.88	(451)	127.44
Forfeited / Expired	(598)	339.18	(415)	333.42
Outstanding at end of year	1,008	436.06	1,736	384.72
Exercisable at end of year	1,008	436.06	1,736	384.72
Scheme 2005 - 2008 plan and AGP				
Outstanding at beginning of year	4,314	355.80	4,835	355.84
Granted	-	-	-	-
Exercised#	(10)	301.47	(16)	314.70
Forfeited / Expired	(865)	361.04	(505)	358.49
Outstanding at end of year	3,439	354.54	4,314	355.80
Exercisable at end of year	3,439	354.54	4,305	355.61
Scheme 2005 - PSP 2009 plan				
Outstanding at beginning of year	569	5.00	1,256	5.00
Granted	-	-	-	-
Exercised#	(217)	5.00	(189)	5.00
Forfeited / Expired	(110)	5.00	(498)	5.00
Outstanding at end of year	242	5.00	569	5.00
Exercisable at end of year	154	5.00	24	5.00
Scheme 2005 - Special ESOP & RSU Plan				
Outstanding at beginning of year	1,470	5.00	2,362	5.00
Granted	-	-	-	-
Exercised#	(610)	5.00	(478)	5.00
Forfeited / Expired	(452)	5.00	(414)	5.00
Outstanding at end of year	408	5.00	1,470	5.00
Exercisable at end of year	369	5.00	535	5.00

Notes to financial statements

(Shares in Thousands) Particulars	As of March 31, 2014 Number of share options	As of March 31, 2014 Weighted average exercise price (₹)	As of March 31, 2013 Number of share options	As of March 31, 2013 Weighted average exercise price (₹)
Scheme 2005 - LTI Plan				
Outstanding at beginning of year	1,815	5.00	406	5.00
Granted	-	-	1,593	5.00
Exercised#	(275)	5.00	(37)	5.00
Forfeited / Expired	(468)	5.00	(147)	5.00
Outstanding at end of year	1,072	5.00	1,815	5.00
Exercisable at end of year	183	5.00	61	5.00
Cash Settled Plan				
PUP 2013				
Outstanding at beginning of year	-		-	-
Granted	2,167	-	-	-
Exercised	-	-	-	-
Forfeited / Expired	(189)	-	-	-
Outstanding at end of year	1,978	-	-	-
Exercisable at end of year	-	-	-	-

* Shares given on exercise of the options are out of the shares issued to the Trust
# Shares given on exercise of the options are out of the purchase of shares from the open market by the Trust.

(viii) The following table summarises information about options exercised and granted during the year and about options outstanding and their remaining contractual life:

Plan	Options Outstanding: Options (thousands)	Options Outstanding: Exercise price	Options Outstanding: Weighted average remaining contractual life (years)	Options Granted: Options (thousands)	Options Granted: Weighted average Fair Value	Options Excercised: Options (thousands)	Options Excercised: Weighted average share price
Equity settled Plans							
2006 Plan	539	5.00 to 110.50	4.40	150	329.14	320	301.16
2005 Plan	1,008	110.50 to 461.00	0.43	-	-	130	316.90
2008 Plan & Annual Grant Plan (AGP)	3,439	295.00 to 402.50	1.62	-	-	10	320.55
Performance Share Plan (PSP) 2009 Plan	242	5 .00	2.77	-	-	217	326.62
Special ESOP & Restricted Share Units (RSU)	408	5 .00	3.20	-	-	610	324.96
LTI Plan	1,072	5 .00	2.66	-	-	275	327.05
Cash settled Plans							
Performance Unit Plan (PUP) 2013	1,978	-	2.36	2,167	316.85	-	-

Notes to financial statements

(ix) The fair value of the options granted was estimated on the date of grant using the Black- Sholes/Monte Carlo Lattice valuation model with the following assumptions:

Particulars	Year Ended March 31, 2014	Year Ended March 31, 2013
Risk free interest rates	8.38% to 8.53%	7.88% to 8.84%
Expected life	16 to 60 months	48 to 60 months
Volatility	36.31% to 39%	36.42% to 41.58%
Dividend yield	0.31% to 0.32%	0.28% to 0.36%
Weighted average share price on the date of grant	318.9 to 337.4	274.40 to 336.70
Weighted average exercise price on the date of grant	0 to 5	5.00 to 5.04

The volatility of the options is based on the historical volatility of the share price since the Company's equity shares became publicly traded.

(x) Bharti Infratel Limited (BIL) has given stock options to certain empoyees of the Company and the corresponding compensation cost is borne by BIL.

51. Forward Contracts & Derivative Instruments and Unhedged Foreign Currency Exposure

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Company uses derivative financial instruments such as foreign exchange contracts, option contracts and interest rate swaps to manage its exposures to foreign exchange fluctuations and changes in interest rate.

The following table details the status of the Company's exposure:

(₹ Millions)

Sr No	Particulars	Notional Value (March 31, 2014)	Notional Value (March 31, 2013)
A	**For Loan related exposures***		
	a) Forwards	7,272	930
	b) Options	11,958	10,487
	Total	**19,230**	**11,417**
B	**For Trade related exposures***		
	a) Forwards	7,452	2,299
	b) Options	2,404	952
	Total	**9,856**	**3,251**
C	**Unhedged foreign currency borrowing**	18,484	11,276
D	**Unhedged foreign currency payables**	26,941	25,689
E	**Unhedged foreign currency receivables**	166	511

*All derivatives are taken for hedging purposes only and trade related exposure includes hedges taken for forecasted receivables.

The Company has accounted for derivatives, which are covered under the Announcement issued by the ICAI, on marked-to-market basis and has recorded net loss of ₹ 73 Mn (including reversal of loss of ₹ 8 Mn towards embedded derivatives) for the year ended March 31, 2014 [recorded loss of ₹ 233 Mn (including loss of ₹ 281 Mn towards embedded derivatives) for the year ended March 31, 2013].

52. a) The Board of Directors, in its meeting held on May 2, 2013, proposed a final dividend of ₹ 1.00 per equity share of ₹ 5.00 each (20% of face value) for financial year 2012-13, which was duly approved by the shareholders of the Company in the Annual General Meeting held on September 5, 2013.

Notes to financial statements

b) Net dividend remitted in foreign exchange:

(₹ Millions)

Particulars	During the year ended March 31, 2014	During the year ended March 31, 2013
Number of non-resident shareholders	5	5
Number of equity shares held on which dividend was due (Nos. in Million)	862	862
Amount remitted (₹ in Millions)	862	862
Amount remitted (USD in Millions)	13	16

c) Dividend of ₹ 1.80 per share (Face value per share ₹ 5) proposed for the year 2013-14.

53. Movement in Provision for Doubtful Debts/Advances

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Balance at the beginning of the year	13,262	11,552
Addition- Provision for the year	5,864	3,623
Application- Write off of bad debts (net of recovery)	(2,644)	(1,881)
Others	(16)*	(32)**
Balance at the end of the year#	**16,466**	**13,262**

* ₹ 16 Mn provision for doubtful receivable transferred to Nxtra Data Limited, as part of slump sale, during the year ended March 31, 2014
** ₹ 32 Mn regrouped to advances under other Non-Current assets as of March 31, 2013
# includes provision for doubtful TDS receivable of ₹ 419 Mn (March 31,2013 ₹ 217 Mn) grouped under Advance tax

The movement of provision towards subjudice matters disclosed under other non-current assets (refer note 19) and other current liabilities (refer note 13) is as below:

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening Balance	33,163	25,278
Additions (net)	9,133	7,885
Closing Balance	**42,296**	**33,163**

54. 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.

55. During the year ended March 31, 2014, the Company has transferred co-ownership of three undersea cables having net WDV of ₹ 2,725 Mn (March 31, 2013 – ₹ Nil) to its wholly owned subsidiary Network i2i Limited, a company incorporated and existing under the laws of Mauritius, with the intention to aggregate certain international undersea cables under a single entity (refer note 38(v)).

56. The Company has completed an independent evaluation for all international and domestic transactions for the year ended March 31, 2013 and has reviewed the same for the year ended March 31, 2014 to determine whether the transactions with associated enterprises are undertaken at "arm's length price". Based on the internal and external transfer pricing review and validation, the Company believes that all transactions with associate enterprises are undertaken on the basis of arm's length principle.

Notes to financial statements

57. The Company (M/s J T Mobiles Limited subsequently merged with the Company) was awarded license by DoT to operate cellular services in the state of Punjab in December 1995. On April 18, 1996, the Company obtained the permission from DoT to operate the Punjab license through its wholly owned subsidiary, Evergrowth Telecom Limited (ETL). In December 1996, DoT raised argument that the permission dated April 18, 1996 has not become effective and cancelled the permission to operate, which was subsequently reinstated on March 10, 1998 (the period from April 18, 1996 to March 10, 1998 has been hereinafter referred to as 'blackout period'). On July 15, 1999, license was terminated due to alleged non-payment of license fees, liquidated damages and related penal interest relating to blackout period.

In September 2001, in response to the demand raised by DoT, the Company had paid ₹ 4,856 Mn to DoT under protest subject to resolution of the dispute through arbitration. Consequently, the license was restored and an arbitrator was appointed for settlement of the dispute. Arbitrator awarded an unfavourable order, which was challenged by the Company before Hon'ble Delhi High Court.

On September 14, 2012, Hon'ble Delhi High court passed an order setting aside the award passed by the arbitrator. DoT in the meanwhile has preferred an Appeal, including condonation of delay in filing of appeal, which is presently pending before the Division Bench of the Delhi High Court. The Appeal of DoT on the issue of condonation of delay was allowed on July 16, 2013. The next date of hearing is fixed on May 9, 2014. However, the Company on October 30, 2013 has filed the writ Petition for recovery of License fee in Delhi High Court, notice issued by HC and listed for July 26, 2014.

Further to the development during the year ended March 31, 2014, 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 Company, based on independent legal opinion, has not given any accounting treatment for the impact of the judgement in the financial statements for the year ended March 31, 2014.

58. Previous year figures have been regrouped / reclassified where necessary to conform to current year's classification.

Consolidated *Financial Statements*

Independent Auditor's Report

To the Board of Directors of Bharti Airtel Limited

We have audited the accompanying consolidated financial statements ('financial statements') of Bharti Airtel Limited ('the Company') and its subsidiaries (together referred to as 'the Group') as at March 31, 2014, comprising of the consolidated statement of financial position as at March 31, 2014 and the related consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the requirements of International Financial Reporting Standards. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement(s) of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on the financial statements of the joint venture of the Company as noted below, these financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to note 36(ii)(f)(vii) to the consolidated financial statements which describe the uncertainties related to the legal outcome of Department of Telecommunications' demand with respect to One Time Spectrum Charge. Our opinion is not qualified in respect of this matter.

Other Matters

We did not audit the share of gain in a joint venture of ₹ 5,113 Mn for the year ended March 31, 2014, included in the accompanying financial statements in respect of the joint venture, whose financial statements and other financial information have been audited by other auditors and whose report has been furnished to us by the management. Our opinion, in so far as it relates to the affairs of such joint venture is based solely on the report of other auditors.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: April 29, 2014

Consolidated Income Statement

(₹ Millions, except per share data)

Particulars	Notes	Year ended March 31, 2014	Year ended March 31, 2013 Restated*
Revenue	6	857,461	769,045
Other operating income		1,174	425
Operating expenses	8	(580,865)	(536,891)
		277,770	**232,579**
Depreciation and amortisation	9	(156,496)	(148,148)
Profit from operating activities before exceptional items		**121,274**	**84,431**
Share of results of joint ventures and associates	16	5,211	3,506
Profit before finance income, finance costs, exceptional items and tax		**126,485**	**87,937**
Finance income	10	7,133	5,103
Finance costs	10	(55,513)	(45,187)
Exceptional items, net	11	538	-
Profit before tax		**78,643**	**47,853**
Income tax expense (including exceptional items)	12	(48,449)	(25,184)
Net profit for the year		**30,194**	**22,669**
Attributable to :			
Equity holders of the Parent		27,727	22,757
Non-controlling interests (including exceptional items)		2,467	(88)
Net profit		**30,194**	**22,669**
Earnings per share (In Rupees)	37		
Basic, profit attributable to equity holders of the Parent		7.02	6.00
Diluted, profit attributable to equity holders of the Parent		7.01	6.00

* Refer note 3(a)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013 Restated*
Net profit for the year	**30,194**	**22,669**
Other comprehensive income :		
Items that may be reclassified subsequently to profit or loss :		
Exchange differences on translation of foreign operations	15,716	(25,669)
Income tax effect	(150)	-
	15,566	**(25,669)**
Items that will not be reclassified to profit or loss :		
Re-measurement gains/(losses) on defined benefit plans	(197)	-
Income tax effect	49	-
	(148)	-
Other comprehensive income / (loss) for the year, net of tax	**15,418**	**(25,669)**
Total comprehensive income / (loss) for the year, net of tax	**45,612**	**(3,000)**
Attributable to :		
Equity holders of the Parent	43,373	(3,788)
Non-controlling interests	2,239	788
Total comprehensive income	**45,612**	**(3,000)**

* Refer note 3(a)

The accompanying notes form an integral part of these consolidated financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: April 29, 2014

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman

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

Mukesh Bhavnani
Group General Counsel
& Company Secretary

Srikanth Balachandran
Global Chief
Financial Officer

Consolidated Statement of Financial Position

(₹ Millions)

Particulars	Notes	As of March 31, 2014	As of March 31, 2013 Restated*	As of April 1, 2012 Restated*
Assets				
Non-current assets				
Property, plant and equipment	13	596,429	638,277	626,834
Intangible assets	14	809,716	648,386	660,685
Investment in joint ventures and associates	16	56,702	11,552	5,054
Investment (non-current)	23	36,341	-	-
Derivative financial assets	17	2,761	3,566	2,756
Other financial assets	18	17,330	16,326	16,889
Other non-financial assets	19	26,009	18,749	15,456
Deferred tax asset	12	62,627	58,491	51,282
		1,607,915	**1,395,347**	**1,378,956**
Current assets				
Inventories	20	1,422	1,109	1,308
Trade and other receivables	21	62,441	67,824	67,258
Derivative financial assets	17	819	1,097	2,137
Prepayments and other assets	22	29,656	30,860	30,041
Income tax recoverable		9,319	10,093	6,170
Short term investments	23	62,265	65,546	15,569
Other financial assets	24	8,127	4,299	802
Cash and cash equivalents	25	49,808	16,078	19,914
		223,857	**196,906**	**143,199**
Total assets		**1,831,772**	**1,592,253**	**1,522,155**
Equity and liabilities				
Equity				
Issued capital	31	19,987	18,988	18,988
Treasury shares	31	(342)	(674)	(282)
Share premium		123,456	56,499	56,499
Retained earnings		437,167	414,027	395,682
Foreign currency translation reserve		(16,777)	(32,571)	(6,026)
Other components of equity	31	34,069	46,948	41,252
Equity attributable to equity holders of the Parent		**597,560**	**503,217**	**506,113**
Non-controlling interests		42,102	40,886	27,695
Total equity		**639,662**	**544,103**	**533,808**
Non-current liabilities				
Borrowings	26	549,919	569,137	473,416
Deferred revenue		14,010	9,685	2,883
Provisions	27	10,044	9,744	6,901
Derivative financial liabilities	17	4,313	893	401
Deferred tax liability	12	16,850	12,556	10,988
Other financial liabilities	28	27,464	23,204	23,429
Other non-financial liabilities	29	1,460	2,384	2,439
		624,060	**627,603**	**520,457**
Current liabilities				
Borrowings	26	209,039	98,226	181,961
Deferred revenue		44,899	39,560	43,282
Provisions	27	1,725	1,768	1,218
Other non-financial liabilities	29	15,277	13,245	10,767
Derivative financial liabilities	17	1,097	219	164
Income tax liabilities		12,032	7,627	7,596
Trade & other payables	32	283,981	259,902	222,902
		568,050	**420,547**	**467,890**
Total liabilities		**1,192,110**	**1,048,150**	**988,347**
Total equity and liabilities		**1,831,772**	**1,592,253**	**1,522,155**

* Refer note 3(a)

The accompanying notes form an integral part of these consolidated financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

per Nilangshu Katriar
Partner
Membership No: 58814

Place: Gurgaon
Date: April 29, 2014

For and on behalf of the Board of Directors of Bharti Airtel Limited

Sunil Bharti Mittal
Chairman

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

Mukesh Bhavnani
Group General Counsel
& Company Secretary

Srikanth Balachandran
Global Chief
Financial Officer

Consolidated Statement of Changes in Equity

(₹ Millions, except as stated otherwise)

Particulars	Attributable to equity holders of the Parent									
	No of shares (in '000) (Note 31)	Share capital (Note 31)	Treasury shares (Note 31)	Share premium	Retained earnings	Foreign currency translation reserve (Note 31)	Other components of equity (Note 31)	Total	Non-controlling interests	Total equity
As of April 1, 2012	**3,797,530**	**18,988**	**(282)**	**56,499**	**395,682**	**(6,026)**	**41,252**	**506,113**	**27,695**	**533,808**
Net income / (loss) for the year	-	-	-	-	22,757	-	-	22,757	(88)	22,669
Other comprehensive income / (loss)	-	-	-	-	-	(26,545)	-	(26,545)	876	(25,669)
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**22,757**	**(26,545)**	**-**	**(3,788)**	**788**	**(3,000)**
Share based compensation	-	-	-	-	-	-	389	389	14	403
Reclassification to provision for payment of stock option	-	-	-	-	-	-	(3)	(3)	-	(3)
Purchase of treasury shares from market	-	-	(762)	-	-	-	-	(762)	-	(762)
Receipt on exercise of share options	-	-	370	-	-	-	(302)	68	-	68
Transaction with non-controlling interests (refer note 7)	-	-	-	-	-	-	5,612	5,612	(18,394)	(12,782)
Proceeds from issuance of equity shares to non - controlling interests (refer note 7)	-	-	-	-	-	-	-	-	32,303	32,303
Share issue expenses (net of tax) (refer note 7)	-	-	-	-	-	-	-	-	(394)	(394)
Dividend paid (including tax) to Company's shareholders (refer note 31)	-	-	-	-	(4,412)	-	-	(4,412)	-	(4,412)
Dividend paid (including tax) to non-controlling interests	-	-	-	-	-	-	-	-	(1,126)	(1,126)
As of March 31, 2013	3,797,530	18,988	(674)	56,499	414,027	(32,571)	46,948	503,217	40,886	544,103
Net income / (loss) for the year	-	-	-	-	27,727	-	-	27,727	2,467	30,194
Other comprehensive income / (loss)	-	-	-	-	(148)	15,794	-	15,646	(228)	15,418
Total comprehensive income / (loss)	**-**	**-**	**-**	**-**	**27,579**	**15,794**	**-**	**43,373**	**2,239**	**45,612**
Share based compensation	-	-	-	-	-	-	-	-	8	8
Issue of share capital	199,870	999	-	66,957	-	-	-	67,956	-	67,956
Non-controlling interests arising on a business combination / liability for purchase of non-controlling interests (refer note 7)	-	-	-	-	-	-	(7,534)	(7,534)	820	(6,714)
Receipt on exercise of share options (refer note 8.2)	-	-	332	-	-	-	(295)	37	61	98
Transaction with non-controlling interests (refer note 7)	-	-	-	-	-	-	(5,050)	(5,050)	355	(4,695)
Dividend paid (including tax) to Company's shareholders (refer note 31)	-	-	-	-	(4,439)	-	-	(4,439)	-	(4,439)
Dividend paid (including tax) to non-controlling Interests	-	-	-	-	-	-	-	-	(2,296)	(2,296)
Others (refer note 7)	-	-	-	-	-	-	-	-	29	29
As of March 31, 2014	**3,997,400**	**19,987**	**(342)**	**123,456**	**437,167**	**(16,777)**	**34,069**	**597,560**	**42,102**	**639,662**

The accompanying notes form an integral part of these consolidated financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

For and on behalf of the Board of Directors of Bharti Airtel Limited

per Nilangshu Katriar
Partner
Membership No: 58814

Sunil Bharti Mittal
Chairman

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

Place: Gurgaon
Date: April 29, 2014

Mukesh Bhavnani
Group General Counsel & Company Secretary

Srikanth Balachandran
Global Chief Financial Officer

Consolidated Statement of Cash Flows

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013 Restated*
Cash flows from operating activities		
Profit before tax	78,643	47,853
Adjustments for -		
Depreciation and amortisation	156,496	148,148
Finance income	(7,133)	(5,103)
Finance costs	55,513	45,187
Share of results of joint ventures and associates	(5,211)	(3,506)
Exceptional items (net)	(2,481)	-
Amortisation of share based compensation	8	403
Other non-cash items	(789)	336
Operating cash flow before changes in assets and liabilities	**275,046**	**233,318**
Trade & other receivables and prepayments	2,072	(3,823)
Inventories	(147)	268
Trade and other payables	16,818	24,055
Provisions	2,511	1,093
Other financial and non financial liabilities	10,506	2,294
Other financial and non financial assets	(14,227)	(4,253)
Cash generated from operations	**292,579**	**252,952**
Interest received	1,688	1,878
Dividend from mutual funds	898	113
Dividend received	2,200	4,050
Income tax paid	(35,039)	(31,294)
Net cash inflow from operating activities	**262,326**	**227,699**
Cash flows from investing activities		
Purchase of property, plant and equipment	(114,159)	(125,722)
Proceeds from sale of property, plant and equipment	4,360	1,403
Purchase of intangible assets	(64,860)	(5,744)
Short term investments (net)	(21,998)	(47,389)
Purchase of non-current investments	(8,842)	-
Investment in subsidiary, net of cash acquired (refer note 7)	(6,044)	102
Demerger of subsidiary (refer note 7(e))	(8,009)	-
Investment in joint venture / associate (refer note 7)	(2)	(9,281)
Loan to joint venture / associate (net) (refer note 34)	(30,179)	(130)
Net cash outflow from investing activities	**(249,733)**	**(186,761)**
Cash flows from financing activities		
Proceeds from borrowings	361,215	257,694
Repayment of borrowings	(348,425)	(274,438)
Short term borrowings (net)	1,462	(7,282)
Purchase of treasury shares	-	(762)
Interest and other finance charges paid	(37,620)	(34,339)
Proceeds from exercise of share options	98	68
Dividend paid (including tax) to Company's shareholders (refer note 31)	(4,439)	(4,412)
Dividend paid (including tax) to non - controlling interests	(2,296)	(1,126)
Proceeds from issuance of equity shares to non - controlling interests (refer note 7(g))	-	32,303
Proceeds from issuance of equity shares to institutional investor	67,956	-
Share issue expenses of subsidiary (refer note 7(g))	-	(579)
Payment of long term liability / acquisition of non-controlling interests (refer note 7)	(10,207)	(12,782)
Net cash inflow/ (outflow) from financing activities	**27,744**	**(45,655)**
Net increase/ (decrease) in cash and cash equivalents during the year	**40,337**	**(4,717)**
Effect of exchange rate changes on cash and cash equivalents	(2,073)	(1,624)
Add : Balance as at the beginning of the year	1,311	7,652
Balance as at the end of the year (refer note 25)	**39,575**	**1,311**

* Refer note 3(a)

The accompanying notes form an integral part of these consolidated financial statements.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration No: 101049W

For and on behalf of the Board of Directors of Bharti Airtel Limited

per Nilangshu Katriar
Partner
Membership No: 58814

Sunil Bharti Mittal
Chairman

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

Place: Gurgaon
Date: April 29, 2014

Mukesh Bhavnani
Group General Counsel
& Company Secretary

Srikanth Balachandran
Global Chief
Financial Officer

Notes to consolidated financial statements

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 services provided by the Group are further detailed in note 6 under segment reporting.

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 digital TV services. The principal activities of the subsidiaries, joint ventures and associates are disclosed in note 40.

The Group's principal shareholders as of March 31, 2014 are Bharti Telecom Limited, Pastel Limited (part of Singapore Telecommunication International Pte. Limited Group), Indian Continent Investment Limited, Three Pillars Pte. Limited and Life Insurance Corporation of India.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorised for issue by the Board of Directors on April 29, 2014.

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 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 for adoption of the following new Standards, interpretations and amendments effective from the current year.

S. No.	Standards/ Interpretation/ Amendments	Month of Issue	Effective date - annual periods beginning on or after
1	IFRS 10, "Consolidated Financial Statements"	May, 2011	January 1, 2013
2	IFRS 11, "Joint Arrangements"	May, 2011	January 1, 2013
3	IFRS 12, "Disclosure of Interests in other entities"	May, 2011	January 1, 2013
4	IAS 27 (Revised), "Separate Financial Statements"	May, 2011	January 1, 2013
5	IAS 28 (Revised), "Investments in Associates and joint ventures"	May, 2011	January 1, 2013
6	IFRS 13, "Fair Value Measurement"	May, 2011	January 1, 2013
7	Amendment to IAS 1, "Presentation of Financial Statements"	June, 2011	July 1, 2012
8	IAS 19 (Revised), "Employee Benefits"	June, 2011	January 1, 2013
9	IFRIC Interpretation 20, "Stripping Costs in the Production Phase of a Surface Mine"	October, 2011	January 1, 2013
10	Amendment to IFRS 7, "Financial Instruments: Disclosures"	December, 2011	January 1, 2013
11	Amendment to IFRS 1, "First time adoption of International Financial Reporting Standards"	March, 2012	January 1, 2013
12	"Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance" (Amendments to IFRS 10, IFRS 11 and IFRS 12)	June, 2012	January 1, 2013
13	Annual Improvements	May, 2012	January 1, 2013

Notes to consolidated financial statements

The adoption of the new Standards / Interpretation / amendments to the Standards mentioned above does not have any impact on the financial position or performance of the Group except for IFRS 11 and IAS 19 discussed below.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

a) IFRS 11 Joint Arrangements

In May 2011, International Accounting Standards Board issued IFRS 11, "Joint arrangements".

IFRS 11 replaces IAS 31, "Interests in Joint Ventures" and SIC-13, "Jointly-controlled Entities-Non-monetary Contributions by Venturers". IFRS 11 defines joint control as the contractually agreed sharing of control of an arrangement; which exists only when the decisions about the relevant activities require the unanimous consent of the parties sharing control. The reference to 'control' in 'joint control' refers to the definition of 'control' under IFRS 10. IFRS 11 also changes the accounting for joint arrangements by moving from three categories under IAS 31 (jointly controlled operations, jointly controlled assets and jointly controlled entities) to two categories: joint operations and joint ventures. IFRS 11 removes the option to account for jointly controlled entities using the proportionate consolidation method. Jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. IFRS 11 requires that the nature and the substance of the contractual rights and obligations arising from arrangement are considered when classifying it as either a joint operation or a joint venture; the legal form or structure of the arrangement is not the most significant factor in classifying the arrangement.

IFRS 11 was further amended in June, 2012 and provides relief similar to IFRS 10 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period and also provides relief from disclosing the impact on each financial statement line item affected and earnings per share for the current period.

Jointly controlled entities of the Group (refer note 40 for the list of joint ventures) qualify as joint ventures under the Standard and have been accounted for using the equity method as compared to proportionate consolidation method earlier followed by the Company. This has resulted in recognising a single line item for investment in a joint venture in the statement of financial position, and a single line item for the proportionate share of net income and changes in other comprehensive income in the income statement and in the statement of comprehensive income, respectively.

The change in accounting of the Group's investments in joint ventures has been applied in accordance with the relevant transitional provisions set out in IFRS 11. Comparative amounts for the year ended and as of March 31, 2013 and March 31, 2012 have been restated to reflect the change in accounting for the Group's investment in joint ventures.

The line item wise impact on the comparative consolidated income statement, consolidated statement of financial position and consolidated statement of cash flows is given below. There is no impact on the other comprehensive income, net profit, earnings per share and total equity of the Group for the comparative period.

Impact on Consolidated Income Statement

(₹ Millions)

Particulars	Year ended March 31, 2013 (Previously reported)	Impact of IFRS -11	Year ended March 31, 2013 (As restated)
Revenue	803,112	(34,067)	769,045
Other operating income	478	(53)	425
Operating expenses	(554,886)	17,995	(536,891)
	248,704	**(16,125)**	**232,579**
Depreciation and amortisation	(154,964)	6,816	(148,148)
Profit from operating activities	**93,740**	**(9,309)**	**84,431**
Share of results of joint ventures and associates	(76)	3,582	3,506
Profit before finance income, finance costs and tax	**93,664**	**(5,727)**	**87,937**
Finance income	5,633	(530)	5,103
Finance costs	(49,477)	4,290	(45,187)
Profit before tax	**49,820**	**(1,967)**	**47,853**
Income tax expense	(27,151)	1,967	(25,184)
Net profit for the period	**22,669**	**-**	**22,669**

Notes to consolidated financial statements

Impact on Consolidated Statement of Financial Position

(₹ Millions)

Particulars	As of March 31, 2013 (Previously reported)	Impact of IFRS -11	As of March 31, 2013 (As restated)
Assets			
Non-current assets			
Property, plant and equipment	688,430	(50,153)	638,277
Intangible assets	680,808	(32,422)	648,386
Investment in joint ventures and associates	242	11,310	11,552
Derivative financial assets	3,566	-	3,566
Other financial assets	16,999	(673)	16,326
Other non - financial assets	21,038	(2,289)	18,749
Deferred tax asset	59,245	(754)	58,491
	1,470,328	**(74,981)**	**1,395,347**
Current assets			
Inventories	1,109	-	1,109
Trade and other receivables	66,430	1,394	67,824
Derivative financial assets	1,097	-	1,097
Prepayments and other assets	33,134	(2,274)	30,860
Income tax recoverable	12,040	(1,947)	10,093
Short term investments	67,451	(1,905)	65,546
Other financial assets	4,348	(49)	4,299
Cash and cash equivalents	17,295	(1,217)	16,078
	202,904	**(5,998)**	**196,906**
Total assets	**1,673,232**	**(80,979)**	**1,592,253**
Equity and liabilities			
Equity			
Issued capital	18,988	-	18,988
Treasury shares	(674)	-	(674)
Share premium	56,499	-	56,499
Retained earnings	414,027	-	414,027
Foreign currency translation reserve	(32,571)	-	(32,571)
Other components of equity	46,948	-	46,948
Equity attributable to equity holders of the Parent	**503,217**	**-**	**503,217**
Non-controlling interests	40,886	-	40,886
Total equity	**544,103**	**-**	**544,103**
Non-current liabilities			
Borrowings	615,485	(46,348)	569,137
Deferred revenue	9,696	(11)	9,685
Provisions	10,548	(804)	9,744
Derivative financial liabilities	893	-	893
Deferred tax liability	15,873	(3,317)	12,556
Other financial liabilities	22,748	456	23,204
Other non - financial liabilities	3,465	(1,081)	2,384
	678,708	**(51,105)**	**627,603**
Current liabilities			
Borrowings	114,123	(15,897)	98,226
Deferred revenue	39,560	-	39,560
Provisions	1,835	(67)	1,768
Other non - financial liabilities	13,922	(677)	13,245
Derivative financial liabilities	219	-	219
Income tax liabilities	7,628	(1)	7,627
Trade & other payables	273,134	(13,232)	259,902
	450,421	**(29,874)**	**420,547**
Total liabilities	**1,129,129**	**(80,979)**	**1,048,150**
Total equity and liabilities	**1,673,232**	**(80,979)**	**1,592,253**

Notes to consolidated financial statements

Impact on Consolidated Statement of cash flows

(₹ Millions)

Particulars	Year ended March 31, 2013 (Previously reported)	Impact of IFRS -11	Year ended March 31, 2013 (As restated)
Cash flows from operating activities			
Profit before tax	49,820	(1,967)	47,853
Adjustments for -			
Depreciation and amortisation	154,964	(6,816)	148,148
Finance income	(5,633)	530	(5,103)
Finance costs	49,477	(4,290)	45,187
Share of results of joint ventures and associates	76	(3,582)	(3,506)
Amortisation of share based compensation	403	-	403
Other non-cash items	392	(56)	336
Operating cash flow before changes in assets and liabilities	**249,499**	**(16,181)**	**233,318**
Trade & other receivables and prepayments	(5,718)	1,895	(3,823)
Inventories	268	-	268
Trade and other payables	23,776	279	24,055
Provisions	1,100	(7)	1,093
Other financial and non financial liabilities	73	2,221	2,294
Other financial and non financial assets	(3,978)	(275)	(4,253)
Cash generated from operations	**265,020**	**(12,068)**	**252,952**
Interest received	2,308	(430)	1,878
Dividend received from mutual funds	113	-	113
Dividend received	-	4,050	4,050
Income tax paid	(32,611)	1,317	(31,294)
Net cash inflow from operating activities	**234,830**	**(7,131)**	**227,699**
Cash flows from investing activities			
Purchase of property, plant and equipment	(133,167)	7,445	(125,722)
Proceeds from sale of property, plant and equipment	1,513	(110)	1,403
Purchase of intangible assets	(5,788)	44	(5,744)
Short term investments (net)	(45,685)	(1,704)	(47,389)
Investment in subsidiary, net of cash acquired	102	-	102
Investment in joint venture / associate (refer note 7(a))	(5,902)	(3,379)	(9,281)
Loan to associates	(130)	-	(130)
Net cash outflow from investing activities	**(189,057)**	**2,296**	**(186,761)**
Cash flows from financing activities			
Proceeds from borrowings	312,800	(55,106)	257,694
Repayment of borrowings	(328,443)	54,005	(274,438)
Short term borrowings (net)	(7,282)	-	(7,282)
Purchase of treasury shares	(762)	-	(762)
Interest paid	(39,443)	5,104	(34,339)

Notes to consolidated financial statements

(₹ Millions)

Particulars	Year ended March 31, 2013 (Previously reported)	Impact of IFRS -11	Year ended March 31, 2013 (As restated)
Proceeds from exercise of share options	68	-	68
Dividend paid (including tax) to Company's shareholders (refer note 31)	(4,412)	-	(4,412)
Dividend paid (including tax) to non - controlling interests	(1,126)	-	(1,126)
Proceeds from issuance of equity shares to non - controlling interests (refer note 7(g))	32,303	-	32,303
Share issue expenses of subsidiary (refer note 7(g))	(579)	-	(579)
Payment of long term liability / acquisition of non-controlling interest (refer note 7)	(12,782)	-	(12,782)
Net cash inflow/ (outflow) from financing activities	**(49,658)**	**4,003**	**(45,655)**
Net increase/ (decrease) in cash and cash equivalents during the year	**(3,885)**	**(832)**	**(4,717)**
Effect of exchange rate changes on cash and cash equivalents	(1,624)	-	(1,624)
Add : Balance as at the beginning of the year	8,037	(385)	7,652
Balance as at the end of the year (refer note 25)	**2,528**	**(1,217)**	**1,311**

Notes to consolidated financial statements

Impact on Consolidated Statement of Financial Position

(₹ Millions)

Particulars	As of March 31, 2012 (Previously reported)	Impact of IFRS -11	As of March 31, 2012 (As restated)
Assets			
Non-current Assets			
Property, plant and equipment	674,932	(48,098)	626,834
Intangible assets	660,889	(204)	660,685
Investment in joint ventures and associates	223	4,831	5,054
Derivative financial assets	2,756	-	2,756
Other financial assets	16,887	2	16,889
Other non - financial assets	15,568	(112)	15,456
Deferred tax asset	51,277	5	51,282
	1,422,532	**(43,576)**	**1,378,956**
Current Assets			
Inventories	1,308	-	1,308
Trade and other receivables	63,735	3,523	67,258
Derivative financial assets	2,137	-	2,137
Prepayments and other assets	32,621	(2,580)	30,041
Income tax recoverable	9,049	(2,879)	6,170
Short term investments	18,132	(2,563)	15,569
Other financial assets	802	-	802
Cash and cash equivalents	20,300	(386)	19,914
	148,084	**(4,885)**	**143,199**
Total Assets	**1,570,616**	**(48,461)**	**1,522,155**
Equity and Liabilities			
Equity			
Issued capital	18,988	-	18,988
Treasury shares	(282)	-	(282)
Share premium	56,499	-	56,499
Retained earnings	395,682	-	395,682
Foreign currency translation reserve	(6,026)	-	(6,026)
Other components of equity	41,252	-	41,252
Equity attributable to equity holders of the Parent	**506,113**	**-**	**506,113**
Non-controlling interests	27,695	-	27,695
Total Equity	**533,808**	**-**	**533,808**
Non-current liabilities			
Borrowings	497,154	(23,738)	473,416
Deferred revenue	2,892	(9)	2,883
Provisions	7,240	(339)	6,901
Derivative financial liabilities	401	-	401
Deferred tax liability	11,621	(633)	10,988

Notes to consolidated financial statements

(₹ Millions)

Particulars	As of March 31, 2012 (Previously reported)	Impact of IFRS -11	As of March 31, 2012 (As restated)
Other financial liabilities	23,076	353	23,429
Other non-financial liabilities	5,551	(3,112)	2,439
	547,935	**(27,478)**	**520,457**
Current liabilities			
Borrowings	193,078	(11,117)	181,961
Deferred revenue	43,282	-	43,282
Provisions	1,290	(72)	1,218
Other non - financial liabilities	10,811	(44)	10,767
Derivative financial liabilities	166	(2)	164
Income tax liabilities	7,596	-	7,596
Trade & other payables	232,650	(9,748)	222,902
	488,873	**(20,983)**	**467,890**
Total liabilities	**1,036,808**	**(48,461)**	**988,347**
Total Equity and Liabilities	**1,570,616**	**(48,461)**	**1,522,155**

b) IAS 19 Employee Benefits

In June 2011, International Accounting Standards Board issued IAS 19 (Revised 2011). The revised standard includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The most significant change for the Group relate to the accounting for actuarial gains and losses.

Remeasurement gains and losses (mainly comprises of actuarial gains and losses for the Group) are to be recognised in OCI when they occur. Amounts recognised 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 recognised in other comprehensive income with no subsequent recycling to profit and loss.

The change in accounting for remeasurement gains and losses are required to be applied with retrospective effect as per the transitional provisions of IAS 19. The Group has assessed the impact of the restatement as immaterial and has, accordingly, not restated the comparative information.

The change does not have any impact on the provision for defined benefit obligation as of March 31, 2014. Actuarial loss of ₹ 148 Mn (Net of ₹ 49 Mn income tax effect) for the year ended March 31, 2014 has been recognised in other comprehensive income. There was no material impact on the Group's basic and diluted EPS and on the consolidated statement of cash flows.

IAS 19 (Revised 2011) also requires more extensive disclosures. These have been provided in note 30.

3.1 Basis of Measurement

The consolidated financial statements are prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss that have been measured at fair value and liability for cash settled share based options (refer note 3.13). The carrying values of recognised liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Indian Rupees ('Rupees' or '₹'), which is the Company's functional and Group's presentation currency and all amounts are rounded to the nearest million, except as stated otherwise.

3.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as disclosed in note 40.

A subsidiary is an entity controlled by the Group. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over entity. Power is demonstrated through existing rights that

Notes to consolidated financial statements

give the ability to direct relevant activities, those which significantly affect the entity's returns.

Subsidiaries are fully consolidated from the date on which Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. 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 and cash flows are eliminated on consolidation.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the business combination and the non-controlling interests share of changes in equity since that date.

Losses are attributed to the non-controlling interest even if that results in a deficit balance. However, the non-controlling interest share of losses of subsidiary are allocated against the interest of the Group where the non-controlling interest is reduced to zero and the Group 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 derecognises the carrying value of assets (including goodwill), liabilities, the attributable value of non-controlling interest, if any, and the cumulative translation differences previously recognised in other comprehensive income. The profit or loss on disposal is recognised 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 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.

In the case of bargain purchase, the resultant gain is recognised 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 identifiable net assets.

Acquisition related costs, such as finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity 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 and a gain or loss is recognised in the income statement.

A contingent liability recognised 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 Ventures and Associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in its joint ventures and associates are accounted for using the equity method. Under the equity method, investments in joint ventures and 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 joint ventures and associates, less any impairment in the value of the investments. Losses of a joint venture and an associate in excess of the Group's interest in that joint venture or 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 obligation or made payments on behalf of the joint venture or associate.

The financial statements of the joint venture and associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Goodwill relating to the joint venture and associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

3.5 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.

At initial recognition, the separately acquired intangible assets are recognised 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 amortisation and accumulated impairment losses, if any.

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. The amortisation period and the amortisation 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.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement 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 ₹ 500 thousand, which has an independent use, is amortised over a period of one year from the date of place in service.

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 amortised over the period of the agreement. Bandwidth is amortised over a period of fifteen years to eighteen years, depending on the period of the specific agreement.

d. Licenses

Acquired licenses (including spectrum) are initially recognised at cost. Subsequently, licenses 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 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 amortisation'. The

Notes to consolidated financial statements

amortisation period relating to licenses acquired in a business combination is determined primarily by reference to the unexpired license period. The estimated useful life of Licenses ranges from two years to twenty five years.

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

e. **Other acquired intangible assets**

Other intangible assets are initially recognised at cost. Other intangible assets acquired in business combinations comprise brands, customer relationships and distribution networks and are capitalised at fair values on the date of acquisition and 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 of one year to two years.

Customer base: Over the estimated life, of such relationships which ranges from one year to five years.

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.

3.6 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 recognises 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 derecognised. All other repair and maintenance costs are recognised 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 recognised in profit or loss on the date of retirement or disposal.

Assets are depreciated to the residual values on a straight-line basis over the estimated useful lives. The assets' residual values and useful lives are reviewed at each financial year end or whenever there are indicators for review, and adjusted prospectively. Freehold land is not depreciated. Estimated useful lives of the assets are as follows:

	Years
Buildings	20
Technical equipment and machinery	
- Network equipment	3 – 20
- Customer premise equipment	5-6
Other equipment, operating and office equipment	
- Computer equipment	3
- Office furniture and equipment	2 - 5
- Vehicles	3 - 5
Leasehold improvements	Remaining period of the lease or 10-20 years, as applicable, whichever is less

Assets individually costing Rupees Five Thousand or less are fully depreciated over a period of twelve months from the date placed in service.

3.7 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 decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test for goodwill is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, within an operating segment. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognised 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 recognised in profit or loss as a component of depreciation and amortisation 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 recognised.

3.8 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 as an integral part of the Group's cash management.

3.9 Inventories

Inventories are valued at the lower of cost (determined 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.

3.10 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of an arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

a. Group as a lessee

Finance lease, which transfer to the Group substantially all the risks and rewards 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 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 recognised as an expense on a straight-line basis over the lease term. Contingent rents are recognised as expense in the period in which they are incurred.

b. Group as a lessor

Assets leased to others under finance lease are recognised 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 Group outstanding in respect of the finance lease.

Lease where the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating lease. Initial

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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 basis as rental income.

Lease rentals under operating leases are recognised as income on a straight-line basis over the lease term. Contingent rents are recognised as income in the period in which they are earned.

c. **Indefeasible right to use ('IRU')**

As part of the operations, the Group enters into agreement for leasing assets under "Indefeasible right to use" with third parties. Under the arrangement the assets are given on lease over the substantial part of the asset life. However, the title to the assets and significant risk associated with the operation and maintenance of these assets remains with the lessor. Hence, such arrangements are recognised as operating lease.

The contracted price is received in advance and is recognised as revenue during the tenure 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 is disclosed as deferred revenue in current liabilities.

3.11 Financial Instruments

A. **Financial instruments – Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised 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 recognised initially at fair value plus directly attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

B. **Financial Assets**

1. Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

a. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are classified as held for trading unless they are designated as effective hedging instruments. Financial assets are designated upon initial recognition at fair value through profit or loss when the same are managed by the Group on the basis of their fair value and their performance is evaluated on fair value basis in accordance with a documented risk management or investment strategy. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the income statement.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

b. Financial Assets Measured at Amortised Cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivables balance and historical experience. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

After initial measurement, financial assets measured at 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 income statement.

The Group does not have any Held-to-maturity and available for sale investments.

2. 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.

C. Financial Liabilities

1. Subsequent Measurement

The subsequent 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 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 or loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the income statement.

b. Financial liabilities measured at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ('EIR') except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in fair values attributable to the risks that are being hedged in effective hedging relationships (refer note 3.11 D).

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 costs in the income statement.

2. Derecognition

A financial liability is derecognised 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 income statement.

D. Derivative Financial Instruments - Hedge Accounting

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 movement. These are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

The Group applies fair value hedge accounting for hedging risk of change in fair value of the borrowings attributable to the hedged interest rate risk. The Group designates certain interest rate swaps to hedge the risk of changes in fair value of recognised borrowings. The Group documents at the time of designation the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement within finance income / finance costs, together with any changes in the fair value of the hedged liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

E. 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 realise the assets and settle the liabilities simultaneously.

F. Derivative Financial Instruments - Current versus Non-current Classification

Derivative instruments that are not designated as effective hedging instruments (economic hedge) and

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will be held for a period beyond twelve 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. These are classified as current, when the remaining holding period is upto twelve months after the reporting date.

Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

Full fair value of derivative instruments designated as effective hedging instruments are classified as non-current asset or liability when the remaining maturity of the hedged item is more than twelve months, and as current asset or liability when the remaining maturity of the hedged item is upto twelve months.

G. Fair Value Measurement

The Group measures certain financial instruments, such as, derivatives at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3.12 Treasury Shares

Own equity instruments which are reacquired (treasury shares) through Bharti Airtel Employees' Welfare Trust are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognised in share based payment transaction reserve.

3.13 Share-based Compensation

The Group issues equity-settled and cash-settled share-based options to certain employees. These are measured at fair value on the date of grant.

The fair value determined on the grant date of the equity settled share based options is expensed over the vesting period, based on the Group's estimate of the shares that will eventually vest.

The fair value determined on the grant date of the cash settled share based options is expensed over the vesting period, based on the Group's estimates of the shares that will eventually vest. At the end of the each reporting period, until the liability is settled, and at the date of settlement, the fair value of the liability is recognised, with any changes in fair value pertaining to the vested period recognised immediately in profit or loss.

At the vesting date, the Group's estimate of the shares expected to vest is revised to equal the number of equity shares that ultimately vest.

Fair value is measured using Lattice-based option valuation model, Black-Scholes and Monte Carlo Simulation framework and is recognised 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 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 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 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.

3.14 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 recognised as an asset or liability in the statement of financial position. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of statement of financial position. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies.

All expenses excluding remeasurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognised in the profit or loss as incurred. Remeasurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The amount charged to the income statement in respect of these plans is included within operating costs.

The Group's contributions to defined contribution plans are 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.

3.15 Foreign Currency Transactions

a. Functional and presentation currency

Consolidated financial statements have been presented in Indian Rupees ('₹'), which is the Company's functional currency and Group's presentation currency. Each entity in the Group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency.

b. Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date with resulting exchange difference 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. Exchange component of the gain or loss arising on fair valuation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

Exchange differences arising on a monetary item that forms part of a Group entity's net investment in a foreign operation is recognised 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 recognised in other comprehensive income.

c. Translation of Foreign Operations' Financial Statements

The assets and liabilities of foreign operations are translated into Rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates prevailing during the year. The exchange differences arising on the translation are recognised 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.

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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.

3.16 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.

a. **Service Revenues**

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and internet and VSAT services usage charges, bandwidth services, roaming charges, activation fees, processing fees and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the telephone network of other operators for local, domestic long distance and international calls and data messaging services.

Service revenues are recognised as the services are rendered and are stated net of discounts, waivers and taxes. Revenues from pre-paid customers are recognised based on actual usage. Processing fees on recharge coupons is being recognised over the estimated customer relationship period or coupon validity period, whichever is lower. Activation revenue and related activation costs, not exceeding the activation revenue, are deferred and amortised over the estimated customer relationship period. The excess of activation costs over activation revenue, if any, are expensed as incurred.

Service revenues from the internet and VSAT business comprise revenues from registration, installation and provision of internet and VSAT services. Registration fee and installation charges are deferred and amortised over the period of agreement with the customer. Service revenue is recognised from the date of satisfactory installation of equipment and software at the customer site and provisioning of internet and VSAT services.

Revenues from national and international long distance operations comprise revenue from provision of voice services which are recognised on provision of services while revenue from provision of bandwidth services (including installation) is recognised over the period of arrangement.

Unbilled revenue represent revenues recognised from the bill cycle date to the end of reporting period. These are billed in subsequent periods based on the terms of the billing plans/contractual arrangements.

Deferred revenue includes amount received in advance from customers which would be recognised over the periods when the related services are expected to be rendered.

b. **Equipment Sales**

Equipment sales consist primarily of revenues from sale of telecommunication equipment and related accessories. Revenue from equipment sales which does not have value to the customer on standalone basis, forming part of multiple-element revenue arrangements are deferred and recognised over the customer relationship period. Revenue from other equipment sales transactions are recognised when the significant risks and rewards of ownership are transferred to the buyer.

c. **Capacity Swaps**

The exchange of network capacity is measured at fair value unless the transaction lacks commercial substance or the fair value of neither the capacity received nor the capacity given is reliably measurable.

d. **Multiple Element Arrangements**

The Group has entered into certain multiple-element revenue arrangements. These arrangements involve the delivery or performance of multiple products, services or rights to use assets including VSAT and internet equipment, internet and VSAT services, set top boxes and subscription fees on DTH, indefeasible right to use and hardware and equipment maintenance. The Group evaluates all deliverables in an arrangement to determine whether they represent separately identifiable components at the inception of the arrangement. The evaluation is done based on the criteria as to whether the deliverables in the arrangement have value to the customer on a standalone basis.

Total consideration related to the multiple element arrangements is allocated among the different

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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 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 income statement.

f. **Dividend Income**

Dividend income is recognised when the Group's right to receive the payment is established.

3.17 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. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b. **Deferred Tax**

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

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit / (tax loss).
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are 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:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit / (tax loss).
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are 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.

In the situations where the Group is entitled to a tax holiday under the tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate 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 tax benefits are recognised in profit or loss on satisfaction of the recognition criteria.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred

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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 income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.18 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. All other borrowing costs are expensed in the period in which they occur.

3.19 Exceptional Items

Exceptional items refer to items of income or expense within the income statement from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group.

3.20 Dividends Paid

Dividends paid/ payable are recognised 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 profit attributable to the shareholders' of the Parent. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options (using the treasury stock method for options), except where the result would be anti-dilutive.

3.22 Provisions

a. General

Provisions are 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 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 recognised as a finance cost.

b. Contingencies

Contingent liabilities are recognised at their fair value only, if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and 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 recognised 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. Critical Accounting Judgements, Estimates and Assumptions

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 assets or liabilities in future periods.

4.1 Critical Judgements in Applying the Group'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 / passive infrastructure services providers to share tower infrastructure services. IFRIC 4 deals with the method of identifying and recognising 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 labour, 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 judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

e) Taxes

The Group does not recognise deferred tax liability with respect to unremitted retained 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.

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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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Actual results could differ from these estimates.

a) Impairment Reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved. Also, 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 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. Since the value in use exceeds the carrying amount of CGU, the fair value less costs to sell is not determined.

The key assumptions used to determine the recoverable amount for the CGUs, including sensitivity analysis, are disclosed and further explained in note 15.

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 recognised in a business combination during the year, that unit is tested for impairment before the end of that year.

b) Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible. The carrying amount of allowance for doubtful debts is ₹ 25,868 Mn and ₹ 21,571 Mn as of March 31, 2014 and March 31, 2013, respectively.

c) Asset Retirement Obligations (ARO)

In measuring the provision for ARO 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 ₹ 8,343 Mn and ₹ 8,414 Mn as of March 31, 2014 and March 31, 2013, 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 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, future tax planning strategies and recent business performances and developments.

Also refer note 12 – Income Taxes.

Notes to consolidated financial statements

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.

The Group has considered all pertinent factors and applied its judgement in determining whether information obtained during the measurement period should result in an adjustment to the provisional amounts recognised 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 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 license, customer base, distribution network and brands. The fair value of these assets is determined based on valuation techniques which require an estimate of future net cash flows, where no active market for the asset exists. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets. The relative size of the Group's intangible assets, excluding goodwill, makes the judgements 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 3.5 for the estimated useful life of intangible assets. The carrying value of intangible assets has been disclosed in note 14.

g) **Property, Plant and Equipment**

Refer note 3.6 for the estimated useful life of property, plant and equipment. The carrying value of property, plant and equipment has been disclosed in note 13.

During the year ended March 31, 2014, the Group has reassessed useful life of certain categories of network assets due to technological developments and has revised the remaining useful life in respect of those assets effective April 1, 2013. Additional depreciation charge of ₹ 6,469 Mn on assets for which the revised useful life has expired on April 1, 2013 has been recognised and disclosed as 'exceptional items, net' (refer note 11) and additional depreciation charge of ₹ 1,984 Mn for the year ended March 31, 2014 for balance assets has been recognised and reflected as 'Depreciation and amortisation'. The impact of above change on the depreciation charge for the future years is as follows:

(₹ Millions)

	Year ending March 31, 2015	Year ending March 31, 2016	Year ending March 31, 2017	After March 31, 2017
Increase/(decrease) in depreciation	(384)	(1,002)	(1,045)	(6,022)

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 customer life is reviewed periodically. The estimated customer life principally reflects management's view of the average economic life of the customer base and is assessed by reference to key performance indicators (KPIs) which are linked to establishment / ascertainment of customer life. A change in such KPIs may lead to a change in the estimated useful life and an increase/ decrease in the amortisation income/charge. The Group believes that the change in such KPIs will not have any material effect on the financial statements.

i) **Contingencies**

Refer note 36 (ii) for details of contingencies.

5. Standards Issued But Not yet Effective up to the Date of Issuance of the Group's Financial Statements

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Notes to consolidated financial statements

a) **IFRS 9 Financial Instruments**

In November 2009, International Accounting Standards Board ('IASB') issued IFRS 9, "Financial Instruments", as part of wider project to replace IAS 39, Financial Instruments: Recognition and measurement. The effective date to adopt IFRS 9 is yet to be notified.

IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised 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 recognised 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.

In November 2013, IASB further amended IFRS 9, to include hedge accounting guidance. There have been significant changes to the types of the transactions eligible for hedge accounting, specifically a broadening of the risks eligible for hedge accounting of non-financial items. In addition, the effectiveness test has been overhauled and replaced with the principle of an economic relationship. IFRS 9 also replicates the amendments in IAS 39 in respect of novations (discussed subsequently).

The Group is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the consolidated financial statements.

b) **Amendments to IAS 32 Financial Instruments : Presentation**

In December 2011, IASB issued amendments to IAS 32. The IASB amended the accounting requirements related to offsetting of financial assets and financial liabilities.

Amendments to IAS 32 clarify the meaning of 'currently has a legally enforceable right of set-off' and also clarify the application of IAS 32 offsetting criteria to settlement systems which apply gross settlement mechanisms that are not simultaneous.

The amendments are applicable to annual periods beginning on or after January 1, 2014, with early adoption permitted. The Group is required to adopt the amendments to IAS 32 by the financial year commencing April 1, 2014. The Group does not expect that the adoption of the amendments will have any significant impact on the consolidated financial statements.

c) **Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements**

In October 2012, IASB issued amendments to IFRS 10, IFRS 12 and IAS 27.

Amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

The amendments also require additional disclosure about significant judgements and assumptions made in determining that it has met the definition of an investment entity.

The amendments are applicable to annual periods beginning on or after January 1, 2014, with early adoption permitted. The Group is required to adopt the amendments by the financial year commencing April 1, 2014. The Group does not expect that the adoption of the amendments will have any significant impact on the consolidated financial statements.

d) **IFRIC 21 Levies**

In May 2013, IASB issued IFRIC 21, "Levies".

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

The effective date of IFRIC 21 is annual periods beginning on or after January 1, 2014, with early adoption permitted. The Group is required to adopt IFRIC 21 by the financial year commencing April 1, 2014. The Group does not expect that the adoption of the IFRIC 21 will have any significant impact on the consolidated financial statements.

e) Amendments to IAS 39 Financial Instruments : Recognition and Measurement

In June 2013, the IASB issued narrow scope amendments to IAS 39.

The narrow scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

The amendments are applicable to annual periods beginning on or after January 1, 2014, with early adoption permitted. The Group is required to adopt the amendments by the financial year commencing April 1, 2014. The Group does not expect that the adoption of the amendments will have any significant impact on the consolidated financial statements.

f) IFRS 14 Regulatory Deferral Accounts

In January 2014, IASB issued an interim standard, IFRS 14, "Regulatory Deferral Accounts".

The aim of this interim standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities.

IFRS does not provide any specific guidance for rate-regulated activities. The IASB has a project to consider the broad issue of rate regulation and plans to publish a Discussion Paper on this subject in 2014. Pending the outcome of this comprehensive Rate-regulated Activities project, the IASB decided to develop IFRS 14 as an interim measure.

The effective date of IFRS 14 is annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group is required to adopt the standard by the financial year commencing April 1, 2016. The Group is currently evaluating the requirements of IFRS 14, and has not yet determined the impact on the consolidated financial statements.

g) The following improvements and amendments to standards have been issued upto the date of issuance of the Group's financial statements, but not yet effective and have not yet been adopted by the Group. These are not expected to have any significant impact on the consolidated financial statements:

S. No.	Improvement/Amendments to Standards	Month of Issue	Effective date - annual periods beginning on or after
1	Annual Improvements 2011-13 Cycle	December, 2013	July 1, 2014
2	Annual Improvements 2010-12 Cycle	December, 2013	July 1, 2014
3	Amendments to IAS 19. "Defined Benefit Plans: Employee Contributions"	November, 2013	July 1, 2014
4	Amendments to IAS 36. "Impairment of Assets"	May, 2013	January 1, 2014

6. Segment Reporting

The Group's operating segments are organised and managed separately through the respective business managers, according to the nature of products and services provided, with each segment representing a strategic business unit. These business units are reviewed by the Chairman of the Group (Chief operating decision maker). Effective April 1, 2013, to reflect the growing importance of South Asia mobile operations, the Group's mobile services in Bangladesh and Sri Lanka are now being reported under a separate segment 'Mobile Services-South Asia', earlier included in 'Mobile Services - India and South Asia'. Accordingly, 'Mobile Services - India' is being reported as a separate segment.

In addition, to better reflect business synergies, intra city fiber networks earlier included in 'Telemedia Services', and Mobile Commerce Services in India earlier included in 'Others', have now been included in 'Mobile Services - India'. Further, in order to improve the comparability of results with the single segment telecom players, the Company has also allocated certain central common expenses, earlier included in 'Unallocated' to 'Mobile Services - India', 'Telemedia Services' and 'Airtel Business'. Accordingly, previous year's segment figures have been restated.

The revised reporting segments of the Group are as below:

Notes to consolidated financial statements

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

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

Mobile Services Africa: These services cover provision of voice and data telecom services offered to customers in Africa continent. This also includes corporate headquarter costs of the Group's Africa operations.

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

Digital TV Services: This includes digital broadcasting services provided under the Direct-to-home platform.

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

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

Others: These include administrative and support services provided to other segments.

The measurement principles for segment reporting are based on IFRSs adopted in the consolidated financial statements. Segment's performance is evaluated based on segment revenue and profit or loss from operating activities i.e. segment results.

Operating revenues and expenses related to both third party and inter-segment transactions are included in determining the segment results of each respective segment. Finance income earned and finance expense incurred is not allocated to individual segment and the same has been reflected at the Group level for segment reporting. Inter-segment pricing and terms are reviewed and changed by the management to reflect changes in market conditions and changes to such terms are reflected in the period the change occurs. Segment information prior to the change in terms is not restated. These transactions have been eliminated on consolidation. The total assets disclosed for each segment represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment, intangibles, inventories, operating cash and bank balances, inter-segment assets and exclude derivative financial instruments, deferred tax assets and income tax recoverable.

Segment liabilities comprise operating liabilities and exclude external borrowings, provision for taxes, deferred tax liabilities and derivative financial instruments.

Segment capital expenditure comprises additions to property, plant and equipment and intangible assets (net of rebates, where applicable).

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

Summary of the Segmental Information as of and for the year ended March 31, 2014 is as follows:

(₹ Millions)

Description	Mobile Services India	Mobile Services South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	446,896	16,945	269,287	36,492	48,025	20,709	19,105	2	-	-	857,461
Inter segment revenue	19,939	458	3,201	2,860	15,336	62	31,982	3,195	-	(77,033)	-
Total revenue	**466,835**	**17,403**	**272,488**	**39,352**	**63,361**	**20,771**	**51,087**	**3,197**	**-**	**(77,033)**	**857,461**
Share of results of joint ventures and associates	325	-	(158)	-	-	-	5,034	10	-	-	5,211
Segment result	91,216	(4,271)	16,983	5,541	8,078	(4,821)	16,185	62	(2,213)	(275)	126,485
Finance income											7,133
Finance costs											(55,513)
Exceptional items, net *											538
Profit before tax											**78,643**
Other segment items											
Period capital expenditure	(103,727)	(13,555)	(41,634)	(8,856)	(7,648)	(6,235)	(7,568)	-	(212)	12,448	(176,987)
Depreciation and amortisation	(66,673)	(5,307)	(54,265)	(9,230)	(5,729)	(8,159)	(11,699)	-	-	4,566	(156,496)
As of Mar 31,2014											
Segment assets	933,083	51,537	788,468	70,854	130,199	19,626	211,850	967	172,525	(547,337)	1,831,772
Segment liabilities	214,942	40,450	159,070	24,155	54,898	52,956	28,323	1,281	1,162,098	(546,063)	1,192,110

* 'Exceptional items, net' shown separately mainly relates to gain on account of demerger of a subsidiary, reassessment of residual useful lives of certain assets, settlement of various disputes and integration costs arising due to business combination (Refer note 11 for details).

Notes to consolidated financial statements

Summary of the segmental information as of and for the year ended March 31, 2013 is as follows:

(₹ Millions)

Description	Mobile Services India	Mobile Services South Asia	Mobile Services Africa	Telemedia Services	Airtel Business	Digital TV Services	Tower Infrastructure Services	Others	Unallocated	Eliminations	Consolidated
Revenue from external customers	407,917	12,023	237,620	34,323	40,243	16,240	20,679	-	-	-	769,045
Inter segment revenue	22,788	307	2,819	1,573	12,960	55	29,186	3,359	-	(73,047)	-
Total revenue	**430,705**	**12,330**	**240,439**	**35,896**	**53,203**	**16,295**	**49,865**	**3,359**	**-**	**(73,047)**	**769,045**
Share of results of joint ventures and associates	(237)	-	-	-	-	-	3,768	(25)	-	-	3,506
Segment result	66,552	(5,117)	15,569	6,999	3,110	(8,105)	10,894	83	(2,027)	(21)	87,937
Finance income											5,103
Finance costs											(45,187)
Exceptional items, net											-
Profit before tax											**47,853**
Other Segment Items											
Period capital expenditure	(59,675)	(5,179)	(43,054)	(4,858)	(6,121)	(7,618)	(11,003)	-	(3,034)	5,844	(134,698)
Depreciation and amortisation	(62,360)	(4,167)	(47,578)	(7,645)	(5,714)	(8,557)	(15,387)	-	(540)	3,800	(148,148)
As of Mar 31, 2013											
Segment assets	769,097	39,218	687,652	56,549	111,307	22,113	194,969	722	162,932	(452,306)	1,592,253
Segment liabilities	191,315	30,525	138,521	14,599	48,911	50,251	28,870	1,198	995,460	(451,500)	1,048,150

Notes to consolidated financial statements

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Unallocated Assets comprise of :		
Derivative financial assets	3,580	4,663
Deferred tax asset	62,627	58,491
Income tax recoverable	9,319	10,093
Inter-segment loans/ receivables	77,297	53,174
Short term investments	5,388	11,221
Others	14,314	25,290
Total	**172,525**	**162,932**

(₹ Millions)

	As of March 31, 2014	As of March 31, 2013
Unallocated Liabilities comprise of :		
Borrowings	758,958	667,363
Derivative financial liabilities	5,410	1,112
Deferred tax liability	16,850	12,556
Income tax liabilities	12,032	7,627
Inter-segment loans/ payables	361,533	299,332
Others	7,315	7,470
Total	**1,162,098**	**995,460**

Borrowings include amount borrowed for the acquisition of 3G and BWA Licenses (including spectrum) ₹ 62,900 Mn and ₹ 52,225 Mn and for funding the acquisition of Africa operations and other borrowings of Africa operations ₹ 640,237 Mn and ₹ 537,760 Mn as of March 31, 2014 and March 31, 2013, respectively.

Geographical Information:

Information concerning geographical areas by location of the entity is as follows:

(a) Revenue from External Customers:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
India	559,696	509,689
Africa	269,287	237,620
Rest of the World	28,478	21,736
Total	**857,461**	**769,045**

(b) Non-current Assets(Property, plant and equipment and Intangible assets):

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
India	658,771	619,016
Africa	691,788	632,241
Rest of the World	55,586	35,406
Total	**1,406,145**	**1,286,663**

Notes to consolidated financial statements

7. Business Combination/ Disposal of Subsidiary/ Other Acquisitions/ Transaction with Non-controlling Interests

a) Acquisition of interest in Airtel Broadband Services Private Limited ('ABSPL') (formerly known as Wireless Business Services Private Limited), erstwhile Wireless Broadband Business Services (Delhi) Pvt. Ltd., erstwhile Wireless Broadband Business Services (Kerala) Pvt. Ltd. and erstwhile Wireless Broadband Business Services (Haryana) Pvt. Ltd. (together referred as "BWA entities")

i. During the year ended March 31, 2013, pursuant to a definitive agreement dated May 24, 2012, the Company had acquired 49% stake for a consideration of ₹ 9,281 Mn in BWA entities mentioned above, Indian subsidiaries of Qualcomm Asia Pacific (Qualcomm AP) 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. The agreement contemplated that once commercial operations are launched, subject to certain terms and conditions, the Company had the option to assume complete ownership and financial responsibility for the BWA entities by the end of 2014. With this acquisition, the Company had secured a nation-wide broadband leadership through a combination of 4G and 3G networks.

During the three months period ended June 30, 2012, the BWA entities were accounted for as associates.

Effective July 1, 2012, the Group had started exercising its right of joint control over the activities of the BWA entities and had accordingly accounted for them as Joint Ventures. The difference of ₹ 1,175 Mn between the purchase consideration of ₹ 7,646 Mn (net of ₹ 812 Mn to be adjusted against the amount to be paid for the purchase of balance shares and ₹ 823 Mn of the consideration identified towards fair value of the contract for the purchase of balance shares) and its share of the fair value of net assets of ₹ 6,471 Mn was recognised as goodwill, recorded as part of the investment in joint ventures.

ii. During the year ended March 31, 2014, on June 25, 2013, the Company acquired additional equity stake of 2% by way of subscription to fresh equity of ₹ 638 Mn, thereby acquiring control over the BWA entities. The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their fair values as on the acquisition date and the purchase consideration has been allocated to the net assets.

The Company has fair valued its existing 49% equity interest at ₹ 8,740 Mn and recognised a net gain of ₹ 201 Mn (net of loss on fair valuation of contract for the purchase of balance shares). The difference of ₹ 8,329 Mn between the purchase consideration of ₹ 9,182 Mn (including fair valuation of existing equity interest and fair value of contract for the purchase of balance shares ₹ 196 Mn (liability)) and fair value of net assets of ₹ 853 Mn (including cash acquired of ₹ 2,413 Mn and net of non-controlling interest of ₹ 820 Mn) has been recognised as goodwill. The goodwill recognised in the transaction consists largely of the synergies and economies of scale expected from the combined operation of the Group and BWA entities. None of the goodwill recognised is deductible for income tax purpose. The present value of the liability of ₹ 6,722 Mn to be paid for the purchase of balance shares and the advance of ₹ 812 Mn was recognised against the 'Other components of equity'. The fair value and the carrying amount of the acquired receivables as of the date of acquisition was Nil.

From the date of acquisition, BWA entities have contributed revenue of less than ₹ One Million and loss before tax of ₹ 94 Mn to the consolidated revenue and profit before tax of the Group, respectively, for the year ended March 31, 2014.

On August 30, 2013, the Group increased its equity investment in ABSPL by way of conversion of loan of ₹ 49,094 Mn, thereby increasing its shareholding from 51% to 93.45%. Considering other terms of the definitive agreement, as the non-controlling interest is no longer bearing the risks and rewards of ownership, the entire carrying amount of non-controlling interest of ₹ 800 Mn has been derecognised and has been recognised in 'Other components of equity'.

On October 17, 2013, the Group acquired remaining stake of ABSPL from Qualcomm AP for a total consideration of ₹ 6,903 Mn (in addition to ₹ 812 Mn paid during the year ended March 31, 2013 (refer (i) above), thereby increasing its shareholding to 100%. An amount of ₹ 2,154 Mn after adjustment of the amount paid for retirement of borrowings of ₹ 4,104 Mn and interest there on of ₹ 645 Mn has been paid. An amount of ₹ 6,379 Mn (excluding the interest recovered for the period till June 25, 2013, the date of acquisition of control) has been disclosed in the statement of cash flows under 'cash flows from financing activities'.

iii. The Scheme of Arrangement ('Scheme') under Section 391 to 394 of the Companies Act, 1956 for amalgamation of Wireless Broadband Business Services (Delhi) Private Limited, Wireless Broadband Business Services (Kerala) Private Limited and Wireless Broadband Business

Services (Haryana) Private Limited (collectively referred to as "the transferor companies") with Airtel Broadband Services Private Limited ('ABSPL') (formerly known as Wireless Business Services Private Limited) was approved by the Hon'ble High Courts of Delhi and Bombay vide order dated May 24, 2013 and June 28, 2013, respectively, with appointed date July 6, 2010, and filed with the Registrar of Companies on August 5, 2013, effective date of the Scheme. Accordingly, the transferor companies have ceased to exist and have merged into ABSPL.

The Scheme of Arrangement ('Scheme') under Sections 391 to 394 of the Companies Act, 1956 for amalgamation of ABSPL with the Company, was approved by the Hon'ble High Courts of Delhi and Bombay on January 21, 2014 and April 11, 2014, respectively. The Scheme shall be effective on filing of certified copies of Orders of Hon'ble High Courts of Bombay and Delhi with the Registrar of Companies (ROC) and obtaining of any other regulatory approval. The said orders are yet to be filed with ROC. Since the Scheme involves amalgamation of the wholly owned subsidiary, ABSPL, with the Company, this will not have any impact on these consolidated financial statements.

b) Acquisition of 100% Interest in Warid Telecom Uganda Limited

The Group entered into a share purchase agreement with Warid Telecom Uganda LLC and Warid Uganda Holding Inc to acquire 100% equity interest in Warid Telecom Uganda Limited to consolidate its position as the second largest mobile operator in Uganda. The transaction was closed on May 13, 2013. The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their preliminary fair values as on the acquisition date and the purchase consideration has been allocated to the net assets. The difference of ₹ 2,394 Mn between the purchase consideration and preliminary fair value of net assets has been recognised as goodwill. None of the goodwill recognised is deductible for income tax purpose. The goodwill recognised in the transaction consists largely of synergies and economies of scale expected from the combined operation of the Group and Warid Telecom Uganda Limited. Considering the 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 fair value, gross contractual amount and best estimate of the amount not expected to be collected, of the acquired receivables as of the date of acquisition was ₹ 436 Mn, ₹ 510 Mn and ₹ 74 Mn respectively.

On February 1, 2014, Warid Telecom Uganda Limited merged into Airtel Uganda Limited, an indirect subsidiary of the Company. From the date of acquisition till January 31, 2014, Warid Telecom Uganda Limited has contributed revenue of ₹ 6,006 Mn and loss before tax of ₹ 578 Mn to the consolidated revenue and profit before tax of the Group, respectively.

c) Acquisition of 100% Interest in Warid Congo S.A

The Group entered into a share purchase agreement with Warid Telecom Congo LLC and Warid Congo Holding Inc to acquire 100% equity interest in Warid Congo S.A. The acquisition will make the Group the largest mobile operator in Congo Brazzaville. The transaction was closed on March 12, 2014. The acquisition was accounted for in the books, using the acquisition method and accordingly, all the assets and liabilities were measured at their preliminary fair values as on the acquisition date and the purchase consideration has been allocated to the net assets. The difference of ₹ 1,291 Mn between the purchase consideration and preliminary fair value of net assets has been recognised as goodwill. None of the goodwill recognised is deductible for income tax purpose. The goodwill recognised in the transaction consists largely of synergies and economies of scale expected from the combined operation of the Group and Warid Congo S.A. Considering the 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 fair value, gross contractual amount and best estimate of the amount not expected to be collected, of the acquired receivables as of the date of acquisition was ₹ 243 Mn, ₹ 261 Mn and ₹ 18 Mn respectively.

From the date of acquisition, Warid Congo S.A has contributed revenue of ₹ 286 Mn and profit before tax of ₹ 60 Mn to the consolidated revenue and profit before tax of the Group, respectively, for the year ended March 31, 2014.

d) Acquisition of Additional Interest in Airtel Bangladesh Limited

On June 12, 2013, the Group acquired 30% equity stake in Airtel Bangladesh Limited, thereby, increasing its shareholding to 100%. The excess of consideration over the carrying value of the interest acquired, ₹ 5,850 Mn (including transaction costs), has been recognised in 'Other components of equity'.

Notes to consolidated financial statements

e) Demerger of Bharti Infratel Ventures Limited

The Scheme of Arrangement ('Scheme') under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities as defined in the Scheme from Bharti Infratel Ventures Limited (BIVL) (an indirect subsidiary of the Company), Vodafone Infrastructure Limited (VIL) (formerly known as Vodafone Essar Infrastructure Limited), and Idea Cellular Tower Infrastructure Limited (ICTIL) (collectively referred to as "the transferor companies") to Indus Towers Limited (Indus), a joint venture of the Group, was approved by the Hon'ble High Court of Delhi vide order dated April 18, 2013 and filed with the Registrar of Companies on June 11, 2013, effective date of the Scheme. Accordingly, effective this date, the transferor companies have ceased to exist and have merged into Indus. The Scheme has, accordingly, been given effect to in the consolidated financial statements of the Group.

As a result of the transaction, the Group has lost control of BIVL and gained an additional interest in Indus and accordingly the Group has:

(i) derecognised the assets and liabilities of BIVL from its consolidated statement of financial position (net ₹ 43,631 Mn) (including cash & cash equivalents of ₹ 8,009 Mn);

(ii) recognised additional investment in Indus at ₹ 52,581 Mn, i.e., the Group's share of the aggregate of (a) fair value of the net assets contributed by the other joint venturers and (b) book value of net assets of BIVL contributed by the Group; and

(iii) recognised resultant gain of ₹ 8,950 Mn as an exceptional income (refer note 11(a)).

f) During the year ended March 31, 2014, the Group has reduced goodwill by ₹ 926 Mn and increased non-controlling interest by ₹ 29 Mn with respect to a past business combination transaction.

g) Dilution of Shareholding in Bharti Infratel Limited

During the year ended March 31, 2013, Bharti Infratel Limited (BIL), a subsidiary of the Company, made an Initial Public Offering (IPO) through book building process of 188,900,000 equity shares of ₹ 10 each. The IPO comprised of fresh issue of 146,234,112 equity shares of ₹ 10 each by BIL and an offer for sale of 42,665,888 equity shares of ₹ 10 each by the existing shareholders. BIL has raised ₹ 32,303 Mn from fresh issue of shares and incurred related share issue expenses of ₹ 579 Mn (deferred tax of ₹ 185 Mn has been recognised on the same). BIL's equity shares got listed on December 28, 2012 on both the Stock Exchanges (BSE & NSE).

Post the issue, the holding of the Company in BIL has reduced from 86.09% 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 ₹ 16,649 Mn has been recognised directly in equity as attributable to the equity shareholders of the Parent.

h) Acquisition of Additional Interest in Airtel Networks Limited

On March 11, 2013, the Group acquired 13.357% equity stake in Airtel Networks Limited, thereby, increasing its shareholding to 79.059%. The excess of consideration over the carrying value of the interest acquired, ₹ 11,037 Mn (including transaction costs), had been recognised in 'Other components of equity'.

i) Total consolidated revenue of the Group and net profit before tax of the Group would have been ₹ 862,930 Mn and ₹ 79,857 Mn respectively, had all the acquisitions been effective for the full year ended March 31, 2014.

8. Operating Expenses

(₹ Millions)

Particulars	Notes	Year ended March 31, 2014	Year ended March 31, 2013
Access charges		111,923	113,227
Licence fees, revenue share and spectrum charges		76,631	66,486
Network operations cost		197,202	173,333
Employee costs	8.1	46,228	38,823
Selling, general and administrative expenses		147,979	144,632
Charity & donations		902	390
Total		**580,865**	**536,891**

Notes to consolidated financial statements

Selling, general and administrative expenses include followings:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Trading inventory consumption	4,728	7,834
Dimunition in value of inventory	381	374
Provision for doubtful debts	5,781	4,500

8.1 Employee Costs

(₹ Millions)

Particulars	Notes	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, allowances & others		42,852	35,853
Defined contribution plan		2,124	1,722
Defined benefit plan/ other long term benefits		848	805
Share based compensation	8.2	404	443
Total		**46,228**	**38,823**

8.2 Share Based Compensation Plans

The following table provides an overview of all existing share option plans of the Group:

Entity	Scheme	Plan	Year of issuance of plan	Share options granted (thousands)	Vesting period (years)	Contractual term (years)	Weighted average exercise price
Equity settled Plans							
Bharti Airtel	Scheme I	2001 Plan	2002	30,893	1 - 4	7	21.25
Bharti Airtel	Scheme I	2004 Plan	2004	4,380	1 - 4	7	35.00
Bharti Airtel	Scheme I	Superpot	2004	143	1 - 3	7	-
Bharti Airtel	Scheme I	2006 Plan	2006	5,264	1 - 5	7	5.50
Bharti Airtel	Scheme 2005	2005 Plan	2005	11,260	1 - 4	7	237.06
Bharti Airtel	Scheme 2005	2008 Plan & Annual Grant Plan (AGP)	2008	8,817	1 - 3	7	352.13
Bharti Airtel	Scheme 2005	Performance Share Plan (PSP) 2009 Plan	2009	1,691	3 - 4	7	5.00
Bharti Airtel	Scheme 2005	Special ESOP & Restricted Share Units (RSU)	2010	3,615	1 - 5	7	5.00
Bharti Airtel	Scheme 2005	Long Term Incentive (LTI) Plan	2011	422	1 - 3	7	5.00
Bharti Airtel	Scheme 2005	LTI Plan	2012	1,593	1 - 3	7	5.00
Bharti Infratel	Infratel plan	2008 Plan	2008	9,913	1 - 5	7	109.67
Bharti Infratel	Infratel plan	LTI Plan (Part of 2008 plan)	2012	34	1 - 3	7	10.00
Cash settled Plans							
Bharti Airtel	Scheme 2005	LTI Plan Africa	2011	560	1 - 3	3	5.00
Bharti Airtel	Performance Unit Plan (PUP) 2013	Performance Unit Plan (PUP) 2013	2013	3,295	1 - 3	3	-
Bharti Infratel	Infratel plan	PUP	2013	171	1 - 3	7	-

Notes to consolidated financial statements

The following table exhibits the net compensation expenses arising from share based payment transaction:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Expenses arising from equity-settled share-based payment transactions	8	403
Expenses arising from Cash-settled share-based payment transactions	396	40
Total	**404**	**443**

Information concerning the share options issued is presented below:

(Shares in Thousands)	As of March 31, 2014		As of March 31, 2013	
	Number of share options	Weighted average exercise price (₹)	Number of share options	Weighted average exercise price (₹)
Equity Settled Plan				
Scheme I - 2006 plan				
Outstanding at beginning of year	1,185	5.89	1,445	5.73
Granted	150	5.00	62	5.04
Exercised	(320)	5.36	(294)	5.00
Forfeited / Expired	(476)	5.00	(28)	6.92
Outstanding at end of year	539	6.74	1,185	5.89
Exercisable at end of year	223	9.21	606	6.74
Scheme 2005 - 2005 plan				
Outstanding at beginning of year	1,736	384.72	2,602	331.48
Granted	-	-	-	-
Exercised	(130)	201.88	(451)	127.44
Forfeited / Expired	(598)	339.18	(415)	333.42
Outstanding at end of year	1,008	436.06	1,736	384.72
Exercisable at end of year	1,008	436.06	1,736	384.72
Scheme 2005 - 2008 plan and AGP				
Outstanding at beginning of year	4,314	355.80	4,835	355.84
Granted	-	-	-	-
Exercised	(10)	301.47	(16)	314.70
Forfeited / Expired	(865)	361.04	(505)	358.49
Outstanding at end of year	3,439	354.54	4,314	355.80
Exercisable at end of year	3,439	354.54	4,305	355.61
Scheme 2005 - PSP 2009 plan				
Outstanding at beginning of year	569	5.00	1,256	5.00
Granted	-	-	-	-
Exercised	(217)	5.00	(189)	5.00
Forfeited / Expired	(110)	5.00	(498)	5.00
Outstanding at end of year	242	5.00	569	5.00
Exercisable at end of year	154	5.00	24	5.00
Scheme 2005 - Special ESOP & RSU Plan				
Outstanding at beginning of year	1,470	5.00	2,362	5.00
Granted	-	-	-	-
Exercised	(610)	5.00	(478)	5.00
Forfeited / Expired	(452)	5.00	(414)	5.00
Outstanding at end of year	408	5.00	1,470	5.00
Exercisable at end of year	369	5.00	535	5.00

Notes to consolidated financial statements

(Shares in Thousands)	As of March 31, 2014		As of March 31, 2013	
	Number of share options	Weighted average exercise price (₹)	Number of share options	Weighted average exercise price (₹)
Scheme 2005 - LTI Plan				
Outstanding at beginning of year	1,815	5.00	406	5.00
Granted	-	-	1,593	5.00
Exercised	(275)	5.00	(37)	5.00
Forfeited / Expired	(468)	5.00	(147)	5.00
Outstanding at end of year	1,072	5.00	1,815	5.00
Exercisable at end of year	183	5.00	61	5.00
Bharti Infratel : Plan 2008				
Outstanding at beginning of year	9,147	109.67	3,333	329.00
Granted	-	-	-	-
Bonus issue in the ratio of 1:2	-	-	6,165	109.67
Exercised	(554)	109.67	(100)	109.67
Forfeited / Expired	(39)	109.67	(251)	329.00
Outstanding at end of year	8,554	109.67	9,147	109.67
Exercisable at end of year	7,662	109.67	6,431	109.67
Bharti Infratel : LTI Plan (Part of 2008 plan)				
Outstanding at beginning of year	20	10.00	-	-
Granted	-	-	34	10.00
Exercised	(4)	10.00	-	-
Forfeited / Expired	-	-	(14)	10.00
Outstanding at end of year	16	10.00	20	10.00
Exercisable at end of year	4	10.00	-	-
Cash Settled Plan				
Scheme 2005 - LTI Plan Africa				
Outstanding at beginning of year	395	5.00	560	5.00
Granted	-	-	-	-
Exercised	(43)	5.00	(127)	5.00
Forfeited / Expired	(245)	5.00	(38)	5.00
Outstanding at end of year	107	5.00	395	5.00
Exercisable at end of year	-	-	-	-
PUP 2013				
Outstanding at beginning of year	-	-	-	-
Granted	3,295	-	-	-
Exercised	-	-	-	-
Forfeited / Expired	(291)	-	-	-
Outstanding at end of year	3,004	-	-	-
Exercisable at end of year	-	-	-	-
Bharti Infratel : Performance Unit Plan				
Outstanding at beginning of year	-	-	-	-
Granted	171	-	-	-
Exercised	-	-	-	-
Forfeited / Expired	-	-	-	-
Outstanding at end of year	171	-	-	-
Exercisable at end of year	-	-	-	-

Notes to consolidated financial statements

The following table summarises information about options exercised and granted during the year and about options outstanding and their remaining contractual life:

Entity	Plan	Options Outstanding			Options Granted		Options Excercised	
		Options (thousands)	Exercise price	Weighted average remaining contractual life (years)	Options (thousands)	Weighted average Fair Value	Options (thousands)	Weighted average share price
Equity Settled Plans								
Bharti Airtel	2006 Plan	539	5.00 to 110.50	4.40	150	329.14	320	301.16
Bharti Airtel	2005 Plan	1,008	110.50 to 461.00	0.43	-	-	130	316.90
Bharti Airtel	2008 Plan & Annual Grant Plan (AGP)	3,439	295.00 to 402.50	1.62	-	-	10	320.55
Bharti Airtel	Performance Share Plan (PSP) 2009 Plan	242	5 .00	2.77	-	-	217	326.62
Bharti Airtel	Special ESOP & Restricted Share Units (RSU)	408	5 .00	3.20	-	-	610	324.96
Bharti Airtel	LTI Plan	1,072	5 .00	2.66	-	-	275	327.05
Bharti Infratel	2008 Plan	8,554	109.67	1.86	-	-	554	189.00
Bharti Infratel	LTI Plan (Part of 2008 plan)	16	10.00	5.41	-	-	4	154.00
Cash Settled Plans								
Bharti Airtel	LTIP Africa	107	5.00	0.35	-	-	43	311.00
Bharti Airtel	Performance Unit Plan (PUP) 2013	3,004	-	2.36	3,295	316.85	-	-
Bharti Infratel	PUP	171	-	6.34	171	201.00	-	-

The total carrying value of cash settled share based compensation liability is ₹ 465 Mn and ₹ 98 Mn as of March 31, 2014 and March 31, 2013, respectively.

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:

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Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Risk free interest rates	8.38% to 8.80%	7.60 to 8.84
Expected life	16 to 60 months	48 to 77 months
Volatility	30.96% to 39%	36.42% to 52.43%
Dividend yield	0.31% to 0.50%	0% to 0.36%
Weighted average share price on the date of grant exluding Infratel	318.9 to 337.4	274.40 to 336.70
Weighted average exercise price on the date of grant exluding Infratel	0 to 5	5.00 to 5.04
Weighted average share price on the date of grant - Infratel	197.60	219.00
Weighted average exercise price on the date of grant - Infratel	-	10.00

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.

Bharti Infratel Limited (the subsidiary of the Company) has issued fresh equity shares to its employees under the equity settled share based compensation plan and has received an amount of ₹ 61 Mn (March 31, 2013: Nil), resulting in increase in the holding of non-controlling shareholders from 20.58% to 20.61%.

9. Depreciation & Amortisation

(₹ Millions)

Particulars	Notes	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation	13	132,118	121,835
Amortisation	14	24,378	26,313
Total		**156,496**	**148,148**

10. Finance Income & Costs

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Finance income		
Dividend from mutual funds	898	113
Interest Income on deposits	632	644
Interest Income on loans to associates	38	46
Interest Income on others	1,862	1,313
Net gain on mutual funds	3,703	2,758
Net gain on derivative financial instruments *	-	229
Total	**7,133**	**5,103**
Finance costs		
Interest on borrowings	36,382	36,944
Unwinding of discount on provisions	548	471
Net exchange loss	7,321	3,200
Net loss on derivative financial instruments *	5,088	-
Other finance charges	6,174	4,572
Total	**55,513**	**45,187**

* Refer note 17 for details of interest rate swaps designated as hedging instruments and note 33 for details of financial assets and liabilities categorised within level 3 of the fair value hierarchy.

Notes to consolidated financial statements

"Dividend from mutual funds" includes ₹ 210 Mn and "Net gain on mutual funds" includes net gain of ₹ 96 Mn relating to investments in mutual funds designated at fair value through profit or loss.

"Interest income on others" includes ₹ 329 Mn and ₹ 464 Mn towards unwinding of discount on other financial assets for the years ended March 31, 2014 and March 31, 2013, 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 ₹ 894 Mn and ₹ 179 Mn towards unwinding of discount on other financial liabilities for the years ended March 31, 2014 and March 31, 2013, respectively.

11. Exceptional Items

Exceptional items comprises of the following:-

a) Gain of ₹ 8,950 Mn and ₹ Nil during the year ended March 31, 2014 and March 31, 2013, respectively, on account of demerger of Bharti Infratel Ventures Limited, a subsidiary of the Group (refer note 7(e)).

b) Charge of ₹ 6,469 Mn and ₹ Nil during the year ended March 31, 2014 and March 31, 2013, respectively, resulting from reassessment of the residual useful lives of certain categories of network assets of the Group due to technological developments (refer note 4.2 (g)).

c) Charge of ₹ 374 Mn and ₹ Nil during the year ended March 31, 2014 and March 31, 2013, respectively, arising from a new regulatory levy.

d) Charge of ₹ 1,569 Mn and ₹ Nil during the year ended March 31, 2014 and March 31, 2013 respectively, arising primarily from integration cost due to business combination.

Tax expense includes:

i) Tax expense of ₹ 1,055 Mn and ₹ Nil during the year ended March 31, 2014 and March 31, 2013, respectively, on above, and

ii) Tax provision of ₹ 2,915 Mn and ₹ Nil during the year ended March 31, 2014 and March 31, 2013, respectively, on account of settlement of various disputes / uncertain tax position.

Profit/loss attributable to non-controlling interests includes impact of ₹ 1,558 Mn and ₹ Nil during the year ended March 31, 2014 and March 31, 2013, respectively, relating to the above exceptional items.

12. Income Taxes

The major components of the income tax expense are:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Current income tax		
- India	24,667	18,077
- Overseas	17,402	9,725
	42,069	27,802
Deferred tax*		
- Relating to origination & reversal of temporary differences	6,227	(5,246)
- Relating to change in tax rate	-	1,326
Tax expense attributable to current year's profit	48,296	23,882
Adjustments in respect of income tax of previous year		
- Current income tax		
India	(1,003)	97
Overseas	204	28
	(799)	125
- Deferred tax*	952	1,177
	153	1,302
Income tax expense recorded in the consolidated income statement	**48,449**	**25,184**

* Includes tax credit utilisation on account of minimum alternate tax (MAT) of ₹ 2,999 Mn and tax credit recoverable of ₹ 1,669 Mn during years ended March 31, 2014 and March 31, 2013, respectively.

During the year ended March 31, 2013, the Group had recognised additional tax charge of ₹ 1,326 Mn on account of changes in tax rates (including ₹ 861 Mn relating to India on account of change in tax rate from 32.445% to 33.99% as proposed in the Finance Bill, 2013).

Notes to consolidated financial statements

The reconciliation between tax expense and product of net income before tax multiplied by enacted tax rates in India is summarised below:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Net income before taxes	78,643	47,853
Enacted tax rates in India	33.99%	32.445%
Computed tax expense	26,731	15,526
Increase/(reduction) in taxes on account of:		
Share of (profits)/losses in associates and joint ventures	(1,771)	(1,138)
Net deduction claimed under tax holiday provisions of income tax act	(11,318)	(8,694)
Temporary differences reversed during the tax holiday period	1,791	1,360
Effect of changes in tax rate	-	1,326
Tax on undistributed retained earnings	3,984	492
Adjustment in respect to current income tax of previous years	(799)	125
Adjustment in respect to MAT credit of previous years	191	1,550
Deferred tax recognised in respect of previous years	761	(373)
Tax for which no credit is allowed	4,121	3,746
Effect of different tax rate	803	1,187
Losses and deductible temporary difference against which no deferred tax asset recognised	15,385	10,276
(Income)/expenses (net) not taxable/deductible	3,577	(1,047)
(Benefit)/expense on account of settlement of various disputes/uncertain tax position*	4,756	717
Others	237	131
Income tax expense recorded in the consolidated income statement	**48,449**	**25,184**

* includes exceptional charge of ₹ 2,915 Mn during the year ended March 31, 2014 (refer note 11)

Notes to consolidated financial statements

The components that gave rise to deferred tax assets and liabilities are as follows:

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Deferred tax assets/(liabilities)		
Provision for impairment of debtors/advances and other provisions	9,402	7,303
Losses available for offset against future taxable income	5,582	6,493
Employee share options	846	1,184
Post employment benefits	676	611
Minimum tax credit	30,656	33,775
Lease rent equalisation - expense	6,024	5,886
Fair valuation of financial assets/derivative instruments and unrealised exchange fluctuation	1,295	1,150
Accelerated depreciation for tax purposes	(675)	(5,732)
Fair valuation of intangibles/property, plant & equipments on business combination	1,176	929
Lease rent equalisation - income	(4,518)	(3,861)
Unearned Income	956	908
Deferred tax liability on undistributed retained earnings	(5,478)	(2,857)
Others	(165)	146
Net deferred tax assets/(liabilities)	**45,777**	**45,935**

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Deferred tax (expense)/income		
Provision for impairment of debtors/advances and other provisions	1,988	(150)
Losses available for offset against future taxable income	(1,341)	164
Employee share options	(338)	7
Post employment benefits	19	148
Minimum tax credit	(2,999)	1,669
Lease rent equalisation - expense	946	1,337
Fair valuation of financial assets/derivative instruments and unrealised exchange fluctuation	(38)	537
Accelerated depreciation for tax purposes	15	(1,754)
Fair valuation of intangibles/property, plant & equipments on business combination	(1,667)	1,267
Lease rent equalisation - income	(657)	(865)
Unearned Income	(20)	27
Deferred tax liability on undistributed retained earnings	(2,793)	287
Others	(294)	69
Net deferred tax (expense)/income	**(7,179)**	**2,743**

Notes to consolidated financial statements

Reflected in the statement of financial position as follows:

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Deferred tax assets	62,627	58,491
Deferred tax liabilities	(16,850)	(12,556)
Deferred tax assets (net)	**45,777**	**45,935**

The reconciliation of deferred tax assets (net) is as follows:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening balance	45,935	40,294
Tax Income / (expense) during the year recognised in profit & loss	(7,179)	2,743
Tax Income on share issue expenses recognised in equity	-	185
Deferred tax liabilities of Subsidiary (BIVL) transferred upon demerger**	1,511	-
Deferred tax on undistributed retained earnings of joint venture	374	-
Deferred taxes acquired in business combination	-	(756)*
Translation adjustment and others	5,136	3,469
Closing balance	**45,777**	**45,935**

* Relates to acquisition of Bharti Airtel Africa B.V. on June 8, 2010.
**Refer note 7 (e)

Deferred tax assets are recognised 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. 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 ₹ 176,035 Mn and ₹ 144,805 Mn as of March 31, 2014 and March 31, 2013, 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, 2014 and March 31, 2013, losses and deductible temporary differences to the extent of ₹ 66,692 Mn and ₹ 54,408 Mn, respectively have an indefinite carry forward period and the balance amount expires unutilised as follows:

(₹ Millions)

March 31,	As of March 31, 2014
2015	8,244
2016	6,188
2017	7,770
2018	10,045
2019	6,879
Thereafter	70,217
	109,343

(₹ Millions)

March 31,	As of March 31, 2013
2014	11,788
2015	7,901
2016	7,643
2017	13,096
2018	5,557
Thereafter	44,412
	90,397

The Group has not recognised deferred tax liability with respect to unremitted retained earnings and associated foreign currency translation reserve with respect to certain of its subsidiaries and joint ventures where the Group is in a position to control the timing of the distribution of profits and it is probable that the subsidiaries and joint ventures will not distribute the profits in the foreseeable future. Also, the Group does not recognises deferred tax liability on the unremitted retained earnings of its subsidiaries wherever it believes that it would avail the tax credit for the dividend distribution tax payable by the subsidiaries on its dividend distribution. The taxable temporary difference associated with respect to unremitted retained earnings and associated foreign currency translation reserve is ₹ 73,054 Mn and ₹ 79,971 Mn as of March 31, 2014 and March 31, 2013, respectively. The distribution of the same is expected to attract tax in the range of NIL to

Notes to consolidated financial statements

15% depending on the tax rates applicable as of March 31, 2014 in the jurisdiction in which the respective Group entity operates.

During the year ended March 31, 2013, the Group had changed the trigger plan date for earlier years for certain business units enjoying Income tax holiday under the Indian Income tax laws. Accordingly, tax charge of ₹ 410 Mn pertaining to earlier years has been recognised during the year ended March 31, 2013.

13. Property, Plant and Equipment

(₹ Millions)

Particulars	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and construction in progress	Total
Cost					
As of April 1, 2012	**17,543**	**877,689**	**49,606**	**42,923**	**987,761**
Additions	3,911	-	11,135	112,216	127,262
Acquisition through Business Combinations	-	47	15	11	73
Adjustments relating to Fair value remeasurement	-	-	-	1,576	1,576
Disposals / adjustment	(52)	(5,558)	(1,930)	-	(7,540)
Currency translation	(784)	4,110	(317)	790	3,799
Reclassification *	(29)	116,119	12,736	(129,155)	(329)
As of March 31, 2013	**20,589**	**992,407**	**71,245**	**28,361**	**1,112,602**
Additions	2,699	-	9,884	92,550	105,133
Acquisition through Business Combinations^	542	3,233	345	843	4,963
Disposals / adjustment	(644)	(13,029)	(1,321)	-	(14,994)
Effect of Demerger of BIVL^	-	(63,660)	-	-	(63,660)
Currency translation	930	24,943	3,547	1,534	30,954
Reclassification *	(115)	100,406	578	(99,890)	979
As of March 31, 2014	**24,001**	**1,044,300**	**84,278**	**23,398**	**1,175,977**
Accumulated Depreciation					
As of April 1, 2012	**7,689**	**319,270**	**33,968**	**-**	**360,927**
Charge	1,465	108,588	11,782	-	121,835
Disposals / adjustment	(37)	(4,361)	(1,611)	-	(6,009)
Currency translation	628	(2,395)	(251)	-	(2,018)
Reclassification *	(4,960)	(4,873)	9,423	-	(410)
As of March 31, 2013	**4,785**	**416,229**	**53,311**	**-**	**474,325**
Charge #	1,518	124,506	12,563	-	138,587
Disposals / adjustment	(238)	(9,016)	(1,191)	-	(10,445)
Effect of Demerger of BIVL^	-	(32,024)	-	-	(32,024)
Currency translation	111	6,516	2,104	-	8,731
Reclassification *	(84)	37	421	-	374
As of March 31, 2014	**6,092**	**506,248**	**67,208**	**-**	**579,548**
Net Carrying Amount					
As of April 1, 2012	**9,854**	**558,419**	**15,638**	**42,923**	**626,834**
As of March 31, 2013	**15,804**	**576,178**	**17,934**	**28,361**	**638,277**
As of March 31, 2014	**17,909**	**538,052**	**17,070**	**23,398**	**596,429**

* Reclassification includes reclass of assets between categories of assets. During the year ended March 31, 2014, ₹ 979 Mn and ₹ 374 Mn (March 31, 2013: ₹ 208 Mn and ₹ 127 Mn) gross block and accumulated depreciation respectively, has been reclassified mainly from licenses to technical equipment and machinery.

^ Refer note 7

Includes exceptional items of ₹ 6,469 Mn w.r.t technical equipment and machinery (Refer note 11 (b))

"Other equipment, operating and office equipment" include gross block of assets capitalised under finance lease ₹ 1,301 Mn and ₹ 889 Mn as of March 31, 2014 and March 31, 2013, respectively and the corresponding accumulated depreciation for the respective years ₹ 340 Mn and ₹ 70 Mn.

Notes to consolidated financial statements

"Land and Building" include gross block of assets capitalised under finance lease ₹ 287 Mn and ₹ 226 Mn as of March 31, 2014 and March 31, 2013, respectively and the corresponding accumulated depreciation for the respective years ₹ 17 Mn and ₹ 2 Mn.

The "advance payments and construction in progress" includes ₹ 22,541 Mn and ₹ 27,294 Mn towards technical equipment and machinery and ₹ 857 Mn and ₹ 1,067 Mn towards other assets as of March 31, 2014 and March 31, 2013, respectively.

The Group has taken borrowings from banks and financial institutions which carry charge over certain of the above assets (refer note 26 for details towards security and pledge).

14. Intangible Assets

(₹ Millions)

Particulars	Goodwill	Software	Bandwidth	Licenses	Other acquired intangibles	Advance Payment and assets under development	Total
Cost							
As of April 1, 2012	**410,197**	**8,992**	**9,440**	**239,147**	**19,785**	**35,437**	**722,998**
Additions	-	3,145	1,796	825	107	1,563	7,436
Acquisition through Business Combinations	344	25	-	-	-	-	369
Adjustments relating to Fair value remeasurement	308	-	-	-	-	-	308
Disposals / adjustment #	-	-	(1,410)	-	-	-	(1,410)
Currency translation	4,211	102	238	3,449	(862)	(5)	7,133
Reclassification *	-	107	-	35,330	(208)	(35,437)	(208)
As of March 31, 2013	**415,060**	**12,371**	**10,064**	**278,751**	**18,822**	**1,558**	**736,626**
Additions	-	3,336	1,181	8,745	29	58,563@	71,854
Acquisition through Business Combinations^	12,014	-	-	234	868	49,155	62,271
Adjustments relating to Fair value remeasurement^	(926)	-	-	-	-	-	(926)
Disposals / adjustment	-	(7)	(43)	-	-	-	(50)
Currency translation	45,625	201	481	9,614	1,261	-	57,182
Reclassification *	-	382	276	488	(567)	(1,558)	(979)
As of March 31, 2014	**471,773**	**16,283**	**11,959**	**297,832**	**20,413**	**107,718**	**925,978**
Accumulated amortisation							
As of April 1, 2012	**-**	**4,920**	**1,375**	**36,710**	**16,671**	**-**	**59,676**
Charge	-	2,839	612	20,211	2,651	-	26,313
Disposals / adjustment	-	-	-	-	-	-	-
Currency translation	-	129	22	360	(770)	-	(259)
Reclassification *	-	(24)	-	24	(127)	-	(127)
As of March 31, 2013	**-**	**7,864**	**2,009**	**57,305**	**18,425**	**-**	**85,603**
Charge	-	2,923	744	20,189	522	-	24,378

Notes to consolidated financial statements

(₹ Millions)

Particulars	Goodwill	Software	Bandwidth	Licenses	Other acquired intangibles	Advance Payment and assets under development	Total
Disposals / adjustment	-	(7)	(8)	-	-	-	(15)
Currency translation	-	103	80	2,696	1,154	-	4,033
Reclassification *	-	637	20	(633)	(398)	-	(374)
As of March 31, 2014	**-**	**11,520**	**2,845**	**79,557**	**19,703**	**-**	**113,625**
Accumulated impairment							
As of April 1, 2012	**2,637**	**-**	**-**	**-**	**-**	**-**	**2,637**
As of March 31, 2013	**2,637**	**-**	**-**	**-**	**-**	**-**	**2,637**
As of March 31, 2014	**2,637**	**-**	**-**	**-**	**-**	**-**	**2,637**
Net Carrying Amount							
As of April 1, 2012	**407,560**	**4,072**	**8,065**	**202,437**	**3,114**	**35,437**	**660,685**
As of March 31, 2013	**412,423**	**4,507**	**8,055**	**221,446**	**397**	**1,558**	**648,386**
As of March 31, 2014	**469,136**	**4,763**	**9,114**	**218,275**	**710**	**107,718**	**809,716**

* Reclassification includes reclass of assets between categories of assets. During the year ended March 31, 2014, ₹ 979 Mn and ₹ 374 Mn (March 31, 2013: ₹ 208 Mn and ₹ 127 Mn) gross block and accumulated depreciation respectively, has been reclassified mainly from licenses to technical equipment and machinery.

Adjustment of ₹ 1,410 Mn in Bandwidth gross block pertains to inter-company transactions elimination, which has been adjusted in the year ended March 31, 2013.

@ Includes advance payments of ₹ 55,257 Mn towards spectrum (Refer note 39 (d)).

^ Refer note 7.

During the years ended March 31, 2014 and March 31, 2013, the Group has capitalised borrowing cost of ₹ 2,266 Mn and ₹ 298 Mn, respectively.

The Group has taken borrowings from banks and financial institutions which carry charge over certain of the above assets (refer note 26 for details towards security and pledge).

Weighted average remaining amortisation period of license as of March 31, 2014 and March 31, 2013 is 13.65 years and 13.46 years, respectively.

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 year, the testing did not result in any impairment in the carrying amount of goodwill.

The carrying amount of goodwill has been allocated to the following CGU/ Group of CGUs:

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Mobile Services - India	39,524	31,195
Mobile Services - Bangladesh	8,211	7,370
Airtel business	5,382	4,890
Mobile Services - Africa	415,675	368,624
Telemedia Services	344	344
Total	**469,136**	**412,423**

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 and 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 13.53% to 20.22% (higher rate used for CGU group 'Mobile Services – Africa') for the year ended March 31, 2014 and ranged from 12.5% to 19.9% (higher rate used for CGU group 'Mobile Services – Africa') for the year ended March 31, 2013.

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 5.49% (higher rate used for 'Mobile Services – Bangladesh' CGU) for the year ended March 31, 2014 and ranged from 3.5% to 4.0% (higher rate used for CGU group 'Mobile Services – Africa' and 'Mobile Services – Bangladesh' CGU) for the year ended March 31, 2013.

Capital Expenditures: The cash flow forecasts of capital expenditure are based on past experience coupled with additional capital expenditure required for roll out of incremental coverage requirements and to provide enhanced voice and data services.

Sensitivity to Changes in Assumptions

With regard to the assessment of value-in-use for Mobile Services – India, Mobile Services – Bangladesh, Telemedia Services and Airtel Business, no reasonably possible change in any of the above key assumptions would cause the carrying amount of these units to exceed their recoverable amount. For Mobile Services - Africa CGU group, the recoverable amount exceeds the carrying amount by approximately 10% for the year ended March 31, 2014 (March 31, 2013: 11.5%). An increase of 1.2% (March 31, 2013: 1.5%) in discount rate shall equate the recoverable amount with the carrying amount of the Mobile Services – Africa CGU group for the year ended March 31, 2014. Further, for Mobile Services – Africa CGU group, no reasonably possible change in the growth rate beyond the planning horizon would cause the carrying amount to exceed the recoverable amount.

16. Investment in Associates, Joint Ventures and Subsidiaries

16.1 Investments accounted for using the equity method

The Group's interests in Joint Ventures and associates are accounted for using the equity method of accounting. The details (Principal place of operation/country of incorporation, principal activities and percentage of ownership interest and voting power (direct / indirect) held by the Group) of Joint Ventures and Associates are set out in note 40.

The amounts recognised in the consolidated statement of financial position are as follows:

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Joint Ventures	56,615	11,310
Associates	87	242
Total	**56,702**	**11,552**

The amounts recognised in the income statement are as follows:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Joint Ventures	5,369	3,582
Associates	(158)	(76)
Total	**5,211**	**3,506**

Notes to consolidated financial statements

16.1.1 Investments in Joint Ventures

Summarised financial information of Indus Towers Limited based on its IFRS financial statements and reconciliation with the carrying amount of the investment in consolidated financial statements is as follows:

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Assets		
Non Current Assets	265,003	127,926
Current Assets		
Cash and cash Equivalents	2,775	1,110
Other Current Assets (Excluding cash and cash equivalents)	29,716	32,261
Total Current Assets	**32,491**	**33,371**
Liabilities		
Non Current Liabilities		
Non Current Financial Liabilities (Other than trade and other payables and provisions) - Loans and borrowings	61,378	76,711
Other Non Current Liabilities	18,694	15,390
Total Non Current Liabilities	**80,072**	**92,101**
Current Liabilities		
Current Financial Liabilities (Other than trade and other payables and provisions) - Loans and borrowings	18,047	9,054
Other Current Liabilities	26,099	51,393
Total Current Liabilities	**44,146**	**60,447**
Equity	173,276	8,749
Percentage of Group's ownership interest	42%	42%
Interest in Joint Venture	72,776	3,675
Gain on merger of BIVL with Indus attributable to Group's ownership interest (refer note 7 (e)) (net of consolidation adjustment of ₹ 804 Mn arising post merger)	(8,973)	-
Other fair value adjustments on consolidation	(7,376)	79
Carrying amount of investment	56,427	3,754

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Revenue	142,264	131,964
Depreciation and amortisation	29,690	16,215
Finance income (including Interest income of ₹ 1,806 Mn (March 31, 2013 - ₹ 692 Mn))	2,055	1,267
Finance cost (including Interest expense of ₹ 9,842 Mn (March 31, 2013 - ₹ 9,866 Mn))	9,864	9,877
Income tax expense	6,363	4,582
Profit for the year	**13,228**	**8,803**
Percentage of Group's ownership interest	42%	42%
Group's share in Joint Venture's profit for the year	5,556	3,697
Consolidation adjustments (net of ₹ 804 Mn for the year ended March 31, 2014 arising post merger)	(522)	71
Group's share in Joint ventures' profit recognised	**5,034**	**3,768**
Dividend received from Joint venture	**2,200**	**4,050**

Notes to consolidated financial statements

Aggregate information of joint ventures that are not individually material is as follows:-

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Carrying amount of investment	188	7,556
Cumulative unrecognised losses	-	-

(₹ Millions)

Group's share in Joint ventures'	Year ended March 31, 2014	Year ended March 31, 2013
Net profit / (loss)	335	(186)
Other comprehensive income	10	4
Total comprehensive income	345	(182)
Unrecognised losses	-	-

Refer note 36 for Group's share of joint ventures commitments and contingencies.

16.1.2 Investments in Associates

The Group does not have any individually material associate. Aggregate information of associates that are not individually material is as follows:-

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Carrying amount of investment	87	242
Cumulative unrecognised losses	1,328	1,074

(₹ Millions)

Group's share in Associates'	Year ended March 31, 2014	Year ended March 31, 2013
Net profit / (loss)	(412)	(393)
Other comprehensive income	3	-
Total comprehensive income	(409)	(393)
Unrecognised losses	254	317

Refer note 36 for Group's share of associates commitments.

Notes to consolidated financial statements

16.2 Investments in Subsidiaries

The details (Principal place of operation/country of incorporation, principal activities and percentage of ownership interest and voting power (direct / indirect) held by the Group) of subsidiaries are set out in note 40.

Summarised financial information of subsidiaries (including fair valuation adjustments made at the time of acquisition, if any) having material non-controlling interests is as follows:-

(₹ Millions)

Particulars	Bharti Infratel Limited* As of March 31, 2014	Bharti Infratel Limited* As of March 31, 2013	Bharti Hexacom Limited As of March 31, 2014	Bharti Hexacom Limited As of March 31, 2013	Airtel Networks Limited As of March 31, 2014	Airtel Networks Limited As of March 31, 2013
Assets						
Non Current Assets	172,424	120,898	28,319	27,782	142,720	134,223
Current Assets	41,392	79,341	25,659	19,572	6,400	8,538
Liabilities						
Non Current Liabilities	22,101	21,219	1,903	1,549	63,755	57,904
Current Liabilities	14,457	13,865	8,613	8,561	76,397	72,213
Equity	177,258	165,155	43,461	37,244	8,968	12,644
Percentage of ownership interest held by non-controlling interests	20.61%	20.58%	30%	30%	20.94%	20.94%
Accumulated non-controlling interests	36,525	33,986	13,034	11,343	1,878	2,648

Particulars	Bharti Infratel Limited* Year ended March 31, 2014	Bharti Infratel Limited* Year ended March 31, 2013	Bharti Hexacom Limited Year ended March 31, 2014	Bharti Hexacom Limited Year ended March 31, 2013	Airtel Networks Limited Year ended March 31, 2014	Airtel Networks Limited Year ended March 31, 2013
Revenue	50,987	49,590	40,763	36,717	86,677	81,771
Net Profit/(loss)	18,638	8,738	6,368	5,746	(5,045)	(2,738)
Other Comprehensive Income	(7)	-	-	-	1,369	840
Total Comprehensive Income	18,631	8,738	6,368	5,746	(3,676)	(1,898)
Profit / (loss) allocated to non-controlling interests	3,835	1,404	1,867	1,718	(1,056)	(887)

Particulars	Bharti Infratel Limited*		Bharti Hexacom Limited		Airtel Networks Limited	
	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2013
Net cash inflow/(outflow) from operating activities	27,715	27,293	9,810	11,298	26,212	17,854
Net cash inflow/(outflow) from investing activities	(20,714)	(53,892)	(9,354)	(11,704)	(8,525)	(15,267)
Net cash inflow/(outflow) from financing activities	(6,580)	26,473	(330)	(712)	(14,230)	(230)
Net cash inflow/(outflow)	421	(126)	126	(1,118)	3,457	2,357
Dividend paid to non-controlling interests (including tax)	1,364	704	175	44	-	-

* Based on consolidated financial statements, also refer note 7(g).

17. 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 (except for certain interest rate swaps, refer below, 'Hedging 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:-

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Assets		
Currency swaps, forward and option contracts	100	76
Interest rate swaps	277	49
Embedded derivatives	3,203	4,538
	3,580	**4,663**
Liabilities		
Currency swaps, forward and option contracts	861	40
Interest rate swaps	3,822	298
Embedded derivatives	727	774
	5,410	**1,112**
Bifurcation of above derivative instruments into current and non current		
Non-current derivative financial assets	2,761	3,566
Current derivative financial assets	819	1,097
Non-current derivative financial liabilities	(4,313)	(893)
Current derivative financial liabilities	(1,097)	(219)
	(1,830)	**3,551**

Notes to consolidated financial statements

Embedded derivative

The Group entered into agreements denominated/determined in foreign currencies. The value of these contracts changes in response to the changes in specified foreign currencies. Some of these contracts have embedded foreign currency derivatives having economic characteristics and risks that are not closely related to those of the host contracts. These embedded foreign currency derivatives have been separated and carried at fair value through profit or loss.

Hedging Instruments

Beginning April 1, 2013, the Group has applied fair value hedge accounting, and started designating certain interest rate swaps (exchanging fixed rate of interest for floating rate of interest) as a hedging instrument for hedging the risk of change in fair value of the non-convertible bonds with respect to changes in the USD LIBOR/ EURIBOR zero coupon curve.

The fair value of such interest rate swaps liability (net) is ₹ 3,592 Mn as of March 31, 2014. The loss of ₹ 3,041 Mn has been recognised on the interest rate swaps and gain of ₹ 3,275 Mn has been recognised on the non-convertible bonds on account of changes in fair value with respect to the hedged risk during the year ended March 31, 2014.

18. Other Financial Assets, Non-current

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Security deposits	7,232	7,517
Restricted cash	68	157
Trade receivables (non-current)	-	638
Rent equalisation	2,919	2,345
Claims recoverable	5,656	5,325
Others	1,455	344
Total	**17,330**	**16,326**

Security deposits primarily include security deposits given towards rented premises, cell sites, interconnect ports and other miscellaneous deposits.

The Group has taken borrowings from banks and financial institutions. Details towards security and pledge of the above assets are given under note 26.

Restricted cash represents amount given as security against various borrowing facilities and legal cases.

19. Other Non-financial Assets, Non-current

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Fair valuation adjustments - financial assets	2,287	2,885
Advances	22,417	14,378
Others	1,305	1,486
Total	**26,009**	**18,749**

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 ₹ 25,992 Mn and ₹ 19,468 Mn as of March 31, 2014 and March 31, 2013, respectively.

Notes to consolidated financial statements

20. Inventories

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Transmission equipment	421	276
Handsets	965	762
Others	36	71
Total	**1,422**	**1,109**

The Group has 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

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Trade receivable*	83,640	81,908
Less: Allowance for doubtful debts	(25,868)	(21,571)
Total Trade receivables	**57,772**	**60,337**
Other receivables		
Due from related party	245	378
Receivables from joint ventures	266	3,209
Interest accrued on investments	61	67
Claim receivables	4,097	3,833
Total	**62,441**	**67,824**

Movement in allowances for doubtful debts

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Balance, beginning of the year	21,571	18,715
Additions -		
Provision for the year	5,781	4,500
Currency translation adjustment	1,197	584
Application -		
Write off of bad debts (net of recovery)	(2,681)	(2,228)
Balance, end of the year	**25,868**	**21,571**

*Trade receivables include unbilled receivables.

The Group has taken borrowings from banks and financial institutions which carry charge over certain of the above assets. Details towards security and pledge of the above assets are given under note 26.

Refer note 38 on credit risk of trade receivables.

Notes to consolidated financial statements

22. Prepayments and Other Assets

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Prepaid expenses	8,539	9,084
Employee receivables	562	534
Advances to Suppliers	12,215	11,786
Taxes receivable	8,028	8,616
Others	312	840
Total	**29,656**	**30,860**

Employee receivables principally consist of advances given for business purposes.

Taxes receivables include customs duty, excise duty, service tax, sales tax and other recoverable and are disclosed net of provision of ₹ 1,963 Mn and ₹ 1,687 Mn as of March 31, 2014 and March 31, 2013, respectively.

23. Investments

(a) Short term investments

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Held for trading securities - quoted	61,574	64,760
Designated at fair value through profit or loss - quoted	690	-
Loans and receivables - fixed deposits with banks	1	786
Total	**62,265**	**65,546**

(b) Investment (non-current)

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Held for trading securities - quoted*	27,883	-
Designated at fair value through profit or loss - quoted	8,458	-
Total	**36,341**	**-**

* These were reclassified from short term investments to investment (non-current) basis the future utilisation plan of funds.

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 liquid debt instruments in which the Group invests surplus funds to manage liquidity and working capital requirements. Investments designated at fair value through profit or loss comprises investments in debt linked mutual funds.

The Group has taken borrowings from banks and financial institutions which carry charge over certain of the above assets. Details towards security and pledge of the above assets are given under note 26.

Notes to consolidated financial statements

24. Other Financial Assets, Current

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Restricted Cash	8,127	4,299
Total	**8,127**	**4,299**

Restricted cash represents amount given as security against various borrowing facilities and legal cases and cash received from subscribers of Mobile Commerce Services.

25. Cash and Cash Equivalents

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Cash and bank balances	44,505	14,285
Fixed deposits with banks	5,303	1,793
Total	**49,808**	**16,078**

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of following:-

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Cash and bank balances	44,505	14,285
Fixed deposits with banks	5,303	1,793
Less :- Bank overdraft (refer note 26.2)	(10,233)	(14,767)
Total	**39,575**	**1,311**

26. Borrowings

26.1 Long term debts

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Secured		
Term loans *	106,539	86,332
Others	13	19
Total	**106,552**	**86,351**
Less: Current portion	(21,680)	(11,625)
Total secured loans, net of current portion	**84,872**	**74,726**
Unsecured		
Term loans	361,618	461,054
Non-convertible bonds # @	193,321	54,057
Total	**554,939**	**515,111**
Less: Current portion	(89,892)	(20,700)
Total unsecured loans, net of current portion	**465,047**	**494,411**
Total	**549,919**	**569,137**

* Includes loan of ₹ 2,469 Mn and ₹ 9,449 Mn for which charge over underlying assets is yet to be created.

Refer note 26.5

@ Reduced by ₹ 3,491 Mn and ₹ Nil as of March 31, 2014 and March 31, 2013, respectively, for the impact of change in fair value with respect to the hedged risk.

Notes to consolidated financial statements

26.2 Short term debts and current portion of long term debts

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Secured		
Term loans	8,907	5,919
Bank Overdraft	410	5,438
Total	**9,317**	**11,357**
Add: Current portion of long term debts	21,680	11,625
Total secured loans, including current portion	**30,997**	**22,982**
Unsecured		
Term Loans	78,327	45,215
Bank overdraft	9,823	9,329
Total	**88,150**	**54,544**
Add: Current portion of long term debts	89,892	20,700
Total unsecured loans, including current portion	**178,042**	**75,244**
Total	**209,039**	**98,226**

26.3 Analysis of Borrowings

The details given below are gross of debt origination cost and fair valuation adjustments with respect to the hedged risk.

26.3.1 Maturity of Borrowings

The table below summarises the maturity profile of the Group's borrowings based on contractual undiscounted payments.

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Within one year	210,163	98,535
Between one and two years	123,589	171,181
Between two and five years	301,480	340,942
over five years	132,612	59,764
Total	**767,844**	**670,422**

26.3.2 Interest rate & Currency of Borrowings

The below details do not necessarily represents foreign currency or interest rate exposure to the income statement, since the Group has taken derivatives for offsetting the foreign currency & interest rate exposure. For foreign currency and interest rate sensitivity refer note 38.

(₹ Millions)

Particulars	Total borrowings	Floating rate borrowings	Fixed rate borrowings
INR	64,913	64,900	13
USD	460,859	367,518	93,341
Euro	111,917	29,235	82,682
CHF	23,808	-	23,808
NGN	70,460	70,460	-
XAF	12,082	-	12,082
XOF	8,434	-	8,434
Others	15,371	5,505	9,866
March 31, 2014	**767,844**	**537,618**	**230,226**
INR	96,501	92,971	3,530
USD	481,716	422,584	59,132
NGN	60,529	58,185	2,344
XAF	10,493	-	10,493
XOF	6,077	-	6,077
Others	15,106	7,546	7,560
March 31, 2013	**670,422**	**581,286**	**89,136**

26.4 Other Loans

Others include vehicle loans taken from banks which were secured by hypothecation of the vehicles ₹ 13 Mn and ₹ 19 Mn as of March 31, 2014 and March 31, 2013, respectively.

The amounts payable for the capital lease obligations, excluding interest expense is ₹ 7 Mn, ₹ 4 Mn and ₹ 2 Mn for the years ending on March 31, 2015, 2016 and 2017, respectively.

26.5 Bharti Airtel International (Netherlands) BV, a subsidiary of the Company, issued following senior unsecured guaranteed notes (Non-convertible bonds or Notes).These notes are guaranteed by the Company.

During the year ended March 31, 2014:

Particulars	Issue price	Due in	Listed on stock exchange
3% CHF 350 Mn (₹ 23,631 Mn)	100.108%	2020	SWISS (SIX)
4% Euro 750 Mn (₹ 62,924 Mn)	99.756%	2018	Frankfurt
4% Euro 250 Mn (₹ 20,933 Mn)	100.374%	2018	Frankfurt

During the year ended March 31, 2013:

Particulars	Issue price	Due in	Listed on stock exchange
5.125% USD 1000 Mn (₹ 54,413 Mn)	100%	2023	Singapore
5.125% USD 500 Mn (₹ 27,200 Mn)*	100.625%	2023	Singapore

* USD 500 Mn was received during the year ended March 31, 2014.

The Euro and USD Notes contain certain covenants relating to limitation on Indebtedness and on creation of any lien on any of its assets other than as permitted under the agreement, unless an effective provision is made to secure the Notes and guarantee equally and ratably with such Indebtedness for so long as such Indebtedness is so secured by such lien. The limitation on indebtedness covenant gets suspended on Notes meeting certain agreed criteria. The debt covenants remained suspended as of the date of the authorisation of the financial statements. The CHF notes do not carry any restrictions on the limitation on indebtedness.

Notes to consolidated financial statements

26.6 Security Details

The Group has 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 and subsidiaries. The details of security provided by the Group in various countries, to various banks on the assets of Parent and subsidiaries are as follows

(₹ Millions)

Entity	Relation	Outstanding loan amount		Security Detail
		As of March 31, 2014	As of March 31, 2013	
Bharti Airtel Ltd	Parent	13	19	Hypothecation of vehicles
Airtel Bangladesh Ltd	Subsidiary	18,020	10,535	(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. Third Modification to Deed of Hypothecation for EKN-2 facility (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. Third Modification to Deed of Hypothecation for EKN-2 facility (iii) Second Charge behind the Senior Term Lenders over the Borrower's Stocks of Raw Material, Work-in-Progress and Finished Goods with Registrar of Joint Stock Companies and Firms (RJSC) on Pari Passu basis with other Lenders; Second Charge behind the Senior Term Lenders over the Borrower's Book Debts and Receivables with Registrar of Joint Stock Companies and Firms (RJSC) on Pari Passu basis with other Lenders, under a Letter of Hypothecation dated February 8, 2012 executed in favor of the existing lenders filed with the Registrar of Joint Stock Companies. Third Modification of deed to hypothecation with the enhanced amount of facilities and addition of new working capital lender in the agreement.
Bharti Airtel Africa BV and its subsidiaries	Subsidiary	98,126	87,277	(i) Pledge of all fixed and floating assets - Kenya, Nigeria, Tanzania, Uganda, DRC, Ghana (ii) Pledge of Materials and credit balance - Niger (iii) Pledge on specific fixed assets - Chad
Total		**116,159**	**97,831**	

Africa operations 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 Airtel Bangladesh Limited, Bharti Airtel Africa B.V, Bharti Infratel Limited, and their respective subsidiaries) to create or allow to exist any security interest on any of its assets without prior written consent of the majority lenders except in certain agreed circumstances.

The Company's 3G/BWA borrowings:

The INR term loan agreements with respect to 3G/BWA borrowings contain a negative pledge covenant that prevents the Company to create or allow to exist any security interest on any of its assets without prior written consent of the lenders except in certain agreed circumstances.

26.7 Unused Lines of Credit

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Secured	25,959	10,537
Unsecured	142,321	98,773
Total Unused lines of credit	**168,280**	**109,310**

27. Provisions

(₹ Millions)

Particulars	Employee benefits	Asset retirement obligation*	Total
As of March 31, 2012	**2,528**	**5,591**	**8,119**
Of which: current	1,218	-	1,218
Provision during the year	805	2,352	3,157
Payment during the year	(235)	-	(235)
Interest charge	-	471	471
As of March 31, 2013	**3,098**	**8,414**	**11,512**
Of which: current	1,768	-	1,768
Provision during the year	848	1,335	2,183
Remeasurement losses accounted for in OCI	197	-	197
Payment during the year	(717)	-	(717)
Interest charge	-	548	548
Business combination*	-	27	27
Demerger of BIVL*	-	(1,981)	(1,981)
As of March 31, 2014	**3,426**	**8,343**	**11,769**
Of which: current	1,725	-	1,725

*Refer note 7

"Provision during the year" for asset retirement obligation is after considering the impact of change in discount rate. Due to large number of lease arrangements of the Group, the range of expected period of outflows of provision for asset retirement obligation is significantly wide.

Notes to consolidated financial statements

The movement of provision towards subjudice matters disclosed under other non-financial assets, non-current (refer note 19) and trade and other payables (refer note 32) is as below:

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening Balance	59,142	44,190
Additions (Net)	15,532	14,952
Closing Balance	**74,674**	**59,142**

28. Other Financial Liabilities, Non current

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Equipment Supply Payable - Non Current	3,149	2,441
Security deposits	4,924	9,553
Lease rent equalisation	9,349	9,682
Deferred payment liability	1,026	-
Others	9,016	1,528
Total	**27,464**	**23,204**

"Others" includes ₹ 7,413 Mn payable to a joint venture as of March 31, 2014.

29. Other Non - Financial Liabilities

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Non - current		
Fair valuation adjustments - financial liabilities*	624	894
Others	836	1,490
	1,460	2,384
Current		
Taxes payable	15,277	13,245
	15,277	13,245
Total	**16,737**	**15,629**

* represents unamortised portion of the difference between the fair value of the financial liability (security deposit) on initial recognition and the amount received.

'Others' as of March 31, 2013 represents amount due to one of the joint venture of the Group.

Taxes payable include service tax, sales tax and other taxes payable.

Notes to consolidated financial statements

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, 2014 and March 31, 2013, being the respective measurement dates:

Movement in Defined Benefit Obligation

(₹ Millions)

Particulars	Gratuity	Compensated absence
Defined benefit obligation - April 1, 2012	1500	902
Current service cost	302	194
Interest cost	127	82
Benefits paid	(152)	(85)
Acquired in business combination	102	-
Remeasurements - actuarial loss/ (gain)	100	35
Defined benefit obligation - March 31, 2013	**1,979**	**1,128**
Defined benefit obligation - April 1, 2013	1979	1128
Current service cost	336	194
Interest cost	172	101
Benefits paid	(344)	(271)
Remeasurements - actuarial loss/ (gain)	191	(29)
Defined benefit obligation - March 31, 2014	**2,334**	**1,123**

Movement in Plan Assets - Gratuity

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Fair value of plan assets at beginning of year	183	81
Interest income	15	6
Employer contributions	1	-
Benefits paid	(14)	-
Remeasurements - actuarial (loss)/ gain	(6)	(6)
Acquired in business combination	-	102
Fair value of plan assets at end of year	**179**	**183**
Net funded status of plan	**(2,155)**	**(1,796)**
Actual return on plan assets	**9**	**-**

Notes to consolidated financial statements

The components of the gratuity & compensated absence cost were as follows:

Recognised in profit or loss

(₹ Millions)

Particulars	Gratuity	Compensated absence
Current service cost	336	194
Interest cost / (income) (net)	157	101
Remeasurements - actuarial loss/ (gain)	-	(29)
For the year ended March 31, 2014	**493**	**266**
Current service cost	302	194
Interest cost / (income) (net)	121	82
Remeasurements - actuarial loss/ (gain)	106	35
For the year ended March 31, 2013	**529**	**311**

Recognised in other comprehensive income

(₹ Millions)

Particulars	Gratuity	Compensated absence
Remeasurements - actuarial loss/ (gain)	197	-
For the year ended March 31, 2014	**197**	**-**
Remeasurements - actuarial loss/ (gain)	-	-
For the year ended March 31, 2013	**-**	**-**

The principal actuarial assumptions used for estimating the Group's defined benefit obligations are set out below:

Weighted average actuarial assumptions	As of March 31, 2014	As of March 31, 2013
Discount Rate	8.00%	8.50%
Expected Rate of increase in Compensation levels	10.00%	10.00%
Expected Average remaining working lives of employees (years)	25.47 years	25.89 years

Sensitivity analysis:

For the year ended March 31, 2014

Particulars	Change in assumption	Effect on Gratuity obligation	Effect on Compensated absence obligation
Discount Rate	+1%	(136)	(63)
	-1%	164	102
Salary Growth Rate	+1%	161	100
	-1%	(135)	(63)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the statement of financial position.

Notes to consolidated financial statements

History of experience adjustments is as follows:

(₹ Millions)

Particulars	Gratuity	Compensated absence
For the year ended March 31, 2014		
Plan Liabilities - (loss)/gain	(64)	69
Plan Assets - (loss)/gain	(6)	-
For the year ended March 31, 2013		
Plan Liabilities - (loss)/gain	114	302
Plan Assets - (loss)/gain	(6)	-

Disclosure of other long term employee benefits:

Deferred incentive plan

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening Balance	-	17
Addition	1	3
Utilisation	(1)	(20)
Closing Balance	**-**	**-**

Long term service award

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Estimated liability	148	95

Statement of Employee benefit provision

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Gratuity	2,155	1,796
Compensated absences	1,123	1,128
Other employee benefits	148	174
Total	**3,426**	**3,098**

Notes to consolidated financial statements

31. Equity

(i) Shares

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Authorised shares		
5,000,000,000 (March 31, 2013 - 5,000,000,000)		
equity shares of ₹ 5 each	25,000	25,000
Issued, Subscribed and fully paid-up shares		
3,997,400,102 (March 31, 2013- 3,797,530,096)		
equity shares of ₹ 5 each	19,987	18,988
Treasury shares		
2,374,698 (March 31, 2013- 3,937,055)		
equity shares of ₹ 5 each	(342)	(674)

a) **Preferential Allotment**

During the year ended March 31, 2014, the Company has issued 199,870,006 equity shares to M/s. Three Pillars Pte. Ltd (belonging to non-promoter category), an affiliate of Qatar Foundation Endowment, constituting 5% of the post issue share capital of the Company, through preferential allotment at a price of ₹ 340 per share aggregating to ₹ 67,956 Mn. The proceeds of the preferential allotment were utilised towards the repayment of equivalent debt in accordance with the objective of the preferential allotment.

b) **Treasury Shares**

Particulars	(Shares in Thousands) As of March 31, 2014	(Shares in Thousands) As of March 31, 2013	(₹ Millions) As of March 31, 2014	(₹ Millions) As of March 31, 2013
Opening balance	3,937	2,457	674	282
Purchased during the year	-	2,945	-	762
Issued during the year	(1,562)	(1,465)	(332)	(370)
Closing balance	**2,375**	**3,937**	**342**	**674**

(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, 2014 and March 31, 2013 is ₹ 4,985 Mn and ₹ 5,280 Mn respectively.

b) **Reserves arising on transactions with equity owners of the Group or Reserve arising on dilution and liability for purchase of non-controlling interests.**

The transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. Gains or losses on transactions with holders of non-controlling interests which does not result in the change of control are recorded in equity. Further liability for purchase of non-controlling interests is recognised against equity. The carrying value of the reserve as of March 31, 2014 and March 31, 2013 is ₹ 29,084 Mn and ₹ 41,668 Mn, respectively (refer note 7).

Notes to consolidated financial statements

(iii) Dividends paid and proposed

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
A Declared and paid during the year:		
Final dividend for 2012-13 : ₹ 1 per share of ₹ 5 each	4,439	-
Dividend on treasury shares	4	-
(including dividend distribution tax of ₹ 645 Mn)		
Final dividend for 2011-12 : ₹ 1 per share of ₹ 5 each	-	4,412
Dividend on treasury shares	-	2
(including dividend distribution tax of ₹ 616 Mn)		
B Proposed for approval at the annual general meeting (not recognised as a liability):		
Final dividend for 2013-14 : ₹ 1.80 per share (2012-13: ₹ 1 per share) of ₹ 5 each	7,195	3,798
Dividend distribution tax	1,223	645
	8,418	**4,443**

(iv) Foreign currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign subsidiaries.

32. Trade and Other Payables

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Trade creditors	105,763	85,497
Equipment supply payables	61,584	57,385
Dues to employees	4,521	3,293
Accrued expenses	96,820	101,037
Interest accrued but not due	6,071	5,069
Due to related parties	797	155
Others	8,425	7,466
Total	**283,981**	**259,902**

"Others" include non-interest bearing advance received from customers and international operators. Further, "Others" as of March 31, 2013 also includes advance from a joint venture.

Trade creditors and accrued expenses include provision of ₹ 48,682 Mn as of March 31, 2014 and ₹ 39,674 Mn as of March 31, 2013 towards sub judice matters.

Notes to consolidated financial statements

33. Fair Value of Financial Assets and Liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are recognised in the financial statements.

(₹ Millions)

Particulars	Carrying Amount		Fair Value	
	As of March 31, 2014	As of March 31, 2013	As of March 31, 2014	As of March 31, 2013
Financial Assets				
Assets carried at fair value through profit or loss				
Derivatives - not designated as hedging instruments				
- Currency swaps, forward and option contracts	100	76	100	76
- Interest rate swaps	277	49	277	49
- Embedded derivatives	3,203	4,538	3,203	4,538
Held for trading securities - quoted	89,457	64,760	89,457	64,760
Designated at fair value through profit or loss - quoted	9,148	-	9,148	-
Assets carried at amortised cost				
Fixed deposits with banks	5,304	2,579	5,304	2,579
Cash and bank balances	44,505	14,285	44,505	14,285
Trade and other receivables	62,441	67,824	62,441	67,824
Other financial assets	25,457	20,625	25,126	19,851
	239,892	**174,736**	**239,561**	**173,962**
Financial Liabilities				
Liabilities carried at fair value through profit or loss				
Derivatives - not designated as hedging instruments				
- Currency swaps, forward and option contracts	861	40	861	40
- Interest rate swaps	230	298	230	298
- Embedded derivatives	727	774	727	774
Derivatives - designated as hedging instruments				
- Interest rate swaps	3,592	-	3,592	-
Liabilities carried at amortised cost				
Borrowings- Floating rate	529,680	578,551	529,680	578,551
Borrowings- Fixed rate	229,278	88,812	231,797	88,753
Trade & other payables	283,981	259,902	283,981	259,902
Other financial liabilities	27,464	23,204	27,395	23,237
	1,075,813	**951,581**	**1,078,263**	**951,555**

Notes to consolidated financial statements

Fair Values

The Group maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. In addition, the Group internally reviews valuation, including independent price validation for certain instruments. Further, in other instances, the Group retains independent pricing vendors to assist in corroborating the valuation of certain instruments.

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 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, 2014, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

iii. Fair value of quoted mutual funds is based on price quotations at the reporting date. Fair value of quoted non – convertible bonds is based on the quoted market prices. 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 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 the fair value measurement hierarchy of Group's asset and liabilities, 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.

Notes to consolidated financial statements

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.

Assets / Liabilities measured at fair value

(₹ Millions)

Particulars	As of March 31, 2014		
	Level 1	Level 2	Level 3
Financial assets			
Derivatives - not designated as hedging instruments			
- Currency swaps, forward and option contracts	-	100	-
- Interest rate swaps	-	277	-
- Embedded derivatives	-	189	3,014
Held for trading securities - quoted	89,457	-	-
Designated at fair value through profit or loss - quoted	9,148	-	-
Financial liabilities			
Derivatives - not designated as hedging instruments			
- Currency swaps, forward and option contracts	-	861	-
- Interest rate swaps	-	230	-
- Embedded derivatives	-	710	17
Derivatives - designated as hedging instruments			
- Interest rate swaps	-	3,592	-

(₹ Millions)

Particulars	As of March 31, 2013		
	Level 1	Level 2	Level 3
Financial assets			
Derivatives - not designated as hedging instruments			
- Currency swaps, forward and option contracts	-	76	-
- Interest rate swaps	-	49	-
- Embedded derivatives	-	850	3,688
Held for trading securities - quoted	64,760	-	-
Financial liabilities			
Derivatives - not designated as hedging instruments			
- Currency swaps, forward and option contracts	-	40	-
- Interest rate swaps	-	298	-
- Embedded derivatives	-	669	105

Assets / Liabilities for which fair value is disclosed*

(₹ Millions)

Particulars	As of March 31, 2014		
	Level 1	Level 2	Level 3
Financial assets	-	25,126	-
Other financial assets			
Financial liabilities			
Borrowings- Fixed rate	-	231,797	-
Other financial liabilities	-	27,395	-

* Information as of March 31, 2013 is not required as per IFRS 13.

During the year ended March 31, 2014, 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.

Following table describes the valuation techniques used, key inputs to valuation and quantitative information about significant unobservable inputs for fair value measurements categorised within level 2 and 3 of the fair value hierarchy as of March 31, 2014:

a) Assets / Liabilities measured at fair value

Particulars	Fair value hierarchy	Valuation technique	Inputs used	Quantitative information about significant unobservable inputs
Financial assets				
Derivatives - not designated as hedging instruments				
- Currency swaps, forward and option contracts	Level 2	Market valuation techniques	Forward foreign currency exchange rates	-
- Interest rate swaps	Level 2	Market valuation techniques	Prevailing/forward interest rates in market, Future interest payouts	-
- Embedded derivatives	Level 3	Discounted Cash Flow	Expected future payouts to vendor, Forward foreign currency exchange rates, Interest rates to discount future cash flow	Expected future payouts to vendor ranging from USD 31 Mn to 49 Mn per quarter
- Embedded derivatives (others)	Level 2	Discounted Cash Flow	Amount payable in future, Forward foreign currency exchange rates, Interest rates to discount future cash flow	-
Financial liabilities				
Derivatives - not designated as hedging instruments				
- Currency swaps, forward and option contracts	Level 2	Market valuation techniques	Forward foreign currency exchange rates	-
- Interest rate swaps	Level 2	Market valuation techniques	Prevailing/forward interest rates in market, Future interest payouts	-
- Embedded derivatives	Level 3	Discounted Cash Flow	Expected future payouts to vendor, Forward foreign currency exchange rates, Interest rates to discount future cash flow	Expected future payouts to vendor approximately USD 1 Mn per quarter
- Embedded derivatives (others)	Level 2	Discounted Cash Flow	Amount payable in future, Forward foreign currency exchange rates, Interest rates to discount future cash flow	-
Derivatives - designated as hedging instruments				
- Interest rate swaps	Level 2	Discounted Cash Flow	Prevailing/forward interest rates in market, Future interest payouts	-

Notes to consolidated financial statements

b) Assets / Liabilities for which fair value is disclosed

Particulars	Fair value hierarchy	Valuation technique	Inputs used
Financial assets			
Other financial assets	Level 2	Discounted Cash Flow	Prevailing interest rates to discount future cash flows
Financial liabilities			
Borrowings- Fixed rate	Level 2	Discounted Cash Flow	Prevailing interest rates in market, Future payouts
Other financial liabilities	Level 2	Discounted Cash Flow	Prevailing interest rates to discount future cash flows

Reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy – Financial assets / (liabilities) (net)

(₹ Millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening balance	3,583	3,204
Gains recognised in consolidated income statement*	512	1,027
(Recognised in Net Gain / Losses on derivative financial instruments)		
Settlements	(1,098)	(648)
Closing balance	**2,997**	**3,583**

* Out of these Gains, gain of ₹ 716 Mn and ₹ 810 Mn relates to assets/liabilities held at the end of March 31, 2014 and March 31, 2013 respectively.

Valuation process used for fair value measurements categorised within level 3 of the fair value hierarchy

The Group has entered into technology outsourcing contract under which payouts are linked to revenue during the contract period. The portion of the payout payable at spot rate of foreign currency, results in an embedded derivative. The significant inputs to the valuation model of these embedded derivatives are future revenue projections and USD/INR forward rates over the contract period. The revenue projections, being based on the rolling ten year financial plan approved by management, constitute a significant unobservable input to the valuation, thereby resulting in the embedded derivative being classified as Level 3 in the fair value hierarchy.

The Group engages external, independent and qualified valuers to determine the fair value of the Group's embedded derivative categorised within level 3. The value of embedded derivative is the differential of the present value of future payouts on the reporting date, over that determined based on the forward rates prevailing at the inception of the contract. The present value is calculated using a discounted cash flow model.

Narrative description of sensitivity of fair value changes to changes in unobservable inputs

The fair value of embedded derivative is directly proportional to the expected future payouts to vendor (considered for the purpose of valuation of the embedded derivative). If future payouts to vendor were to increase/decrease by 5% with all the other variables held constant, the fair value of embedded derivative would increase/decrease by 5%.

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34. Related Party Transactions

Related party transactions represent transactions entered into by the Group with entities having significant influence over the Group ('significant influence entities'), associates, joint ventures and other related parties. The transactions and balances with the related parties for the years ended March 31, 2014 and March 31, 2013, respectively, are described below:

34.1 Summary of transactions with Related Parties

a) Transactions for the period

(₹ Millions)

Relationship	Year ended March 31, 2014				Year ended March 31, 2013			
	Significant influence entities	Associates	Joint Ventures *	Other related parties	Significant influence entities	Associates	Joint Ventures	Other related parties
Purchase of assets	(399)	(2)	-	(2,647)	-	(1,622)	-	(2,319)
Sale / transfer of assets	9	-	34	88	28	-	262	1
Purchase of Investment	-	-	0	-	-	-	-	-
Sale / Rendering of Services	1,566	83	903	103	1,444	167	5,418	149
Purchase / Receiving of Services	(527)	(209)	(33,921)	(2,564)	(595)	(2,459)	(31,553)	(3,968)
Reimbursement of energy expenses	-	-	(23,157)	-	-	-	(19,650)	-
Loans to related party	-	110	30,169 **	-	-	130	-	-
Loan repayment	-	(100)	(1,577)	-	-	-	(10,001)	-
Expenses incurred by the Group on behalf of Related Party	1	26	-	15	-	30	54	14
Expenses incurred by Related Party for the Group	-	(1)	(44)	(896)	(24)	-	(244)	(828)
Security deposit paid	-	-	93	0	-	-	(2,058) #	109
Security deposit / Advance received	-	-	-	-	-	(4,847) **	-	(8)
Interest Income on Loan	-	38	-	-	-	46	-	-
Dividend Paid	(2,329)	-	-	(266)	(2,327)	-	-	(266)
Dividend Received	-	-	2,200	-	-	-	4,050	-

b) Closing Balances

(₹ Millions)

Relationship	Closing balance as of March 31, 2014				Closing balance as of March 31, 2013			
	Significant influence entities	Associates	Joint Ventures	Other related parties	Significant influence entities	Associates	Joint Ventures	Other related parties
Due From	260	407	4,255	955	331	314	12,446	983
Due To	-	(393)	(17,465)	(72)	-	(33)	(13,027) **	(122)
	260	**14**	**(13,210)**	**883**	**331**	**281**	**(581)**	**861**

Security deposit paid for the year ended March 31, 2013 is net of refund of security deposit of ₹ 2,235 Mn
* Also refer note 7(e)
** Relates to 'BWA entities', which became subsidiaries w.e.f June 25, 2013, refer note 7(a).

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(1) Outstanding balances at period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is taken each year through examining the financial position of the related party and the market in which the related party operates.

(2) In addition to the above, ₹ 198 Mn and ₹ 106 Mn donation has been given to Bharti Foundation during the year ended March 31, 2014 and March 31, 2013, respectively.

Purchase of assets – includes primarily purchase of bandwidth, computer software, telephone instruments and network equipments.

Expenses incurred by/for the Group – include expenses of general and administrative nature.

Sale of services – includes primarily billing for broadband, international long distance services, mobile, access and roaming services.

Purchase of services – includes primarily billing for broadband, international long distance services, management service charges, billing for tower infrastructure services and maintenance charges towards network equipments.

Remuneration to key management personnel were as follows:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Short-Term employee benefits	376	399
Post-Employment benefits		
Defined contribution plan	14	25
Defined benefit plan*	-	-
Other long-term benefits*	-	-
Share-based payment**	25	-
Total	**415**	**424**

*As the liabilities for defined benefit plan i.e. gratuity and other long term benefits i.e. compensated absences are provided on actuarial basis for the Company as a whole, the amounts pertaining to key management personal are not included above.

**It represents expense recognised in the income statement for options granted during the year ended March 31, 2014. Uptill March 31, 2013, the fair value of the options granted was disclosed in the respective year of grant.

35. Lease Disclosure

Operating Lease

As lessee, the Group's 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:-

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Obligations on non-cancellable leases :		
Not later than one year	48,404	47,227
Later than one year but not later than five years	184,885	108,739
Later than five years	79,508	93,672
Total	**312,797**	**249,638**
Lease Rentals (Excluding Lease Equalisation Adjustment of ₹ 2,241 Mn and ₹ 1,490 Mn for the year ended March 31, 2014 and March 31, 2013)	51,131	44,897

Notes to consolidated financial statements

The future minimum lease payments obligation disclosed above include the below future minimum lease payments obligations payable to joint ventures, which mainly pertain to amounts payable under the Master Services Agreement entered by the Parent and its subsidiaries, with Indus Towers Limited, a joint venture of the Group.

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Obligations to joint venture on non-cancellable leases :		
Not later than one year	33,594	31,560
Later than one year but not later than five years	136,179	52,980
Later than five years	27,231	27,518
Total	**197,004**	**112,058**

The escalation Clause includes escalation ranging from 0 to 25%, includes option of renewal from 1 to 15 years and there are no restrictions imposed by lease arrangements.

As lessor, the Group's 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:-

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Receivables on non-cancellable leases :		
Not later than one year	13,569	13,998
Later than one year but not later than five years	55,500	47,413
Later than five years	25,642	27,979
Total	**94,711**	**89,390**

Finance Lease – As a Lessee

(i) Finance lease obligation of the Group as of March 31, 2014 is as follows:-

(₹ Millions)

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	538	60	478
Later than one year but not later than five years	1,006	245	761
Later than five years	-	-	-
Total	**1,544**	**305**	**1,239**

(ii) Finance lease obligation of the Group as of March 31, 2013 is as follows:

(₹ Millions)

Particulars	Future minimum lease payments	Interest	Present value
Not later than one year	476	51	425
Later than one year but not later than five years	1,368	385	983
Later than five years	-	-	-
Total	**1,844**	**436**	**1,408**

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36. Commitments and Contingencies

(i) Commitments

a. Capital commitments

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Contracts placed for future capital expenditure not provided for in the financial statements	239,146*	118,886

* refer note 39 (d)

The above includes ₹ 46,576 Mn as of March 31, 2014 (₹ 61,607 Mn as of March 31, 2013), pertaining to certain outsourcing agreements, under which the vendor supplies assets as well as services to the Group. The amount represents total minimum commitment over the unexpired period of the contracts (upto seven years from the reporting date), since it is not possible for the Group to determine the extent of assets and services to be provided over the unexpired period of the contract. However, the actual charges/ payments may exceed the above mentioned minimum commitment based on the terms of the agreements.

In addition to above, the Group's share of joint ventures and associates capital commitments is ₹ 1,395 Mn and ₹ 491 Mn as of March 31, 2014 and March 31, 2013, respectively.

b. Guarantees

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Financial bank guarantees* #	65,167	35,053
Guarantees to third parties	3,005	2,719

* The Company has issued corporate guarantees of ₹ 2,741 Mn and ₹ 2,756 Mn as of March 31, 2014 and March 31, 2013 respectively, to banks and financial institutions for issuing bank guarantees on behalf of the Group companies at no cost to the latter.

Includes certain financial bank guarantees which have been given for subjudice matters and in compliance with licensing conditions, the amount with respect to these have been disclosed under capital commitments, contingencies and financial liabilities, as applicable, in compliance with the applicable accounting standards.

(ii) Contingencies

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
(i) Taxes, Duties and Other demands (under adjudication / appeal / dispute)		
-Sales Tax and Service Tax	22,332	15,632
-Income Tax	20,704	18,751
-Customs Duty	6,053	5,509
-Entry Tax	5,999	5,499
-Stamp Duty	629	618
-Municipal Taxes	1,132	1,301
-DoT demands *	2,656	2,468
-Other miscellaneous demands	1,533	1,991
(ii) Claims under legal cases including arbitration matters		
-Access Charges / Port Charges	6,194	4,918
-Others	6,432	3,648
Total	**73,664**	**60,335**

*in addition, refer note f(vi), f(vii) and f(viii) below for other DoT matters not included above.

In addition to above, the Group's share of joint ventures contingent liabilities is ₹ 10,933 Mn and ₹ 1,836 Mn as of March 31, 2014 and March 31, 2013, respectively.

The above mentioned contingent liabilities represent disputes with various government authorities in the respective jurisdiction where the operations are based and it is not possible for the Group to predict the timing of final outcome of these contingent liabilities. Currently, the Group has operations in India, South Asia region and Africa region.

Based on the Company's evaluation, it believes that it is not probable that the claim will materialise for below cases and therefore, no provision has been recognised.

a) **Sales and Service Tax**

The claims for sales tax as of March 31, 2014 and as of March 31, 2013 comprised of cases relating to the appropriateness of declarations made by the Company under relevant sales tax legislation which was primarily procedural in nature and the applicable sales tax on disposals of certain property and equipment items. Pending final decisions, the Company has deposited amounts with statutory authorities for certain cases.

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 service tax demands as of March 31, 2014 and March 31, 2013 relate to cenvat claimed on tower and related material, levy of service tax on SIM cards, cenvat credit disallowed for procedural lapses and inadmissibility of credit, disallowance of cenvat credit used in excess of 20% 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 by income tax authorities of certain expenses being claimed, 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.

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 favour. BSNL has challenged the same in Hon'ble Supreme Court. However, no stay has been granted.

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 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 Call Data Records (CDRs) to TRAI. The CDRs have been furnished to TRAI.

In another issue with respect to Port Charges, in 2001, TRAI had prescribed slab based rate of port charges payable by private operators which were subsequently reduced in the year 2007 by TRAI. On BSNL's appeal, TDSAT passed its judgement in favour of BSNL, and held that the pre-2007 rates shall be applicable prospectively from 29th May 2010. The rates were further revised downwards by TRAI in 2012. On BSNL's appeal, TDSAT declined to stay the revised Regulation.

Further, the Hon'ble Supreme Court vide its judgement dated December 6, 2013, passed in another matter, held that TRAI is empowered to issue regulations on any matter under Section 11(1)(b) of TRAI Act and the same cannot be challenged before TDSAT. Accordingly, all matters raised before TDSAT, wherein TDSAT had interfered in Appeal and passed judgements, do not have any significance. However, parties can file Writ Petitions before High Court challenging such regulations.

The Company believes that the above said judgement has further strengthened the position of the Company on many issues with respect to Regulations which had been in its favour and impugned before TDSAT.

d) **Customs Duty**

The custom authorities, in some states, demanded ₹ 6,053 Mn as of March 31, 2014 (₹ 5,509 Mn as of March 31, 2013) for the imports of special software on the ground that this would form part of the hardware along with which the same has been imported. The view of

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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 favour of the custom authorities. The Company has filed an appeal with Hon'ble Supreme Court against the CESTAT order.

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 also 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, 2014 is ₹ 5,999 Mn (₹ 5,499 Mn as of March 31, 2013).

f) **DoT Demands**

i. The Company has not been able to meet its roll out obligations fully due to certain non-controllable factors like Telecommunication Engineering Center testing, Standing Advisory Committee of Radio Frequency Allocations clearance, non availability of spectrum, etc. The Company has received show cause notices from DoT for 14 of its circles for non-fulfillment of its roll out obligations and these have been replied to. DoT has reviewed and revised the criteria and there has been no further development on this matter since then.

ii. DoT demands include demands raised for contentious matters relating to computation of license fees and spectrum charges.

iii. DoT demands include alleged short payment of license fee for FY06-07 and FY07-08 due to difference of interpretation of Adjusted Gross Revenue (AGR) between Group and DoT and interest thereon, against which the Group has obtained stay from appropriate Hon'ble High Courts and TDSAT.

iv. DoT demands also include the contentious matters in respect of subscriber verification norms and regulations including validity of certain documents allowed as Proof of Address / Identity in mobility circles.

v. DoT demands also include penalty for alleged failure to meet the procedural requirement for submission of EMF radiation self-certification.

The above stated matters are being contested by the Company and the Company, based on legal advice, believes that it has complied with all license related regulations as and when prescribed and does not expect any loss relating to these matters.

In addition to the amounts disclosed in the table above, the contingent liability on DoT matters includes the following:

vi. Post the Hon'ble Supreme Court Judgement 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 realised and unrealised foreign exchange gain should not be included in Adjusted Gross Revenue (AGR) for computation of license fee thereon. Accordingly, the license fee on such foreign exchange gain has not been provided in these financial statements. Also, due to ambiguity of interpretation of 'foreign exchange differences', the license fee impact on such exchange differences is not quantifiable and has not been included in the table above. Further, as per the Order dated June 18, 2012 of the Kerala High Court, stay has been obtained, wherein the licensee can continue making the payment as was being done throughout the period of license on telecom activities.

vii. On January 8, 2013, DoT issued a demand on the Company and one of its subsidiaries for ₹ 52,013 Mn towards levy of one time spectrum charge. The demand includes a retrospective charge of ₹ 9,090 Mn for holding GSM Spectrum beyond 6.2 MHz for the period from July 1, 2008 to December 31, 2012 and also a prospective charge of ₹ 42,923 Mn for GSM spectrum held beyond 4.4 MHz for the period from January 1, 2013, till the expiry of the initial terms of the respective licenses.

In the opinion of the Company, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. Based on a petition filed by the Company, the Hon'ble High Court of Bombay, vide its order dated January 28, 2013, has directed the DoT to respond and not to take any coercive action until the next date of hearing. The DoT has filed its reply and the next date of hearing has been fixed for June 30, 2014.

viii. Based on the scope of Service under UAS License, the Company has been providing 3G service under a commercial arrangement, i.e., " 3G Intra Circle Roaming ('3G ICR') Agreements with other operators", where the Company has not been allocated 3G spectrum.

The Department of Telecommunications ('DoT') issued notice to the Company dated December 23, 2011 along with other Telecom Operators to stop provision of services under 3G Intra Circle Roaming

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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 under 3G ICR arrangements.

DoT vide its order dated March 15, 2013 directed the Company to stop providing 3G services in these 7 circles (under 3G ICR arrangements) and also levied a financial penalty of ₹ 3,500 Mn. The same was challenged by the Company before Hon'ble Delhi High Court which granted a stay vide its order dated March 18, 2013. Subsequently, one of the operators (not being a party to the litigation) approached the Division Bench of Delhi High Court and, allowing its appeal, the Division Bench vacated the stay. The Company filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court, challenging the order of the Division Bench. The Hon'ble Supreme Court, vide its interim order dated April 11, 2013, restrained DoT from taking any coercive action and also directed the Company not to extend the facilities to any new customer on the basis of the 3G ICR arrangements in the meantime .

Both the writ petition as well as the appeal against interim order before the Hon'ble Supreme Court were disposed with liberty to the Company to approach TDSAT.

On October 3, 2013, the Company filed the petition before TDSAT which was heard by TDSAT and vide judgment dated April 29, 2014, TDSAT held 3G ICR to be a competent service and quashed the penalty of ₹ 3,500 Mn levied by DoT on the Company.

g) **Airtel Networks Limited – Ownership**

Airtel Networks Limited ("Airtel Networks") (formerly known as Celtel Nigeria Limited) was incorporated on December 21, 2000 as Econet Wireless Nigeria Limited and is a subsidiary of Bharti Airtel Nigeria BV (BANBV) (formerly, Celtel Nigeria BV), which in turn, is an indirect subsidiary of Bharti Airtel International (Netherlands) BV, a subsidiary of Bharti Airtel Limited.

Airtel Networks and/or BANBV are defendants in 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 65% controlling stake in Airtel Networks Limited in 2006, the erstwhile 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 inter alia commenced arbitral proceedings in Nigeria contesting the acquisition. BANBV, which is the current owner of approximately 79.059% (increased from 65.7% to 79.059% in March, 2013) of the equity in Airtel Networks Limited has been defending these cases and the arbitration since it was commenced.

On December 22, 2011, the Tribunal in the Arbitration commenced by EWL issued a Partial Final Award stating, amongst others, that the Shareholders Agreement had been breached by the erstwhile shareholders and, accordingly, the acquisition was null and void. However, the Tribunal has rejected EWL's claim for reversal of the 2006 transaction. Instead, the Tribunal ordered a damages hearing.

On February 3, 2012, BANBV filed an application before the Lagos State High Court to set aside the Partial Final Award. In addition, BANBV 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 BANBV's application to set aside the Partial Final Award against which, BANBV lodged an appeal at the Court of Appeal in Lagos, Nigeria. The appeal was dismissed by the Court of Appeal on February 14, 2014. BANBV not satisfied with the judgment of the Court of Appeal, Lagos, on March 27, 2014 has filed its appeal application with the Supreme Court of Nigeria.

Without prejudice to the application by BANBV before the Nigerian courts to set aside the Partial Final Award, the Tribunal has taken steps in relation to the damages hearing in the Arbitration and EWL has filed its damages claim in this regard and BANBV filed its Defence on April 19, 2013. The damages claim was heard by the Tribunal during October 2013 and the parties submitted their

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closing arguments on December 20, 2013 and the parties are awaiting the Tribunal's Final Award. Based on legal advice received by the Company, it believes it has a high probability of winning the case and consequently will not be liable to pay EWL anything by way of damages or equitable compensation. In the unlikely event, the Tribunal makes a Final Award against the Company, the Company, believes that any such award will not have a material adverse effect on its financial position, results of operations or cash flows as in its view, the indemnities in the share sale agreement with the Zain group in 2010 adequately protect it from any material adverse effect on its consolidated financial position.

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 at 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 present ownership of BANBV on a fully diluted basis in Airtel Networks Limited, the Company believed that there were good grounds to appeal the first instance judgment and accordingly filed a Notice of Appeal and made applications before the Federal High Court for a stay of execution of judgment pending appeal and a motion for injunction. These applications were heard on March 13, 2012 and on May 7, 2012, the High Court held that the Company had failed to make out a case for the Court to exercise its discretion in its favour of granting the application and accordingly refused it.

Immediately, a similar application for injunction and stay of execution were filed at the Court of Appeal, Kaduna on May 7, 2012. After several adjournments, the substantive appeal was heard on October 3, 2013 and on November 1, 2013 the Court of Appeal dismissed the appeal. A similar application for injunction and stay of execution were filed before the highest appellate Court in Nigeria, being the Supreme Court of Nigeria which is pending for hearing on May 6, 2014.

37. 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)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Weighted average shares outstanding- Basic	3,952	3,794
Effect of dilutive securities on account of ESOP	3	2
Weighted average shares outstanding- diluted	**3,955**	**3,796**

Net profit available to equity holders of the Parent used in the basic and diluted earnings per share was determined as follows:

(₹ Millions)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Net profit available to equity holders of the Parent	27,727	22,757
Effect on account of ESOP on profits for the year	-	-
Net profit available for computing diluted earnings per share	27,727	22,757
Basic Earnings per Share	7.02	6.00
Diluted Earnings per Share	7.01	6.00

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the impact is anti-dilutive.

38. Financial Risk Management Objectives and Policies

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to manage finances for the Group's operations. The Group has 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 is 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 summarised below:-

- **Market Risk**

  Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

  The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

  The analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations, provisions and on the non-financial assets and liabilities.

  The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2014 and March 31, 2013.

  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 transacts business in local currency and in foreign currency, primarily U.S. dollars. The Group has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Group may use foreign exchange option contracts, swap contracts or forward contracts towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirement and risk management strategy of the Company.

  The Group manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy.

  Foreign currency sensitivity

  The following table demonstrates the sensitivity in the USD, Euro, and other currencies to the functional currency of the respective entity, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The impact on Group's equity is due to change in the fair value of intra-group monetary items that form part of net investment in foreign operation.

Notes to consolidated financial statements

(₹ Millions)

Particulars	Change in currency exchange rate	Effect on profit before tax	Effect on equity (OCI)
For the year ended March 31, 2014			
US Dollars	+5%	(8,495)	(2,305)
	-5%	8,495	2,305
Euro	+5%	(5,507)	-
	-5%	5,507	-
CHF	+5%	(1,190)	-
	-5%	1,190	-
Others	+5%	(6)	-
	-5%	6	-
For the year ended March 31, 2013			
US Dollars	+5%	(6,870)	(2,093)
	-5%	6,870	2,093
Euro	+5%	(215)	-
	-5%	215	-

- **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 exposure to the risk of changes in market interest rates relates primarily to the Group's debt interest obligations. Further, the Group engages in financing activities at market linked rates, any changes in the interest rates environment may impact future rates of borrowing. To manage this, the Group may enter into interest rate swaps and options, whereby it agrees with other parties to exchange, at specified intervals the difference between the fixed contract rate interest amounts and the floating rate interest amounts calculated by reference to the agreed notional principal amounts. The management also maintains a portfolio mix of floating and fixed rate debt. As of March 31, 2014, after taking into account the effect of interest rate swaps, approximately 12.20% of the Group's borrowings are at a fixed rate of interest (March 31, 2013: 5.18%).

Interest rate sensitivity of borrowings

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings after considering the impact of interest rate swaps.

(₹ Millions)

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax
For the year ended March 31, 2014		
INR - borrowings	+100	(649)
	-100	649
US Dollar -borrowings	+100	(4,338)
	-100	4,338
Nigerian Naira - borrowings	+100	(705)
	-100	705

(₹ Millions)

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax
Euro - borrowings	+100	(995)
	-100	995
Other Currency -borrowings	+100	(55)
	-100	55
For the year ended March 31, 2013		
INR - borrowings	+100	(930)
	-100	930
US Dollar -borrowings	+100	(4,770)
	-100	4,770
Nigerian Naira - borrowings	+100	(582)
	-100	582
Other Currency -borrowings	+100	(75)
	-100	75

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

- **Price Risk**

  The Group invests its surplus funds in various debt instruments and debt mutual funds. These comprise of mainly liquid schemes of mutual funds (liquid investments) and higher duration short term debt funds and income funds (duration investments).

  These are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments. Due to the very short tenor of the underlying portfolio of the liquid investments, these do not pose any significant price risk.

  On the investment balance as on March 31, 2014, an increase/decrease of 25 basis points in market yields (parallel shift of the yield curves), will result in decrease/increase in the marked to market value of the investments by ₹ 770 Mn. The adverse marked to market movement on these schemes is notional and gets recouped through the fixed coupon accruals on the underlying portfolio since some of the asset management companies have adopted the strategy of holding the underlying securities to maturity to ensure stability of actual realised returns without realising any adverse marked to market movement on the underlying asset. Accordingly, in case the Group continues to hold such investments having negative marked to market value, the overall realised yield over the entire tenor of the investment will turn out to be positive.

- **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 is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions, foreign exchange transactions and other financial instruments.

1) **Trade Receivables**

   Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 14 days to 30 days credit term except in case of balances due from trade receivables in Airtel Business Segment which are generally on 7 days to 90 days credit terms. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Notes to consolidated financial statements

The ageing analysis of trade receivables as of the reporting date is as follows:

(₹ Millions)

Particulars	Neither past due nor impaired (including unbilled)	Past due but not impaired				Total
		Less Than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade Receivables as of March 31, 2014	24,990	14,771	6,400	4,465	7,146	**57,772**
Trade Receivables as of March 31, 2013	25,789	14,330	6,008	2,821	11,389	**60,337**

The requirement for impairment is analysed at each reporting date. 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 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 of its counter parties. Based on its on-going assessment of counterparty risk, the Group adjusts its exposure to various counterparties. The Group's maximum exposure to credit risk for the components of the statement of financial position as of March 31, 2014 and March 31, 2013 is the carrying amounts as disclosed in note 33 except for financial guarantees. The Group's maximum exposure for financial guarantees is given in note 36.

Liquidity Risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic and international capital markets across debt, equity and hybrids.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:-

(₹ Millions)

Particulars	As of March 31, 2014						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	765,029	10,233	134,919	100,009	147,134	486,045	**878,340**
Financial derivatives	5,410	-	919	178	543	3,770	**5,410**
Other liabilities	27,464	-	-	-	3,627	24,637	**28,264**
Trade and other payables#	277,910	-	277,372	538	-	-	**277,910**
Total	**1,075,813**	**10,233**	**413,210**	**100,725**	**151,304**	**514,452**	**1,189,924**

Notes to consolidated financial statements

Particulars	As of March 31, 2013						
	Carrying amount	On Demand	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Interest bearing borrowings*#	672,432	11,370	61,526	63,688	198,540	447,460	**782,584**
Financial derivatives	1,112	-	89	130	246	647	**1,112**
Other liabilities	23,204	-	-	-	2,376	21,828	**24,204**
Trade and other payables#	254,833	-	249,777	5,056	-	-	**254,833**
Total	**951,581**	**11,370**	**311,392**	**68,874**	**201,162**	**469,935**	**1,062,733**

* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period after adjustment for the impact of interest rate swaps, over the tenor of the borrowings.

Interest accrued but not due of ₹ 6,071 Mn and ₹ 5,069 Mn as of March 31, 2014 and March 31, 2013, respectively, has been included in interest bearing borrowings and excluded from trade and other payables.

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

Capital Management

Capital includes equity attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. 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, 2014 and March 31, 2013.

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.

(₹ Millions)

Particulars	As of March 31, 2014	As of March 31, 2013
Loans & Borrowings	758,958	667,363
Less: Cash and Cash Equivalents	49,808	16,078
Net Debt	**709,150**	**651,285**
Equity	597,560	503,217
Total Capital	**597,560**	**503,217**
Capital and Net Debt	**1,306,710**	**1,154,502**
Gearing Ratio	**54.3%**	**56.4%**

39. New Companies/Developments

a. On June 4, 2013, Bharti Infratel Services Limited had been incorporated as a wholly owned subsidiary of Bharti Infratel Limited (a subsidiary of the Company).

b. On July 2, 2013, Nxtra Data Limited had been incorporated as a wholly owned subsidiary of the Company. Pursuant to the approval of the shareholders through Postal Ballot on September 30, 2013, the Company had transferred the Data Center and Managed Services undertaking to Nxtra Data Limited w.e.f January 1, 2014.

c. On August 9, 2013, Airtel Mobile Commerce (Seychelles) Limited had been incorporated as a wholly owned subsidiary of Airtel Mobile Commerce B.V. (an indirect subsidiary of the Company).

d. During the year ended March 31, 2014, the Group has won the auction for 115 MHz spectrum in 15 service areas in the auction conducted by the Government of India. The Group has opted for the deferred payment option in 13 service areas and has paid an advance of ₹ 53,304 Mn with the balance amount of ₹ 129,129 Mn payable in 10 equal installments after a moratorium of two years. Pending the allocation of spectrum by the Government of India, the balance amount has been disclosed under capital commitments (refer note 36). For the other 2 service areas, the entire amount of ₹ 1,953 Mn has been paid as an advance.

Notes to consolidated financial statements

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. Information about the composition of the Group is as follows:-

S. No.	Principal Activity	Principal place of operation / country of incorporation	Number of wholly-owned subsidiaries	
			As of March 31, 2014	As of March 31, 2013
1	Telecommunication services	Africa	10	9
2	Telecommunication services	India	3	1
3	Telecommunication services	South Asia	2	1
4	Telecommunication services	Other	7	7
5	Mobile commerce services	Africa	17	16
6	Mobile commerce services	India	1	1
7	Infrastructure Services	Africa	10	13
8	Infrastructure Services	South Asia	2	2
9	Investment Company	Africa	3	3
10	Investment Company	Netherlands	27	27
11	Investment Company	Mauritius	6	6
12	Investment Company	Other	2	2
13	Direct to Home Services	Africa	5	10
14	Submarine Cable System	Mauritius	1	1
15	Holding, Finance Services and Management Services	Netherlands	1	1
16	Other	India	1	1
			98	**101**

S. No.	Principal Activity	Principal place of operation / country of incorporation	Number of Non-wholly-owned subsidiaries	
			As of March 31, 2014	As of March 31, 2013
1	Telecommunication services	Africa	8	8
2	Telecommunication services	India	1	1
3	Telecommunication services	South Asia	-	1
4	Infrastructure Services	India	2	2
5	Infrastructure Services	Africa	7	4
6	Direct to Home Services	India	1	1
			19	**17**

Information of Group's directly and indirectly held subsidiaries, joint ventures and associates is as follows:

S. No.	Name of Subsidiary	Principal place of operation / Country of Incorporation	Principal Activities	Percentage of ownership interest and voting power (direct / indirect)- effective shareholding held by the Group	
				As of March 31, 2014 %	As of March 31, 2013 %
1	Airtel Bangladesh Limited	Bangladesh	Telecommunication services	100	70
2	Airtel M Commerce Services Limited	India	Mobile commerce services	100	100
3	Bangladesh Infratel Networks Limited	Bangladesh	Passive infrastructure services	100	100
4	Bharti Airtel (Canada) Limited#	Canada	Telecommunication services	100	100
5	Bharti Airtel (France) SAS	France	Telecommunication services	100	100
6	Bharti Airtel (Hongkong) Limited	Hongkong	Telecommunication services	100	100
7	Bharti Airtel (Japan) Kabushiki Kaisha	Japan	Telecommunication services	100	100
8	Bharti Airtel Services Limited	India	Administrative support to Group companies and trading activities	100	100
9	Bharti Airtel (UK) Limited	United Kingdom	Telecommunication services	100	100
10	Bharti Airtel (USA) Limited	United States of America	Telecommunication services	100	100
11	Bharti Airtel Holdings (Singapore) Pte Ltd	Singapore	Investment Company	100	100
12	Bharti Airtel International (Mauritius) Limited	Mauritius	Investment Company	100	100
13	Bharti Airtel International (Netherlands) B.V.	Netherlands	Holding, Finance Services and Management Services	100	100
14	Bharti Airtel Lanka (Private) Limited	Sri Lanka	Telecommunication services	100	100
15	Bharti Hexacom Limited	India	Telecommunication services	70	70
16	Bharti Infratel Lanka (Private) Limited	Sri Lanka	Passive infrastructure services	100	100
17	Bharti Infratel Limited ("BIL")	India	Passive infrastructure services	79.39	79.42
18	Bharti Infratel Ventures Limited ("BIVL") (subsidiary upto June 10, 2013)** (Refer note 7(e))	India	Passive infrastructure services	-	79.42
19	Bharti Infratel Services Limited (subsidiary w.e.f. June 4, 2013)**	India	Passive infrastructure services	79.39	-
20	Bharti International (Singapore) Pte. Ltd	Singapore	Telecommunication services	100	100
21	Bharti Telemedia Limited	India	Direct To Home services	95	95
22	Network i2i Limited	Mauritius	Submarine Cable System	100	100
23	Telesonic Networks Limited	India	Network Services	100	100
24	Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited)*	India	Telecommunication services	100	-
25	Wireless Broadband Business Services (Delhi) Private Limited*@	India	Telecommunication services	-	-
26	Wireless Broadband Business Services (Kerala) Private Limited*@	India	Telecommunication services	-	-
27	Wireless Broadband Business Services (Haryana) Private Limited*@	India	Telecommunication services	-	-

Notes to consolidated financial statements

S. No.	Name of Subsidiary	Principal place of operation / Country of Incorporation	Principal Activities	Percentage of ownership interest and voting power (direct / indirect)-effective shareholding held by the Group	
				As of March 31, 2014 %	As of March 31, 2013 %
28	Nxtra Data Limited (subsidiary w.e.f. July 2, 2013)	India	Data Center and Managed Services	100	-
29	Africa Towers N.V.	Netherlands	Investment Company	100	100
30	Africa Towers Services Limited	Kenya	Infrastructure sharing services	100	100
31	Airtel Ghana Limited^	Ghana	Telecommunication services	75	75
32	Airtel (Seychelles) Limited	Seychelles	Telecommunication services	100	100
33	Airtel (SL) Limited	Sierra Leone	Telecommunication services	100	100
34	Airtel Burkina Faso S.A.	Burkina Faso	Telecommunication services	100	100
35	Airtel Congo S.A.	Congo Brazzavile	Telecommunication services	90	90
36	Airtel DTH Services (SL) Limited#	Sierra Leone	Direct To Home services	100	100
37	Airtel DTH Services Burkina Faso S.A.##	Burkina Faso	Direct To Home services	-	100
38	Airtel DTH Services Congo (RDC) S.p.r.l.#	Democratic Republic of Congo	Direct To Home services	100	100
39	Airtel DTH Services Congo S.A.##	Congo Brazzavile	Direct To Home services	-	100
40	Airtel DTH Services Gabon S.A.##	Gabon	Direct To Home services	-	100
41	Airtel DTH Services Ghana Limited##	Ghana	Direct To Home services	-	100
42	Airtel DTH Services Nigeria Limited	Nigeria	Direct To Home services	100	100
43	Airtel DTH Services Tanzania Limited#	Tanzania	Direct To Home services	100	100
44	Airtel DTH Services Uganda Limited##	Uganda	Direct To Home services	-	100
45	Airtel Gabon S.A.	Gabon	Telecommunication services	90	90
46	Airtel Madagascar S.A.	Madagascar	Telecommunication services	100	100
47	Airtel Malawi Limited	Malawi	Telecommunication services	100	100
48	Airtel Mobile Commerce (SL) Limited	Sierra Leone	Mobile commerce services	100	100
49	Airtel Mobile Commerce B.V.	Netherlands	Investment Company	100	100
50	Airtel Mobile Commerce Burkina Faso S.A.	Burkina Faso	Mobile commerce services	100	100
51	Airtel Mobile Commerce (Ghana) Limited	Ghana	Mobile commerce services	100	100
52	Airtel Mobile Commerce Holdings B.V.	Netherlands	Investment Company	100	100
53	Airtel Mobile Commerce (Kenya) Limited	Kenya	Mobile commerce services	100	100
54	Airtel Mobile Commerce Limited	Malawi	Mobile commerce services	100	100
55	Airtel Mobile Commerce Madagascar S.A.	Madagascar	Mobile commerce services	100	100
56	Airtel Mobile Commerce Rwanda Limited	Rwanda	Mobile commerce services	100	100
57	Airtel Mobile Commerce (Seychelles) Limited (subsidiary w.e.f. August 9, 2013)	Seychelles	Mobile commerce services	100	-
58	Airtel Mobile Commerce (Tanzania) Limited	Tanzania	Mobile commerce services	100	100

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S. No.	Name of Subsidiary	Principal place of operation / Country of Incorporation	Principal Activities	Percentage of ownership interest and voting power (direct / indirect)-effective shareholding held by the Group	
				As of March 31, 2014 %	As of March 31, 2013 %
59	Airtel Mobile Commerce Tchad S.a.r.l.	Chad	Mobile commerce services	100	100
60	Airtel Mobile Commerce Uganda Limited	Uganda	Mobile commerce services	100	100
61	Airtel Mobile Commerce Zambia Limited (formerly known as ZMP Ltd.)	Zambia	Mobile commerce services	100	100
62	Airtel Money (RDC) S.p.r.l.	Democratic Republic of Congo	Mobile commerce services	100	100
63	Airtel Money Niger S.A.	Niger	Mobile commerce services	100	100
64	Airtel Money S.A. (Gabon)	Gabon	Mobile commerce services	100	100
65	Airtel Networks Kenya Limited^	Kenya	Telecommunication services	100	100
66	Airtel Networks Limited	Nigeria	Telecommunication services	79.059	79.059
67	Airtel Networks Zambia Plc (formerly known as Celtel Zambia Plc)	Zambia	Telecommunication services	96.36	96.36
68	Airtel Rwanda Limited	Rwanda	Telecommunication services	100	100
69	Airtel Tanzania Limited	Tanzania	Telecommunication services	60	60
70	Airtel Tchad S.A.	Chad	Telecommunication services	100	100
71	Airtel Towers (Ghana) Limited	Ghana	Infrastructure sharing services	75	75
72	Airtel Towers (SL) Company Limited	Sierra Leone	Infrastructure sharing services	100	100
73	Airtel Uganda Limited^	Uganda	Telecommunication services	100	100
74	Bharti Airtel Acquisition Holdings B.V.	Netherlands	Investment Company	100	100
75	Bharti Airtel Africa B.V.	Netherlands	Investment Company	100	100
76	Bharti Airtel Burkina Faso Holdings B.V.	Netherlands	Investment Company	100	100
77	Bharti Airtel Cameroon B.V.	Netherlands	Investment Company	100	100
78	Bharti Airtel Chad Holdings B.V.	Netherlands	Investment Company	100	100
79	Bharti Airtel Congo Holdings B.V.	Netherlands	Investment Company	100	100
80	Bharti Airtel Developers Forum Limited	Zambia	Investment Company	100	100
81	Bharti Airtel DTH Holdings B.V.	Netherlands	Investment Company	100	100
82	Bharti Airtel Gabon Holdings B.V.	Netherlands	Investment Company	100	100
83	Bharti Airtel Ghana Holdings B.V.	Netherlands	Investment Company	100	100
84	Bharti Airtel Kenya B.V.	Netherlands	Investment Company	100	100
85	Bharti Airtel Kenya Holdings B.V.	Netherlands	Investment Company	100	100
86	Bharti Airtel Madagascar Holdings B.V.	Netherlands	Investment Company	100	100
87	Bharti Airtel Malawi Holdings B.V.	Netherlands	Investment Company	100	100
88	Bharti Airtel Mali Holdings B.V.	Netherlands	Investment Company	100	100
89	Bharti Airtel Niger Holdings B.V.	Netherlands	Investment Company	100	100
90	Bharti Airtel Nigeria B.V.	Netherlands	Investment Company	100	100
91	Bharti Airtel Nigeria Holdings B.V.#	Netherlands	Investment Company	100	100
92	Bharti Airtel Nigeria Holdings II B.V.	Netherlands	Investment Company	100	100
93	Bharti Airtel RDC Holdings B.V.	Netherlands	Investment Company	100	100
94	Bharti Airtel Services B.V.	Netherlands	Investment Company	100	100
95	Bharti Airtel Sierra Leone Holdings B.V.	Netherlands	Investment Company	100	100

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S. No.	Name of Subsidiary	Principal place of operation / Country of Incorporation	Principal Activities	Percentage of ownership interest and voting power (direct / indirect)-effective shareholding held by the Group	
				As of March 31, 2014 %	As of March 31, 2013 %
96	Bharti Airtel Tanzania B.V.	Netherlands	Investment Company	100	100
97	Bharti Airtel Uganda Holdings B.V.	Netherlands	Investment Company	100	100
98	Bharti Airtel Zambia Holdings B.V.	Netherlands	Investment Company	100	100
99	Bharti DTH Services Zambia Limited#	Zambia	Direct To Home services	100	100
100	Burkina Faso Towers S.A.	Burkina Faso	Infrastructure sharing services	100	100
101	Celtel (Mauritius) Holdings Limited	Mauritius	Investment Company	100	100
102	Celtel Congo (RDC) S.a.r.l.	Democratic Republic of Congo	Telecommunication services	98.5	98.5
103	Celtel Niger S.A.	Niger	Telecommunication services	90	90
104	Channel Sea Management Company (Mauritius) Limited	Mauritius	Investment Company	100	100
105	Congo RDC Towers S.p.r.l.	Democratic Republic of Congo	Infrastructure sharing services	100	100
106	Congo Towers S.A.	Congo Brazzavile	Infrastructure sharing services	90	90
107	Gabon Towers S.A.	Gabon	Infrastructure sharing services	90	100
108	Indian Ocean Telecom Limited	Jersey	Investment Company	100	100
109	Kenya Towers Limited	Kenya	Infrastructure sharing services	100	100
110	Madagascar Towers S.A.	Madagascar	Infrastructure sharing services	100	100
111	Malawi Towers Limited	Malawi	Infrastructure sharing services	100	100
112	Mobile Commerce Congo S.A.	Congo Brazzavile	Mobile commerce services	100	100
113	Montana International	Mauritius	Investment Company	100	100
114	MSI-Celtel Nigeria Limited#	Nigeria	Investment Company	100	100
115	Niger Towers S.A.	Niger	Infrastructure sharing services	90	90
116	Partnership Investments S.p.r.l.	Democratic Republic of Congo	Investment Company	100	100
117	Rwanda Towers Limited	Rwanda	Infrastructure sharing services	100	100
118	Société Malgache de Téléphone Cellulaire S.A.	Mauritius	Investment Company	100	100
119	Tanzania Towers Limited	Tanzania	Infrastructure sharing services	60	100
120	Tchad Towers S.A.	Chad	Infrastructure sharing services	100	100
121	Towers Support Nigeria Limited	Nigeria	Infrastructure sharing services	79.06	100
122	Uganda Towers Limited	Uganda	Infrastructure sharing services	100	100
123	Warid Congo S.A. (Subsidiary w.e.f. March 12, 2014)	Congo Brazzavile	Telecommunication services	100	-
124	Zambian Towers Limited	Zambia	Infrastructure sharing services	96.4	96.4
125	Zap Trust Company Nigeria Limited	Nigeria	Mobile commerce services	100	100
126	Zebrano (Mauritius) Limited	Mauritius	Investment Company	100	100

Under Liquidation. Airtel DTH Services Tanzania Limited liquidated on April 3, 2014.

Dissolved during the year ended March 31, 2014

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S. No	Name of Associates	Principal place of operation / Country of Incorporation	Principal Activities	Percentage of ownership interest and voting power (direct / indirect) - effective shareholding held by the Group	
				As of March 31, 2014 %	As of March 31, 2013 %
1	Bharti Teleports Limited	India	Uplinking channels for broadcasters	49	49
2	Tanzania Telecommunications Company Limited	Tanzania	Telecommunication services	35	35
3	Seychelles Cable Systems Company Limited	Seychelles	Submarine Cable System	26	26

S. No	Name of Joint Ventures	Principal place of operation / Country of Incorporation	Principal Activities	Percentage of ownership interest and voting power (direct / indirect) - effective shareholding held by the Group	
				As of March 31, 2014 %	As of March 31, 2013 %
1	Indus Towers Limited **	India	Passive infrastructure services	33.35	33.36
2	Bridge Mobile Pte Limited	Singapore	Provision of regional mobile services	10	10
3	Forum I Aviation Ltd	India	Aircraft chartering services	16.67	14.28
4	Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited)*	India	Telecommunication services	-	49
5	Wireless Broadband Business Services (Delhi) Private Limited*@	India	Telecommunication services	-	49
6	Wireless Broadband Business Services (Kerala) Private Limited*@	India	Telecommunication services	-	49
7	Wireless Broadband Business Services (Haryana) Private Limited*@	India	Telecommunication services	-	49

* Became subsidiary w.e.f June 25, 2013

@ Merged w.e.f. August 5, 2013 with Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited)

** Bharti Infratel Limited ("BIL"), in which the Group has 79.39% equity interest (79.42% as of March 31, 2013), owns 100% of Bharti Infratel Services Limited and 42% of Indus Towers Limited (100% of Bharti Infratel Ventures Limited and 42% of Indus Towers Limited as of March 31, 2013).

^ The Group also holds 100% preference shareholding in these companies. The preference shares does not have any voting rights.

Notes to consolidated financial statements

41. Other Significant Matters

a) The Company has completed an independent evaluation for all international and domestic transactions for the year ended March 31, 2013 and has reviewed the same for the year ended March 31, 2014 to determine whether the transactions with associated enterprises are undertaken at "arm's length price". Based on the internal and external transfer pricing review and validation, the Company believes that all transactions with associated enterprises are undertaken on the basis of arm's length principle.

b) The Company (M/s J T Mobiles Limited subsequently merged with the Company) was awarded license by DoT to operate cellular services in the state of Punjab in December 1995. On April 18, 1996, the Company obtained the permission from DoT to operate the Punjab license through its wholly owned subsidiary, Evergrowth Telecom Limited (ETL). In December 1996, DoT raised argument that the permission dated April 18, 1996 has not become effective and cancelled the permission to operate, which was subsequently reinstated on March 10, 1998 (the period from April 18, 1996 to March 10, 1998 has been hereinafter referred to as 'blackout period'). On July 15, 1999, license was terminated due to alleged non-payment of license fees, liquidated damages and related penal interest relating to blackout period.

In September 2001, in response to the demand raised by DoT, the Company had paid ₹ 4,856 Mn to DoT under protest subject to resolution of the dispute through arbitration. Consequently, the license was restored and an arbitrator was appointed for settlement of the dispute. Arbitrator awarded an unfavourable order, which was challenged by the Company before Hon'ble Delhi High Court.

On September 14, 2012, Hon'ble Delhi High court passed an order setting aside the award passed by the arbitrator. DoT in the meanwhile has preferred an Appeal, including condonation of delay in filing of appeal, which is presently pending before the Division Bench of the Delhi High Court. The Appeal of DoT on the issue of condonation of delay was allowed on July 16, 2013. The next date of hearing is fixed for May 9, 2014. However, the Company on October 30, 2013 has filed the writ Petition for recovery of LF in Delhi HC, notice issued by HC and listed for July 26, 2014.

Further to the development during the year ended March 31, 2014, 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 Company, based on independent legal opinion, has not given any accounting treatment for the impact of the judgement in the financial statements for the year ended March 31, 2014.

42. Previous year's figures in the notes to consolidated financial statements have been reclassified / restated, wherever required to conform to the current year's presentation/classification. These are not material and do not affect the previously reported net profit or shareholders' equity.

Statement Pursuant to Section 212 (8) of the Companies Act, 1956 relating to subsidiary companies for the year ended March 31, 2014

(₹ Millions)

S. No.	Name of the Subsidiary	Note	Country of Registration	Reporting Currency	Financial Year End	Exchange Rate as of March 31, 2014	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investment in subsidiary	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
1	Bharti Airtel Services Limited	(b)	India	INR	March 31, 2014	1.000	1	(856)	3,558	4,413	461	5,553	(165)	4	(169)	-
2	Network i2i Limited	(b)	Mauritius	USD	March 31, 2014	60.100	3,139	11,806	28,308	13,363	-	4,185	2,698	83	2,615	-
3	Bharti Airtel (USA) Limited	(b)	United States of America	USD	March 31, 2014	60.100	0	(216)	733	949	-	1,134	84	6	78	-
4	Bharti Airtel (UK) Limited	(b)	United Kingdom	GBP	March 31, 2014	99.850	33	302	1,204	869	-	957	20	4	16	-
5	Bharti Airtel (Canada) Limited	(b) (f)	Canada	CAD	March 31, 2014	54.448	4	(31)	1	28	-	-	(2)	-	(2)	-
6	Bharti Airtel (Hongkong) Limited	(b)	Hongkong	HKD	March 31, 2014	7.747	38	(308)	307	577	-	259	(69)	5	(74)	-
7	Bharti Airtel Holdings (Singapore) Pte Ltd	(b)	Singapore	SGD	March 31, 2014	47.664	22,486	(606)	37,689	15,809	-	-	(2)	(7)	5	-
8	Bharti Airtel Lanka (Private) Limited	(b)	Sri Lanka	LKR	March 31, 2014	0.460	2,418	(14,164)	7,800	19,546	-	4,033	(2,103)	0	(2,103)	-
9	Bharti Infratel Lanka (Private) Limited	(d) (p)	Sri Lanka	LKR	March 31, 2014	0.460	-	-	-	-	-	-	-	-	-	-
10	Bharti Hexacom Limited	(b)	India	INR	March 31, 2014	1.000	2,500	40,078	53,839	11,261	21,026	40,687	8,342	2,306	6,036	-
11	Bharti Infratel Limited ("BIL")	(b) (h)	India	INR	March 31, 2014	1.000	18,893	158,593	223,484	45,998	130,431	49,993	14,966	4,067	10,899	9,726
12	Bharti Infratel Ventures Limited ("BIVL") (subsidiary upto June 10, 2013)	(c)	India	INR	March 31, 2014	1.000	-	-	-	-	-	-	-	-	-	-
13	Bharti Telemedia Limited	(b)	India	INR	March 31, 2014	1.000	102	(33,589)	19,562	53,049	-	20,771	(5,185)	-	(5,185)	-
14	Airtel Bangladesh Limited	(b)	Bangladesh	BDT	March 31, 2014	0.776	35,705	(41,730)	36,753	42,778	-	13,258	(4,053)	68	(4,121)	-
15	Bharti International (Singapore) Pte. Ltd	(b) (j)	Singapore	USD	March 31, 2014	60.100	67,760	(10,684)	124,473	67,397	109,445	4,663	(1,397)	47	(1,444)	-
16	Bharti Airtel International (Netherlands) B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	142,493	48,600	672,267	481,174	-	3,947	(8,876)	2,454	(11,330)	-
17	Airtel M Commerce Services Limited	(b)	India	INR	March 31, 2014	1.000	2,550	(2,273)	1,865	1,588	981	377	(1,063)	-	(1,063)	-
18	Bharti Airtel International (Mauritius) Limited	(b) (j)	Mauritius	INR	March 31, 2014	1.000	57,636	35	57,673	2	57,671	-	(1)	-	(1)	-
19	Bharti Airtel (Japan) Kabushiki Kaisha	(b)	Japan	JPY	March 31, 2014	0.588	0	(5)	14	19	-	10	(3)	1	(4)	-
20	Bharti Airtel (France) SAS	(b)	France	EUR	March 31, 2014	82.577	1	24	223	198	-	104	(15)	-	(15)	-
21	Bangladesh Infratel Networks Limited	(b)	Bangladesh	BDT	March 31, 2014	0.776	0	(0)	0	0	-	-	(0)	-	(0)	-
22	Telesonic Networks Limited	(b)	India	INR	March 31, 2014	1.000	892	(1,318)	1,209	1,635	-	4,655	(51)	-	(51)	-
23	Nxtra Data Limited (subsidiary w.e.f. July 2, 2013)	(g)	India	INR	March 31, 2014	1.000	51	(3)	2,592	2,544	-	554	(3)	-	(3)	-
24	Bharti Infratel Services Limited (subsidiary w.e.f. June 4, 2013)	(g)	India	INR	March 31, 2014	1.000	1	(0)	1	0	-	-	(0)	-	(0)	-
25	Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited)	(k)	India	INR	March 31, 2014	1.000	56,671	(484)	60,966	4,779	69	0	(87)	113	(200)	-
26	Bharti Airtel Africa B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	46	62,759	328,468	265,663	-	-	2,601	0	2,601	-
27	Bharti Airtel Burkina Faso Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	4,911	4,913	1	-	-	3,080	-	3,080	-
28	Airtel Burkina Faso S.A.	(b)	Burkina Faso	XOF	December 31, 2013	0.126	315	5,651	19,863	13,897	-	13,810	3,848	1,255	2,593	-
29	Bharti Airtel Chad Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	282	8,232	7,949	-	-	111	-	111	-
30	Airtel Tchad S.A.	(a)	Chad	XAF	December 31, 2013	0.126	479	(2,873)	16,268	18,662	-	8,705	345	489	(144)	-
31	Bharti Airtel Gabon Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	3,152	3,710	557	-	-	2,264	-	2,264	-
32	Airtel Gabon S.A.	(b)	Gabon	XAF	December 31, 2013	0.126	757	8,513	27,038	17,768	-	16,808	2,132	417	1,715	-
33	Bharti Airtel Congo Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	5,288	8,496	3,207	-	-	2,252	-	2,252	-
34	Airtel Congo S.A.	(b)	Congo Brazzavile	XAF	December 31, 2013	0.126	656	(948)	15,878	16,170	-	11,907	(1,099)	121	(1,220)	-
35	Bharti Airtel RDC Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	635	34,792	34,156	-	-	695	-	695	-

Statement Pursuant to Section 212 (8) of the Companies Act, 1956 relating to subsidiary companies for the year ended March 31, 2014

(₹ Millions)

S. No.	Name of the Subsidiary	Note	Country of Registration	Reporting Currency	Financial Year End	Exchange Rate as of March 31, 2014	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investment in subsidiary	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
36	Partnership Investments S.p.r.l.	(d) (p)	Democratic Republic of Congo	USD	December 31, 2013	60.100	-	-	-	-	-	-	-	-	-	-
37	Celtel Congo (RDC) S.a.r.l.	(b)	Democratic Republic of Congo	CDF	December 31, 2013	0.065	7	147	54,081	53,927	-	22,115	(7,838)	226	(8,064)	-
38	Bharti Airtel Mali Holdings B.V.	(b) (j)	Netherlands	USD	March 31, 2014	60.100	1	214	597	382	596	-	-	-	-	-
39	Bharti Airtel Kenya Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(2,160)	57,393	59,552	-	-	(45)	-	(45)	-
40	Bharti Airtel Kenya B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(2,784)	54,610	57,393	-	-	(959)	-	(959)	-
41	Airtel Networks Kenya Limited	(b) (i)	Kenya	KES	December 31, 2013	0.696	17,575	(32,545)	18,426	33,396	-	10,708	(4,069)	-	(4,069)	-
42	Bharti Airtel Malawi Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	263	4,864	4,600	-	-	75	-	75	-
43	Airtel Malawi Limited	(b)	Malawi	MWK	December 31, 2013	0.147	0	(670)	7,465	8,135	-	6,028	(962)	(155)	(807)	-
44	Bharti Airtel Niger Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	6,182	6,183	0	-	-	1,551	-	1,551	-
45	Celtel Niger S.A.	(a)	Niger	XOF	December 31, 2013	0.126	189	8,319	24,350	15,842	-	12,790	3,841	1,209	2,632	-
46	Bharti Airtel Sierra Leone Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(67)	5,346	5,412	-	-	111	-	111	-
47	Airtel (SL) Limited	(b)	Sierra Leone	SLL	December 31, 2013	0.014	112	(675)	6,307	6,870	-	5,186	165	(2)	167	-
48	Airtel Networks Zambia Plc (formerly known as Celtel Zambia Plc)	(b)	Zambia	ZMW	December 31, 2013	9.772	10	9,461	20,142	10,671	-	15,819	2,700	(427)	3,127	-
49	Bharti Airtel Uganda Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(4,118)	20,637	24,754	-	-	(703)	-	(703)	-
50	Airtel Uganda Limited	(a) (i)	Uganda	UGS	December 31, 2013	0.024	297	(3,096)	23,205	26,004	-	11,915	1,230	-	1,230	-
51	Bharti Airtel Tanzania B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(1,941)	14,420	16,360	2,654	-	88	-	88	-
52	Airtel Tanzania Limited	(b)	Tanzania	TZS	December 31, 2013	0.037	1,507	(7,054)	26,283	31,830	-	16,766	(3,245)	(172)	(3,073)	-
53	Bharti Airtel Madagascar Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(473)	12,294	12,766	-	-	(155)	-	(155)	-
54	Channel Sea Management Company (Mauritius) Limited	(a) (j)	Mauritius	USD	December 31, 2013	60.100	1	39	40	-	0	-	(2)	-	(2)	-
55	Zebrano (Mauritius) Limited	(b)	Mauritius	USD	December 31, 2013	60.100	2	184	6,249	6,063	-	-	102	-	102	-
56	Montana International	(a)	Mauritius	USD	December 31, 2013	60.100	0	(7)	3	10	-	-	(1)	-	(1)	-
57	Airtel Madagascar S.A.	(b)	Madagascar	MGA	December 31, 2013	0.026	77	(1,535)	8,952	10,410	-	5,861	856	383	473	-
58	Bharti Airtel Nigeria Holdings B.V.	(f) (p)	Netherlands	USD	March 31, 2014	60.100	-	-	-	-	-	-	-	-	-	-
59	MSI-Celtel Nigeria Limited	(f) (p)	Nigeria	NGN	December 31, 2013	0.387	-	-	-	-	-	-	-	-	-	-
60	Bharti Airtel Nigeria Holdings II B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(109)	108,327	108,435	-	-	-	-	-	-
61	Bharti Airtel Nigeria B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(23,711)	84,672	108,382	-	-	(2,839)	-	(2,839)	-
62	Bharti Airtel Ghana Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(3,092)	34,038	37,129	-	-	(935)	-	(935)	-
63	Airtel Ghana Limited	(b) (i)	Ghana	GHS	December 31, 2013	22.594	3,622	(18,512)	17,069	31,959	-	11,292	(5,995)	(1,187)	(4,808)	-
64	Bharti Airtel Acquisition Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	689	690	-	-	-	-	-	-	-
65	Bharti Airtel Services B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	297	432	134	-	42	(3)	-	(3)	-
66	Airtel Networks Limited	(b)	Nigeria	NGN	December 31, 2013	0.387	78	8,746	146,431	137,607	-	86,001	(9,401)	(1,382)	(8,019)	-
67	Bharti Airtel Zambia Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	19,806	19,807	0	-	-	3,970	-	3,970	-
68	Airtel Mobile Commerce Limited	(m)	Malawi	MWK	December 31, 2013	0.147	0	-	156	156	-	-	-	-	-	-
69	Airtel Mobile Commerce (Kenya) Limited	(m)	Kenya	KES	August 31, 2013	0.696	0	-	325	325	-	-	-	-	-	-
70	Airtel Mobile Commerce (Ghana) Limited	(b)	Ghana	GHS	December 31, 2013	22.594	2	-	101	99	-	-	-	-	-	-
71	Celtel (Mauritius) Holdings Limited	(a) (j)	Mauritius	USD	December 31, 2013	60.100	1	1,384	7,862	6,477	0	-	236	-	236	-

Statement Pursuant to Section 212 (8) of the Companies Act, 1956 relating to subsidiary companies for the year ended March 31, 2014

(₹ Millions)

S. No.	Name of the Subsidiary	Note	Country of Registration	Reporting Currency	Financial Year End	Exchange Rate as of March 31, 2014	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investment in subsidiary	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
72	Airtel Mobile Commerce Zambia Limited (formerly known as ZMP Limited)	(n)	Zambia	ZMW	December 31, 2013	9.772	20	(329)	201	510	-	42	(208)	-	(208)	-
73	Airtel Mobile Commerce (SL) Limited	(m)	Sierra Leone	SLL	December 31, 2013	0.014	0	-	44	44	-	-	-	-	-	-
74	Airtel Mobile Commerce Tchad S.a.r.l.	(b)	Chad	XAF	March 31, 2014	0.126	0	-	34	34	-	-	-	-	-	-
75	Airtel Mobile Commerce B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	2	(10)	242	250	-	-	(2)	-	(2)	-
76	Airtel Money S.A. (Gabon)	(m)	Gabon	XAF	December 31, 2013	0.126	1	(195)	1,040	1,234	-	41	(70)	0	(70)	-
77	Malawi Towers Limited	(b)	Malawi	MWK	December 31, 2013	0.147	1	(40)	2	41	-	-	(40)	-	(40)	-
78	Airtel Money Niger S.A.	(b)	Niger	XOF	December 31, 2013	0.126	1	(0)	274	273	-	-	(0)	-	(0)	-
79	Société Malgache de Téléphone Cellulaire S.A.	(a) (j)	Mauritius	USD	December 31, 2013	60.100	2	140	153	11	150	-	148	-	148	-
80	Airtel Mobile Commerce Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	2	(0)	2	0	-	-	-	-	-	-
81	Zap Trust Company Nigeria Limited	(d) (p)	Nigeria	NGN	December 31, 2013	0.387	-	-	-	-	-	-	-	-	-	-
82	Indian Ocean Telecom Limited	(b)	Jersey	USD	December 31, 2013	60.100	150	731	886	5	-	-	(1)	-	(1)	-
83	Airtel (Seychelles) Limited	(b)	Seychelles	SCR	December 31, 2013	5.018	5	641	1,823	1,177	250	1,196	341	132	209	-
84	Airtel Mobile Commerce (Tanzania) Limited	(b)	Tanzania	TZS	December 31, 2013	0.037	0	-	1,406	1,406	-	-	-	-	-	-
85	Airtel Mobile Commerce Uganda Limited	(a)	Uganda	UGS	December 31, 2013	0.024	0	-	381	381	-	-	-	-	-	-
86	Uganda Towers Limited	(b)	Uganda	UGS	December 31, 2013	0.024	0	(10)	3,295	3,305	-	700	(8)	-	(8)	-
87	Airtel DTH Services Ghana Limited	(e) (p)	Ghana	GHS	December 31, 2013	22.594	-	-	-	-	-	-	-	-	-	-
88	Airtel DTH Services Uganda Limited	(e) (p)	Uganda	UGS	December 31, 2013	0.024	-	-	-	-	-	-	-	-	-	-
89	Africa Towers N.V.	(b)	Netherlands	USD	March 31, 2014	60.100	4	(3)	2,107	2,106	-	143	(2)	-	(2)	-
90	Airtel Towers (Ghana) Limited	(b)	Ghana	GHS	December 31, 2013	22.594	2	(41)	8	47	-	-	(39)	-	(39)	-
91	Bharti Airtel DTH Holdings B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	1	(0)	6	5	-	-	(0)	-	(0)	-
92	Airtel DTH Services (SL) Limited	(f) (p)	Sierra Leone	SLL	December 31, 2013	0.014	-	-	-	-	-	-	-	-	-	-
93	Airtel DTH Services Burkina Faso S.A.	(e) (p)	Burkina Faso	XOF	December 31, 2013	0.126	-	-	-	-	-	-	-	-	-	-
94	Airtel DTH Services Congo S.A.	(e) (p)	Congo Brazzavile	XAF	December 31, 2013	0.126	-	-	-	-	-	-	-	-	-	-
95	Airtel DTH Services Nigeria Limited	(d) (p)	Nigeria	NGN	December 31, 2013	0.387	-	-	-	-	-	-	-	-	-	-
96	Airtel DTH Services Tanzania Limited	(f) (p)	Tanzania	TZS	December 31, 2013	0.037	-	-	-	-	-	-	-	-	-	-
97	Bharti DTH Services Zambia Limited	(f) (p)	Zambia	ZMW	December 31, 2013	9.772	-	-	-	-	-	-	-	-	-	-
98	Airtel Towers (SL) Company Limited	(b)	Sierra Leone	SLL	December 31, 2013	0.014	0	(39)	0	39	-	-	(39)	-	(39)	-
99	Burkina Faso Towers S.A.	(b)	Burkina Faso	XOF	December 31, 2013	0.126	1	(39)	1	39	-	-	(39)	-	(39)	-
100	Congo Towers S.A.	(b)	Congo Brazzavile	XOF	December 31, 2013	0.126	1	(46)	1	46	-	-	(39)	-	(39)	-
101	Kenya Towers Limited	(b)	Kenya	KES	December 31, 2013	0.696	0	55	3,836	3,781	-	1,379	92	27	65	-
102	Madagascar Towers S.A.	(b)	Madagascar	MGA	December 31, 2013	0.026	0	14	650	636	-	434	25	10	15	-
103	Mobile Commerce Congo S.A.	(m)	Congo Brazzavile	XAF	March 31, 2014	0.126	1	-	38	37	-	-	-	-	-	-
104	Niger Towers S.A.	(b)	Niger	XOF	December 31, 2013	0.126	1	(40)	1	40	-	-	(39)	-	(39)	-
105	Tanzania Towers Limited	(b)	Tanzania	TZS	December 31, 2013	0.037	0	(41)	23	64	-	-	(40)	-	(40)	-
106	Tchad Towers S.A.	(b)	Chad	XOF	December 31, 2013	0.126	1	(68)	1	68	-	-	(67)	-	(67)	-
107	Towers Support Nigeria Limited	(b)	Nigeria	NGN	December 31, 2013	0.387	4	(41)	24	61	-	8	(39)	-	(39)	-
108	Bharti Airtel Developers Forum Limited	(d) (p)	Zambia	ZMW	December 31, 2013	9.772	-	-	-	-	-	-	-	-	-	-
109	Zambian Towers Limited	(b)	Zambia	ZMW	December 31, 2013	9.772	0	(135)	5,569	5,704	-	-	(133)	-	(133)	-

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(₹ Millions)

S. No.	Name of the Subsidiary	Note	Country of Registration	Reporting Currency	Financial Year End	Exchange Rate as of March 31, 2014	Share Capital	Reserves	Total Assets	Total Liabilities	Investments other than investment in subsidiary	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
110	Airtel Money (RDC) S.p.r.l.	(b)	Democratic Republic of Congo	USD	March 31, 2014	60.100	150	(286)	1,214	1,350	-	112	(114)	0	(114)	-
111	Airtel Mobile Commerce Burkina Faso S.A.	(a)	Burkina Faso	XOF	December 31, 2013	0.126	1	-	215	214	-	-	-	-	-	-
112	Airtel DTH Services Congo (RDC) S.p.r.l.	(f) (p)	Democratic Republic of Congo	USD	December 31, 2013	60.100	-	-	-	-	-	-	-	-	-	-
113	Airtel DTH Services Gabon S.A.	(e) (p)	Gabon	XAF	December 31, 2013	0.126	-	-	-	-	-	-	-	-	-	-
114	Congo RDC Towers S.p.r.l.	(b)	Democratic Republic of Congo	USD	December 31, 2013	60.100	6	(390)	7,487	7,871	-	1,840	(378)	-	(378)	-
115	Gabon Towers S.A.	(b)	Gabon	XOF	December 31, 2013	0.126	1	(42)	1	42	-	-	(41)	0	(41)	-
116	Airtel Mobile Commerce Madagascar S.A.	(a)	Madagascar	MGA	December 31, 2013	0.026	0	(172)	258	430	-	13	(140)	(26)	(114)	-
117	Bharti Airtel Cameroon B.V.	(b)	Netherlands	USD	March 31, 2014	60.100	2	(0)	2	-	-	-	(0)	-	(0)	-
118	Airtel Rwanda Limited	(b)	Rwanda	RWF	December 31, 2013	0.088	-	(3,617)	4,711	8,328	-	911	(2,477)	-	(2,477)	-
119	Africa Towers Services Limited	(b)	Kenya	KES	December 31, 2013	0.696	0	(11)	623	634	-	616	118	14	104	-
120	Rwanda Towers Limited	(b)	Rwanda	RWF	December 31, 2013	0.088	1	(274)	1,584	1,857	-	409	(111)	-	(111)	-
121	Airtel Mobile Commerce Rwanda Limited	(b)	Rwanda	RWF	December 31, 2013	0.088	1	-	18	17	-	-	-	-	-	-
122	Airtel Mobile Commerce (Seychelles) Limited (subsidiary w.e.f. August 9, 2013)	(m)	Seychelles	SCR	December 31, 2013	5.018	0	-	0	-	-	-	-	-	-	-
123	Warid Telecom Uganda Limited	(l)	Uganda	UGS	June 30, 2013	0.024	10,944	(6,446)	8,227	3,729	-	5,002	(265)	-	(265)	-
124	Warid Congo S.A. (subsidiary w.e.f. March 12, 2014)	(b) (o)	Congo Brazzavile	XAF	December 31, 2013	0.126	946	(8,512)	3,418	10,984	-	4,599	932	-	932	-

Notes:

a) Financial information has been extracted from the audited standalone financial statements.

b) Financial information has been extracted from the unaudited standalone financial statements.

c) Merged with Indus Towers Limited on June 11, 2013.

d) Subsidiaries are non operational or yet to commence operations.

e) Subsidiaries have been dissolved during the year.

f) Subsidiaries are under liquidation. Airtel DTH Services Tanzania Limited liquidated on April 3, 2014.

g) Subsidiaries incorporated during the year.

h) Proposed dividend includes dividend distribution tax.

i) Share capital includes preference share capital.

j) 'Investments other than investment in subsidiary' includes investment in entities which is indirect subsidiary of Bharti Airtel Limited.

k) Airtel Broadband Services Private Limited (formerly known as Wireless Business Services Private Limited) became subsidiary of the Company w.e.f June 25, 2013. The turnover, profit/(loss) before taxation, provision for taxation and profit/(loss) after taxation disclosed above are for the full financial year ended March 31, 2014 based on the unaudited financial statements.

l) Acquired during the year and merged with Airtel Uganda Limited on February 1, 2014. The turnover, profit/(loss) before taxation, provision for taxation and profit/(loss) after taxation disclosed above are for the period July 1, 2013 to January 31, 2014 based on the unaudited financial statements.

m) Financial information has been extracted from the audited financial information considered for the purpose of consolidated IFRS financial statements for the respective financial year end. However, where the financial year of the subsidiary ends before September 30, 2013, financial information has been extracted from the financial information considered for the preparation of consolidated IFRS financial statements for the year ended March 31, 2014. However, audited financial statements, when finalised, may differ from the information presented above.

n) During the year, Airtel Mobile Commerce Zambia Limited (formerly known as ZMP Ltd.) has changed its financial year end from May 31, 2013 to December 31, 2013. Accordingly, turnover, profit/(loss) before taxation, provision for taxation and profit/(loss) after taxation disclosed above are for 19 months period based on the unaudited financial statements.

o) The turnover, profit/(loss) before taxation, provision for taxation and profit/(loss) after taxation disclosed above are for the full financial year ended December 31, 2013 based on the audited financial statements.

p) The financial statements for these subsidiaries are not required to be prepared as per the local laws of the countries where they are incorporated.

Circle Offices

Andhra Pradesh
Splendid Towers,
Opp. Begumpet Police Station,
Begumpet,
Hyderabad- 500016,
Telengana

Assam & North East States
Bharti House, Six Mile,
Khanapara, G.S. Road,
Guwahati - 781022,
Assam

Bihar & Jharkhand
Airtel Campus, Plot No-18,
Patliputra Industrial Area,
Patna - 800013,
Bihar

Delhi NCR
Plot No. 16, NH-8
Udyog Vihar, Phase-IV,
Gurgaon - 122015,
Haryana

Gujarat
2nd & 4th Floor, Zodiac Square,
S G Road, Opp. Gurudwara,
Ahmedabad - 380054,
Gujarat

Haryana, Punjab, Himachal and J&K
Plot No. 21, Rajiv Gandhi
Chandigarh Technology Park,
Chandigarh - 160101

Karnataka
55, Divyasree Towers,
Bannerghatta Main Road,
Bangalore - 560029,
Karnataka

Kerala & Tamil Nadu
Oceanic Tower,
101, Santhome High Road,
Santhome, Chennai - 600028,
Tamil Nadu

Madhya Pradesh & Chhattisgarh
3rd & 4th Floor, Scheme No. 54,
Metro Tower, AB Road,
Indore - 452010,
Madhya Pradesh

Maharashtra & Goa
6th & 7th Floor,
Interface Building No. 7,
Mindspace, Malad Link Road,
Malad (W), Mumbai - 400064,
Maharashtra

Rajasthan
K-21, Sunny House,
Malviya Marg, C-Scheme,
Jaipur - 302001,
Rajasthan

Uttar Pradesh & Uttaranchal
TCG - 7/7 Vibhuti Khand,
Gomti Nagar,
Lucknow - 226010,
Uttar Pradesh

West Bengal & Odisha
Infinity Building,
Salt Lake Electronics Complex,
Block GP, Sector V,
Kolkata - 700091,
West Bengal

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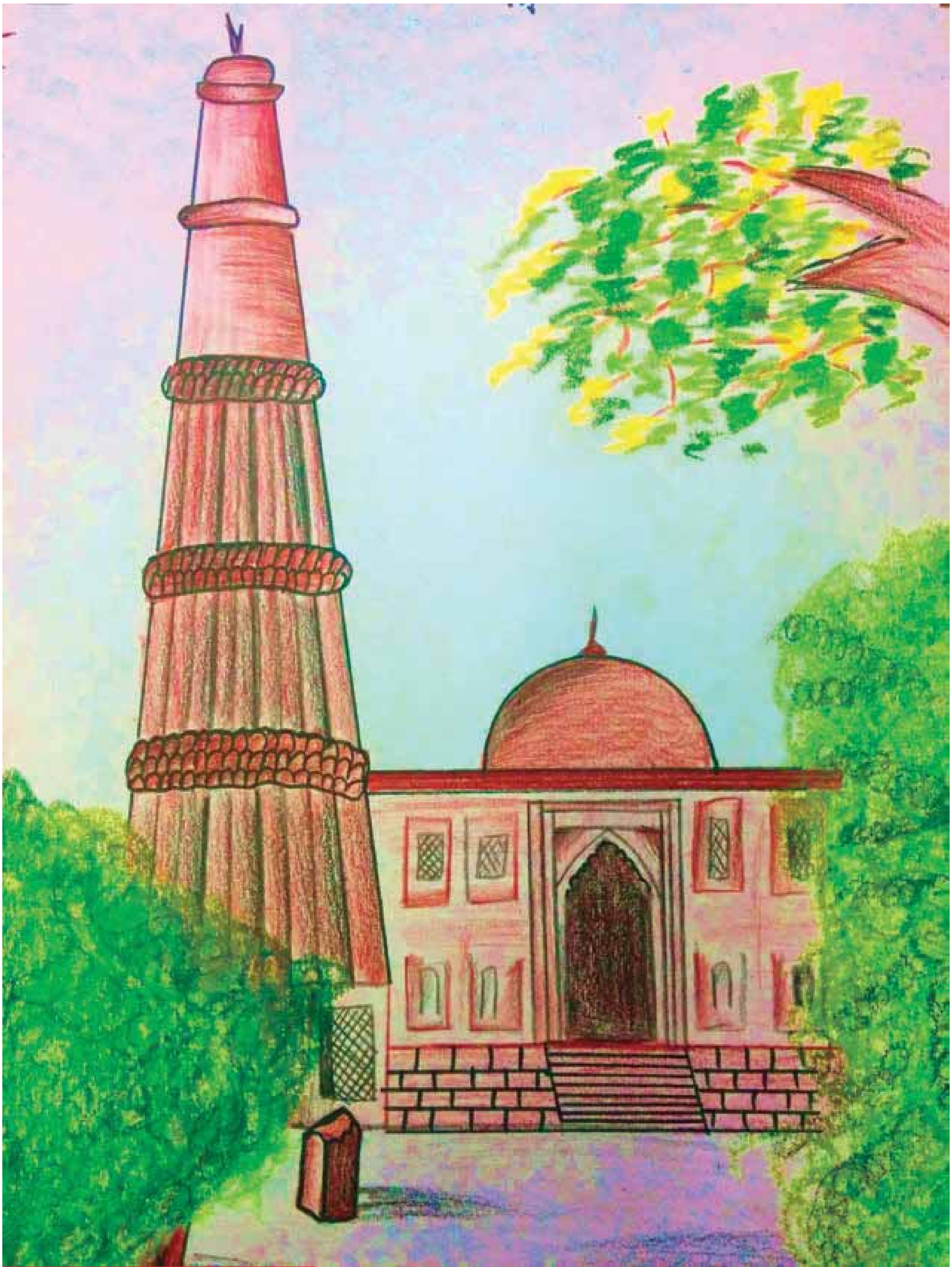

Khushi Garg

(age - 12 years) won the 1st **prize** in the 9-13 years age category for her spectacular painting 'My City Delhi – A Historical Place'.

To encourage the creative genius in kids, Taare Zameen Par - a painting competition for employees' kids was organised at Airtel Centre, Gurgaon. The competition attracted a huge turnout of more than 250 kids at the venue.

The kids were joined by Harmeen Mehta, CIO India, Bharti Airtel, an art lover and a painting enthusiast, who painted along with them and also judged the paintings.

All participants were awarded with a certificate of participation and a medal as a token of appreciation. The winners also received with family dinner vouchers to treat their families. The kids enjoyed every moment of the event.

Bharti Airtel Limited
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concept, content and design at aicl [info@aicl.in]

FORM A

1.	**Name of the Company:**	Bharti Airtel Limited
2.	**Annual financial statements for the year ended:**	March 31, 2014
3.	**Type of Audit observation:**	**Emphasis of Matter:** We draw attention to Note 26(ii)(g)(vii) to the financial statements which describe the uncertainties related to the legal outcome of Department of Telecommunications' demand with respect to One Time Spectrum Charge. Our opinion is not qualified in respect of this matter.
4.	**Frequency of observation:**	Appeared for the second time.

For Bharti Airtel Limited

Srikanth Balachandran
Global CFO

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

V.K. Viswanathan
Chairman - Audit Committee

For S.R. Batliboi & Associates LLP

Nilangshu Katriar
Partner