Management Discussion **and Analysis**

Overview

India is currently the second largest telecommunication market and has the second highest number of internet users in the world. India's internet user base has grown rapidly in recent years, propelled by the decreasing cost and increasing availability of smartphones and high-speed connectivity at affordable prices. It continues to witness a huge expansion in data and voice usage even as it consolidates towards the largely 3+1 player market. With only three private operators serving 1.3 Billion people and significant 4G penetration upside, the industry is poised for sustained long term growth.

In order to remain a meaningful, relevant player in this era of digitization, Airtel is making a dynamic shift in its strategy from simply being a pipe providing connectivity to being an ecosystem of digital services with an aim to win quality customers across verticals and offer them brilliant experience across all touch points.

This strategy will be based on the key pillars, the primary pillar being providing services at scale. The Company will continue to scale up its digital services offerings, such as Airtel TV, Wynk, Books, Payments, etc., which are offered as part of the flagship Airtel Thanks program. This will be enabled through expanded strategic partnerships and creating of partner ecosystem with ability to quickly and seamlessly integrate offerings on the airtel platform.

Strong customer understanding and deep micro marketing will be at the core across online and offline channels of the Company. To be able to impeccably offer these services to customers and to quickly adapt to the changing industry contours, airtel will simplify its processes to be an agile customer-centric organization. In addition to this, everything will be looked through the lens of War on Waste program to ensure cost savings and delivering incremental profits to its shareholders.

The Company's Africa business is creating a strong foundation for a solid and sustainable business. Airtel targets to increase the mobile revenue and market share through widest smartphone network leadership, data penetration, introduction of new products and addition of quality customers. Airtel Money provides a unique opportunity to build a scalable business at a minimal incremental capex while fully leveraging the existing platform to provide a solution to the low banking penetration seen across the continent.

Economic Review

The global economy continues to expand at a healthy pace. The global GDP grew by 3.6% in 2018 compared to 3.8% in 2017, despite the backdrop of weakening global growth, looming trade policy uncertainty, and concerns about US and China's outlook.

Economic activity in advanced economies grew by 2.2% in 2018 as compared to 2.4% in 2017. The fall was primarily due to slowdown in the euro area caused by several factors including the prolonged uncertainty around the Brexit outcome, weakening consumer and business sentiment, fiscal policy uncertainty even as the sovereign spreads continued to remain elevated softening investments across the region. Amid a tight labor market and strong consumption growth in the United States, the growth momentum in US remained robust with the economy enhancing its growth rate to 2.9% in 2018 vs. 2.2% last year.

Emerging Market and Developing Economies (EMDE) grew by 4.5% during 2018, led by India & China. China's growth declined against last year following a combination of regulatory tightening and an increase in trade tensions with the United States. Most of the EMDE were impacted by the volatile crude oil prices and depreciation bias on the currency. Although oil prices have now stabilized, inflationary pressures continue to remain due to the domestic currency depreciation and thus impacting growth outlook.

Looking into next year, global economic growth is projected to be 3.3% in 2019, before returning to 3.6% in 2020. The pickup is expected in the second half of 2019 on account of ongoing buildup of policy stimulus in China, recent improvements in global financial market sentiment, the waning of some temporary drags on growth in the euro area, and a gradual stabilization of conditions in stressed emerging market economies. Beyond 2020, global growth is set to plateau at about 3.6% over the medium term, sustained by the increase in the relative size of economies, such as those of India and China, which are projected to have robust growth rates.

3.3%

Projected global GDP growth rate in 2019

	Actual		Projections	
Global Growth Trend (%)	**2017**	**2018**	**2019**	**2020**
World Output	3.8	3.6	3.3	3.6
Advanced Economies	2.4	2.2	1.8	1.7
Emerging Market and Developing Economies	4.8	4.5	4.4	4.8
China	6.8	6.6	6.3	6.1
India	7.2	7.1	7.3	7.5
Sub-Saharan Africa	2.9	3.0	3.5	3.7

Source: IMF World Economic Outlook 2019

Indian Economy

As per IMF, Indian economy grew by 7.1% in 2018 which is the fastest in the world. The economy achieved the growth with overcoming the several challenges it faced during the year. The country got hit by the NBFC crisis and the liquidity crunch in the bond / debt market. The NBFC liquidity crunch came with the major public sector banks already under RBI's Prompt Corrective Action framework. With continuous government efforts towards achieving bank recapitalization and strategic mergers, the economy was able to survive through it.

The country has been an upswing in the private consumption expenditure in the past few years. Further, it is projected to remain robust and the investment growth is also expected to continue as the benefits of recent policy reforms begin to materialise and credit markets rebound. Even the fall in crude oil prices and the appreciation of the rupee in the second half of 2018 has reduced pressures on inflation and the current account deficit.

As per IMF, India is a bright spot in the global ecosystem and India's growth is looking very attractive in the coming years. India's growth is projected to pick up to 7.3% in 2019 and 7.5% in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. Going past 2020, IMF expects growth in India to stabilize at just under 7¾% over the medium term, based on continued implementation of structural reforms and easing of infrastructure bottlenecks.

7.3%

Projected GDP growth rate in India
in 2019

Africa Economy

The Sub-Saharan Africa economy grew by 3.0% in 2018, a marginal improvement from the growth rate of 2.9% witnessed last year. The slowdown was due to the strengthening dollar, fluctuating commodity prices and trade uncertainty. Nigeria, a major economy in the region, gave a positive push to the overall region growth by increasing its growth rate to 1.9% this year from 0.8% last year. The other bright spots were majorly the non-commodity driven markets such as Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Niger, Rwanda, Senegal, Tanzania, and Uganda.

While the prospects vary across Sub-Saharan Africa, reflecting the heterogeneity of the economies, associated with disparities in the level of development, exposure to weather shocks, and commodity dependence, for the region as a whole the growth is expected to pick up to 3.5% in 2019 and 3.7% in 2020 even after considering the impact of the recent softening of oil prices.

3.5%

Projected GDP growth rate in Africa
in 2019

Growing labor force, increased urbanization and advanced technology adoption are some of the positives working in favour of Africa. With a potential to emerge as one of the world's most productive and dynamic economies, Africa provides substantial opportunities for the telecom sector in the areas of data and mobile commerce.

Sources:

World Bank Global Economic Prospects 2019: https://www.worldbank.org/en/publication/global-economic-prospects

IMF World Economic Outlook 2019: https://www.imf.org/en/Publications/WEO

OECD Economic Outlook 2019: https://www.oecd.org/economy/economic-outlook/

Megatrends that Drive Our Business

- By 2020, India is set to become the world's youngest country with 64% of its population in the working age group. This demographic potential will offer India an unprecedented edge with increase in mobile data penetration.

- The age of digitization is ushering in the fourth industrial revolution, which will be fuelled by telecom networks. This is also encouraging telecom businesses to reinvent themselves by embarking on digital transformation to fully serve the needs of the new digitally savvy and digitally native customers.

- As per IDC, Indian smartphone market witnessed a 14.5% annual growth with a total shipment of 142.3 Mn units in 2018. The penetration of high-speed mobile broadband in India continues to outpace industry expectations, driven by rapid adoption of low cost smartphones and lower data pricing.

- The increasing usage of digital service will push the consumption through Over the top (OTT) platform in near future. Content tie-ups are playing a major role in customer acquisition and retention. Customers are looking for content services like music and video streaming, device protection and other benefits over and above the basic mobile recharges. The industry is moving towards producing or collaborating with manufacturers of content.

- While implementation and rollout of 5G looks to be some time away, the standards and ecosystem on 5G has already gathered pace with more and more use cases coming into picture. In the coming years, Indian telecom industry will work to prepare the networks for 5G and extreme broadband applications such as virtual reality, augmented reality.

- Deployment of Internet of Things (IoT) in various consumer and enterprises solutions such as asset tracking, smart appliances, smart metering, security and surveillance is grabbing attention of developers and telcos. Increased penetration of affordable devices, combined with cloud computing, analytics and rising consumer expectations is driving the rapid growth of the IOT market. The IOT market in India is poised to reach USD 15 Bn by 2020, accounting for nearly 5% of total global market. Telecom will play a

critical role in providing connectivity and solutions in this market. Number of M2M connections in Africa is expected to reach 26 Mn by 2020.

≞ With government push towards cashless economy and increasing acceptability of digital transactions, payments via smartphones are driving financial inclusion. Telecom industry, with an established distribution network is best placed to capture this opportunity.

≞ Convergence of fixed and wireless technologies is becoming more tangible with improvements in handsets, increased data speed, and development of backhaul.

≞ With Mission Digitization, DTH operators are likely to benefit from a rising subscriber base and higher market penetration. Innovations in paid TV services, migration from SD to HD boxes have increased consumption of – smart TV's and HD services, offering more opportunities to service operators.

Industry Overview

Indian Telecom Sector

India's total customer base stood at 1,183.51 Mn as on March 31, 2019. The completion of the consolidation within the Indian Telecom Market into three large private players accelerated the SIM consolidation leading to drop in customer base by 1.9% from 1,206.22 Mn last year. Consequently, the tele-density also contracted to 90.11% from 92.84% last year. The urban tele-density stood at 159.96%, whereas the rural tele-density stood at 57.47%, as on March 31, 2019.

Among the service areas excluding metros, Himachal Pradesh has the highest tele-density (146.39%) followed by Kerala (126.15%), Punjab (125.35%), Tamil Nadu (117.05%), Gujarat (107.21%), Haryana (97.66%), Andhra Pradesh (97.55%), Jammu & Kashmir (89.43%). Among the metros, Delhi tops with 238.58% tele-density. On the other hand, the service areas, such as Bihar (59.95%), Uttar Pradesh (68.63%), Assam (68.81%) and Madhya Pradesh (70.11%) have comparatively low tele-density.

Tele Density: India (%)
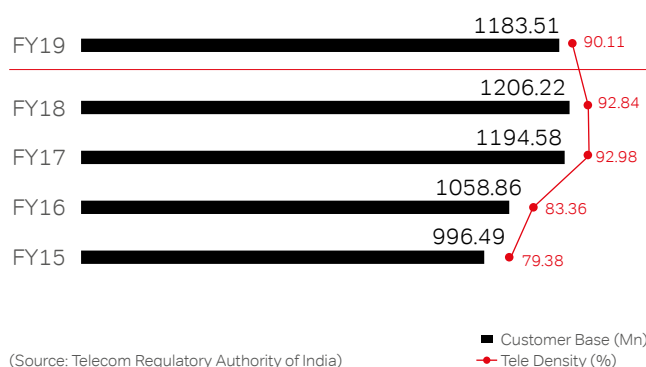
(Source: Telecom Regulatory Authority of India)

■ Customer Base (Mn)
●— Tele Density (%)

With the tele-density at its current levels, there remains a significant headroom for expansion, especially in rural areas. Differentiated services and personalized digital offers will be the key drivers for the market in urban areas.

The broader industry, having consolidated to three large players, started seeing some return of stability and green shoots of growth. Prices however have remained subdued and need to move up in the long term to ensure industry viability. With imminent digitization, the sector also needs to make a dynamic shift from simply being a pipe providing connectivity to being an ecosystem of digital services. The sector needs to identify new growth areas which combine the potential of digitization and existing core competencies of telecom in addition to making the core business more cost efficient and agile to be able to drive the fourth industrial revolution.

The sector continues to witness data boom and rising consumption of content and related services. There is a strong growth in internet users fuelled by increased availability of bandwidth, affordable data plans and increased use cases; as also awareness driven by the digital India initiatives of the government. Providing a seamless, high speed network experience and building requisite capacities to cater the consumption boom will be critical for supporting the sector expansion.

The wire-line customer base stood at 21.70 Mn at the end of March 31, 2019 vis-à-vis 22.81 Mn at the end of March 31, 2018.

African Telecom Sector

Africa has been the fastest-growing mobile market in the world during the past few years fuelled by favourable macroeconomic factors manifesting in higher consumption, licensing opportunities and relatively stable regulatory and economic environment. Continued investments by operators across the continent has led to drastic improvement in the telecommunication infrastructures.

Revenue growth for Airtel in Africa has been strong, driven by mobile money and data. Airtel is the leading operator in 12 of the 14 countries in Africa in which it operates.

With the overall growth story remaining strong with a full year witnessing a double-digit revenue growth, the Company has embarked on a journey of cost consolidation and service diversification in-order to further improve profitability and enhance competitive edge. Diversification and digitization of offerings along with continued investment towards enhancing customer experience through high speed LTE network has led to a strong growth in Mobile Data and Money in addition to Voice.

Airtel Africa is undertaking an IPO on the London Stock Exchange along with a secondary listing on Nigeria Stock Exchange, subject to market conditions.

Development in Regulations

The year saw several regulatory changes and developments. The significant regulatory changes were:

India

- **The Telecommunication Interconnection (Amendment) Regulations, 2018:** Telecom Regulatory Authority of India (TRAI) on July 5, 2018 issued "The Telecommunication Interconnection (Amendment) Regulations, 2018". The key highlights are:

  - Service providers may request for additional ports at a Point of Interconnect (POI), if the projected utilization of such POI at the end of sixty days from the date of placing the request is likely to be more than 85%. The request shall be such that the projected utilization drops to less than 75%.

  - The projected utilization shall be calculated on the basis of daily traffic for the preceding sixty days at the POIs during busy hour.

  - The time frame for provisioning of ports for initial interconnection and augmentation of ports was revised to 42 working days.

  - The port charges and infrastructure charges, for all ports provided before February 1, 2018 shall continue to be payable as per the terms and conditions which were applicable to them before February 1, 2018.

- **Ruling on the validity of Aadhaar Card by Hon'ble Supreme Court for use by private institutions**

  - Section 57 of the Aadhaar Act has been revoked by the Hon'ble Supreme Court in its judgement dated September 26, 2018. The said section specified the use of Aadhaar card for identification purposes by private companies.

  - Vide this judgement Aadhaar based eKYC for mobile SIM verification of existing connections has been disallowed. Subsequent to this judgement, a new app-based customer enrolment method was approved by Department of Telecom (DoT) as an alternative to Aadhaar based verification.

- **Amendments to the License Agreement of Basic Service, Cellular Mobile Telephone Service (CMTS), Unified Access Service License (UASL), Unified License (UL), UL (Virtual Network Opeartor), National Long Distance (NLD) and International Long Distance (ILD) Licenses (other than UL) for change in interest rate on delayed payment:** Department of Telecommunications (DoT) has issued amendments in the various License Agreements including Basic Service, CMTS, UASL, UL, UL (VNO), NLD & ILD Licenses (other than UL) by which the interest levied in case of delayed payments of License Fee and Spectrum Usage Charges (as applicable) has been revised to MCLR + 4% w.e.f. April 2016.

- **Amendment to Telecommunication Mobile Number Portability (MNP) Regulations:** TRAI issued "Telecommunication Mobile Number Portability (Seventh

Amendment) Regulations, 2018" on December 13, 2018. These regulations shall come into force from September 30, 2019. The salient points of regulations are as below:

  - The porting timeline of 2 working days has been kept for Intra-Licensed Service Area (Intra-LSA) numbers & 4 working days for Inter-LSA numbers and corporate category. The validity of Unique Porting Code (UPC) has been kept 4 days in place of 15 days.

  - Telecom Service Provider will be liable to pay an amount, by way of financial disincentive not exceeding ten thousand rupees for each wrongful rejection of the request for porting, as the Authority may, by order direct.

  - Every Access Provider shall set up a mechanism for the purpose of receiving SMS from its subscribers requesting for a UPC and forwarding the same to the MNP zone to which the mobile number belongs.

  - Introduction of query response mechanism for the generation & delivery of Unique Porting Code (UPC) for all the cases except corporate category. The Mobile Number Portability Service Provider (MNPSP) will query the database of the Donor Operator on real time basis and ensure the delivery of UPC.

- **Amendment in Merger and Acquisition Guidelines:** DoT issued amendments in its Merger and Acquisition guidelines, 2014 on September 24, 2018. Salient features of the same are:

  - After the sanction of any scheme or proposal for compromise, arrangement and amalgamation filed before a Tribunal / Company Judge by a Company, the Licensor will provide its written approval within 30 days of receipt of request for such approval of the said transfer / merger of licenses / authorizations under Unified License.

  - The resultant entity can now, in addition to surrendering the excess spectrum beyond prescribed limit, also trade the excess spectrum held by it within one year post the merger / amalgamation.

- **Amendment to Unified License for Net Neutrality:** DoT issued an amendment to the unified license conditions for regulatory framework on Net-Neutrality on September 26, 2018. As per the amendment:

  - The Licensee will be prohibited from entering into any arrangement, agreement or contract that has the effect of discriminatory treatment of content.

  - These provisions will not be applicable on:

    - Specialized services, provided that these services are not usable or offered as a replacement of Internet Access Service.

    - Reasonable traffic management practices.

- Provision of emergency services or any services provided during time of grave public emergency, as per the process laid down by the licensor / regulator.

- Implementation of any order of a court or direction issued by the Government, in accordance with law.

- Measures taken in pursuance of preserving the integrity and security of the network and equipment.

- Measures taken in pursuance of an international treaty, as maybe specified by the Government.

- **National Digital Communications Policy 2018:** DoT released the National Digital Communications Policy 2018 on September 26, 2018. The key features include:

  - Review of levies and fees including License fee (LF), Spectrum Usage Charges (SUC), Universal Service Obligation Fund and the definition of Adjusted Gross Revenue (AGR).

  - Review of the concept of pass through charges to align the same with the principles of input line credit thereby avoiding double incidence of levies.

  - Identify and make available new spectrum bands for access and backhaul segments for timely deployment and growth of 5G networks.

  - Encourage the deployment of fiber by taking steps such as creation of National Fibre Authority, establishing common service ducts, facilitating Fibre-to-the-tower program to enable fiberization of at least 60% of telecom towers thereby accelerating migration to 4G / 5G etc.

  - Establish a unified policy framework and spectrum management regime for broadcast and broadband technologies.

- **Amendments to license on Internet Telephony:** DoT issued amendments to the Cellular Mobile Telecom Service (CMTS) / Unified Access Service (UAS) license on internet telephony on June 19, 2018. The key highlights are:

  - Internet telephony can be provided to customers by access service providers using internet services of other providers.

  - Internet telephony calls originated by international out roamers from international locations shall be handed over at the international gateway of licensed International Long Distance Operators (ILDOs) and international termination charges shall be paid to the terminating access service provider.

  - Telecom Service Providers (TSP) are allowed to allocate same number to the subscriber both for cellular mobile service and internet telephony service.

- The licensee providing internet telephony is required to comply with all the interception and monitoring related requirements.

- The public IP address used for originating / terminating internet telephony calls should be made a mandatory part of (Call Data Records) CDRs in case of internet telephony.

- **Issuance of In Flight and Maritime Connectivity Rules (IFMC), 2018:** DoT issued a notification on December 14, 2018 for permitting in-flight voice and data services (IFMC). Highlights of the notification are:

  - Following are eligible to apply for authorization to provide IFMC Services:

    - An Internet Service provider (ISP) (CAT-A) licensee or an Access Service licensee. These licensees should also hold an NLD license or a commercial VSAT CUG service license and a satellite gateway earth station within the service area of its license, in case connectivity through satellite is used.

    - Any Indian Company or any airline or any shipping Company (Indian or foreign permitted to enter Indian space). These companies are required to enter into a commercial agreement with either ISP licensee or an Access Service licensee (partnering licensee) to provide IFMC services.

  - Revenue earned shall be included in the Gross Revenue of the licensee, for the purpose of license fee and spectrum usage charges (SUC).

- **Regulations on Broadcasting and Cable Services:** The new Tariff framework, Interconnection & Quality of Service (QoS) regime of DTH as per "The Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017 dated March 3, 2017" has been implemented on March 31, 2019 and the subscribers have been migrated to the new regime. The salient features of the same are as follows:

  - Freedom and flexibility to the consumers to select the channels of their choice which they want to view and pay only for the choice made by them.

  - Consumers can select either ala-carte channels or a bouquet of a broadcaster / Distributor or any combination thereof.

  - Declaration and publication of a Reference Interconnect offer (RIO), each by a Distributor and Broadcaster to ensure transparency & level-playing field for all entities.

  - Transparent declaration of information relating to channel choices, prices, terms of subscription, provisioning of Set Top Box under the Quality of Service (QoS) Regulation.

- **Issue of Consultation Paper to review Port per Transaction Cost (PPTC) and other related charges for Mobile Number Portability (MNP):** TRAI, on April 1, 2019, issued a consultation paper to review the PPTC and other related charges for MNP. The paper comes after the Hon'ble High Court of Delhi vide it's Judgment dated March 8, 2019 had squashed the TRAI's "Mobile Number Portability Per Port Transaction Charge and Dipping Charge (Amendment) Regulation, 2018" dated January 31, 2018 to reduce the price of per successful port transaction charge from ₹ 19 to ₹ 4.

Africa

Uganda

- The Ugandan regulator in March, 2018 imposed conditions on the sale of SIM cards as well as SIM swaps on all operators. The regulator had also issued a directive, that with effect from July 2018, the operators are not allowed to sell scratch card in non-electronic form.

SCOT Analysis:

Strengths

- **Strong Presence**: One of the leading telecom players in India and #3 worldwide. Market leadership (Rank 1 & 2) in 12 of 14 African countries

- **Scale of Operation:** Presence in 18 countries serving over 403 Mn customers

- **Large Distribution Platform:** Robust platform enabling company to offer services like Mobile Money, OTT applications - Wynk Music, Airtel TV and Airtel Books

- **QuadPlay:** Only operator to leverage quad play: Mobile, Fixed Voice, Broadband and DTH

- **Strong Network**: Future proof network across access, transport and core layers. Pan India 4G / 3G spectrum

Challenges

- **Integration of Operations:** Geographically varied presence, integrating operations across India, South Asia and Africa leveraging common platform

- **Fast Changing Customer Needs:** Understanding evolving customer perceptions in fast-changing multi-cultural and multi-lingual environment

Opportunities

- **Rising Data Demand:** Data usage growth with a spurt in smartphone shipments and Government of India's digital drive. In Africa, mobile data traffic expected to see a more than 10-fold increase by 2023

- **Strong Partner Ecosystem:** Possibilities to have a host of strategic partnerships leading to differentiated customers experience in order to win customers

- **Digital payments:** India's digital payment space is expected to grow the segment by about five-fold to USD 1 trillion by 2023. Underpenetrated banking opportunity in Africa as well

- **Content:** Spurt in digital content consumption over internet. Video consumption contributes to >70% of data

consumption & India's video streaming industry is all set to grow at a CAGR of ~22%

- **Infra Sharing:** Active infra sharing can lead to reduced expenditures and efficient use of capex

- **Other non-mobile businesses:** Less than 10% fixed broadband penetration in overall 250+ Mn households in India. Digitization to uplift DTH homes which are currently just 40% of overall. Also, even less than 10% of 1.5 Mn SMB / Enterprises have internet connectivity

- **Benefits from Consolidation:** Improved industry dynamics due to the consolidation in the industry with recent mergers & exits of various telcos

Threats

- **Increased Competition:** Pressures on Average Revenue Per User (ARPU) due to increased competition

- **Regulatory Changes:** Uncertainties around political and economic environment across regions

- **Currency Exposures:** Volatility in currencies due to global macro-economic uncertainties and global trade tensions

Financial review

Consolidated Figures

Particular	FY 2018-19		FY 2017-18	
	₹ Millions	**USD Millions***	**₹ Millions**	**USD Millions***
Gross revenue	807,802	11,567	826,388	12,823
EBITDA before exceptional items	262,937	3,768	304,479	4,725
Interest, Depreciation & Others before exceptional items	309,545	4,430	263,878	4,095
Profit before exceptional items and Tax	(46,606)	(662)	40,602	630
Profit before tax	(17,318)	(253)	32,670	507
Tax expense	(34,193)	(495)	10,835	168
Profit for the year	4,095	59	10,990	171
Earnings per share (In ₹ / USD)	1.02	0.01	2.75	0.04

*1USD = ₹ 69.86 Exchange Rate for financial year ended March 31, 2019 (1 USD = ₹ 64.44 for financial year ended March 31, 2018)

Standalone Figures

Particular	FY 2018-19		FY 2017-18	
	₹ Millions	**USD Millions***	**₹ Millions**	**USD Millions***
Gross revenue	496,080	7,101	536,630	8,327
EBITDA before exceptional items	128,321	1,837	181,529	2,817
Interest, Depreciation & Others before exceptional items	208,407	2,983	182,300	2,829
Profit before exceptional items and Tax	(80,086)	(1,146)	(771)	(12)
Profit before tax	(52,037)	(745)	(6,812)	(106)
Tax expense	(33,747)	(483)	(7,604)	(118)
Profit for the year	(18,290)	(262)	792	12
Earnings per share (In ₹ / USD)	(4.58)	(0.07)	0.20	0.00

*1 USD = ₹ 69.86 Exchange Rate for financial year ended March 31, 2019 (1 USD = ₹ 64.44 for financial year ended March 31, 2018)

The Company's consolidated revenues stood at ₹ 807,802 Mn for the year ended March 31, 2019, as compared to ₹ 826,388 Mn in the previous year, decrease of 2.2% (an increase of 1.6% after normalising for impact of IUC rate cut in India and divested operating units of Africa). The revenues for India and South Asia (₹ 602,647 Mn for the year ended March 31, 2019) represented a de-growth of 6.5% compared to that of previous year (de-growth of 4.7% after normalising for impact of IUC rate cut). The revenues across 14 countries of Africa, in constant currency terms, grew by 11.7%.

The Company incurred operating expenditure (excluding access charges, cost of goods sold, license fees and CSR costs) of ₹ 373,976 Mn representing an increase of 7.3% over the previous year. Consolidated EBITDA at ₹ 262,937 Mn decreased by 13.6% (decrease of 10% after normalising for impact of IUC rate cut in India and divested operating units of Africa) over the previous year. The Company's EBITDA margin for the year decreased to 32.5% as compared to 36.8% in the previous year. Depreciation and amortization costs for the year were higher by 10.9% to ₹ 213,474 Mn. Consequently, EBIT for the year at ₹ 47,629 Mn decreased by 57% (decrease of 51.8% after normalising for impact of IUC in India and divested operating units of Africa) resulting in margin of 5.9% vis-à-vis 13.4% in the previous year. The cash profits from operations (before derivative and exchange fluctuations) for year ended March 31, 2019 was ₹ 167,777 Mn vis-à-vis ₹ 227,169 Mn in the previous year.

Net finance costs at ₹ 95,893 Mn were higher by ₹ 15,181 Mn compared to previous year mainly due to higher interest on borrowings by ₹ 22,731 Mn (FY'19 – ₹ 87,252 Mn, FY'18 – ₹ 64,521 Mn) partially off-set by lower finance charges (lower by ₹ 4,003 Mn) and higher investment income (higher by ₹ 3,533 Mn) in current year as compared to the previous year.

Consequently, the consolidated loss before taxes and exceptional items at ₹ 46,606 Mn compared to profit of ₹ 40,601 Mn for the previous year.

The consolidated income tax expense (after the impact on exceptional items) for the full year ending March 31, 2019 was (negative) ₹ 34,192 Mn, compared to ₹ 10,834 Mn for the previous year. The decline is primarily led by drop in profits in India and impact of creation of deferred tax asset in DTH and Nigeria. The underlying effective tax rate in India for the period was at 34.45% vs 24.45% for the full year ended March 31, 2018. The tax charge in Africa for the full year (excluding divested units) was at (negative) USD 59 Mn vs USD 130 Mn in the previous year on account of change in profit mix of the countries and impact of creation of deferred tax asset in Nigeria.

Exceptional items during the year accounted for impact of ₹ 29,288 Mn (gross). These included impact of gain / losses pertaining to re-assessment of levies, based on a recent pronouncement related to the manner of determination of such levies, creation of deferred tax asset in DTH and Nigeria, gain on account of deconsolidation of Airtel Payments Bank, operating costs on network re-farming and up-gradation program and assessment of tax provision during the year.

After accounting for exceptional items, the resultant consolidated net income for the year ended March 31, 2019 came in at ₹ 4,095 Mn as compared to ₹ 10,990 Mn in the previous year.

The capital expenditure for the full year was ₹ 287,427 Mn (USD 4.1 Bn) as compared to ₹ 268,176 Mn in the previous year (an increase of 7%). Consolidated operating free cash burn for the year was at ₹ 24,490 Mn as compared to cash flow of ₹ 36,303 Mn in previous year.

Return on Capital Employed (ROCE) has improved to 5.1% from 4.6% in the previous year.

The following table shows a summary of sector specific key ratios:

Key Ratios	Units	FY 2019	FY 2018	YoY%
Capex Productivity	%	40.6%	49.3%	-17%
Opex Productivity	%	46.3%	42.2%	10%
Interest Coverage Ratio[1]	Times	2.84	4.37	-35%
Net Debt to Shareholders' Equity	Times	1.52	1.37	11%
EBITDA Margin	%	32.5%	36.8%	-12%
Net Profit Margin[2]	%	0.5%	1.3%	-62%
Return on Shareholders' Equity[3]	%	0.6%	1.6%	-64%

1. Drop in Interest coverage ratio is driven by higher borrowing costs during the year

2. Drop in Net Profit Margin is attributable to lower Net Profits during the year

3. Drop in Return on Net worth is attributable to lower Net Profits during the year

Liquidity & Funding

As on March 31, 2019, the Company had cash and cash equivalents of ₹ 62,121 Mn and short-term investments of ₹ 46,232 Mn. During the year ended March 31, 2019, the Company generated operating free cash flow of (negative) ₹ 24,490 Mn. The Company's consolidated net debt as on March 31, 2019 increased by USD 1040 Mn to USD 15,651 Mn as compared to USD 14,611 Mn last year. The Net Debt - EBITDA ratio (USD terms LTM) as on March 31, 2019 stood at 4.32 times as compared to 3.19 times in the previous year, mainly on account of increased borrowings and reduced EBITDA. The Net Debt-Equity ratio stood at 1.52 times as on March 31, 2019, compared to 1.37 times in the previous year.

During the year, the Company undertook several initiatives to meet its liquidity and funding requirements. On 3rd May 2019, the Company launched a rights issue of 1.13 Bn fully paid up equity shares (face value ₹ 5 each) at a price of ₹ 220/- per share aggregating to ₹ 249.4 Bn with rights entitlement of 19 equity shares for every 67 equity shares held. The right issue will be closed on May 17th, 2019. The proceeds from the issue will be utilized towards its stated objective of deleveraging.

The Company also received investments of USD 1.25 billion from six leading global investors comprising Warburg Pincus,

Temasek, Singtel, SoftBank Group International and others through a primary equity issuance in Q3'2019 and $200 Mn equity investment from Qatar Investment Authority' (QIA) in Q4'2019 in Airtel Africa Limited, a subsidiary of the Company and holding entity of Africa operations of the Group. Total pre-IPO private placement now stands at $ 1.45 Bn.

The Company has announced an intended IPO at London Stock Exchange along with a parallel listing on the Nigeria Stock Exchange during the year 2019-20 and activities relating to the IPO have been initiated.

The Company continues to have access to both domestic and international debt capital markets.

Awards and Recognition

- Airtel, in 2018 and 2017, emerged as the fastest network for download speeds according to independent industry leaders in speed and performance testing. These agencies published various reports and data related to Telecom industry, which showed some emerging trends informing the consumers about the quality and coverage of various telecom operators across India along with some industry-specific insights; according to these reports Airtel has bagged the top spots across many categories like PAN India download Speeds and LTE availability etc.

- Airtel's music streaming app Wynk Music has been rated as 'Most Entertaining app of 2018' on Google Play Store. Also, the OTT music streaming app from Airtel introduced 'Your Year in Music 2018', a new way for its 100 Mn users to look back on their musical journey on the app with just a single touch. This initiative was aimed to create a deeply personalized music experience for its users.

- Airtel's Carrier Digital Platform won the 9th edition of Aegis Graham Bell Award for Wholesale Voice business under 'Service Innovation' category. The Aegis Graham Bell Award recognizes innovation in the field of Telecom, Internet, Media & Edutainment (TIME), felicitating outstanding contributions in these fields in India. Airtel's carrier digital platform is a first-of-its-kind platform that enables global carriers to do wholesale voice business with Airtel at the click of a button.

- Airtel ranked amongst the top 10 companies (out of 100) in the Indian Corporate Governance Scorecard, an independent report jointly developed by Bombay Stock Exchange, International Finance Corporation an Institutional Investor Advisory Services (IIAS) with support from the Government of Japan. Bharti Airtel is the only telecom Company to make it to the top 10.

- Airtel Business has been chosen as the winner in two prestigious categories - Best Wholesale Carrier (Global) and Best Wholesale Business Transformation at the Carriers World Awards 2018, a benchmark for excellence in the global wholesale market. The winners were determined by votes of the industry, making these a unique 'Users Choice' award for the wholesale and networking industry.

The Company launched a rights issue of 1.13 Bn fully paid up equity shares

- Airtel bagged top honors at CIO CHOICE awards. Airtel was declared as the winner in the Co-location, Public Cloud, Network Security and Information Security categories at the seventh edition of the CIO CHOICE awards. CIO recognition is conducted via an independent advisory panel of eminent CIOs and the winners in each category are selected by over 4000 CIOs from across the country.

- Airtel has been rated as the most admired Company in telecom, in a survey conducted by the Economic Times salary Survey 2017-18 among employees across the telecom space. The survey showed 21% of the respondents opting for Airtel as the most admired Company.

- Airtel was ranked first within the information technology and telecommunication (ICT) category at the 15th Annual national awards for excellence in Cost Management. The event organized by the Institute of Cost Accountants of India, a premier statutory cost and management accounting body, aims to recognize and honor organizations which have succeeded through efficient and innovative approaches in Cost Management.

- Airtel team engineering stood at 2nd place among 14 contending teams, at Nullcon 2019, a globally recognized security event.

- Airtel Centre of Excellence (ACE) has bagged the runner's up award at the Business Partners Challenge for Shared Services held in New Delhi. The event was organized by the Chartered Institute of Management Accountants, (CIMA) UK.

Segment-wise Performance

B2C services

Mobile Services: India

Overview

The year witnessed culmination of **consolidation within the Indian Telecom market** into three large private players.

The Company completed the acquisition of Telenor (India) Communications Private Limited thus adding 43.4 MHz spectrum to its portfolio. In addition, DoT accorded an in-principle approval for the merger of consumer mobile business of Tata Teleservices (Maharashtra) Limited (TTML) and Tata Teleservices Limited (TTSL) with Bharti Airtel Limited and Bharti Hexacom Limited subject to fulfillment of certain conditions. In addition to strengthening the spectrum portfolio, the synergies from the above acquisitions will help the Company to increase the operational efficiencies, fortify revenues and reinforce its market share.

As on March 31, 2019, the Company had 282.6 Mn customers in India. During the year, the Company modified the prepaid customer base definition in order to represent only the customers who transact and generate revenue. This is a more stringent definition and better indicates the operating performance of the Company. The churn decreased to 3.3% for the current year, compared to 3.5% during the previous year. The proliferation of bundles with unlimited outgoing calls has led to the minutes on network increase by 44.4% to 2,811 Bn. The Company had 115.1 Mn data customers at the end of March 31, 2019, of which 86.8 Mn were mobile 4G customers. The proliferation of bundles with high inbuilt data has also led to the total MBs on the network grow by 201% to 11,733 Bn MBs.

The Company continues to expand its reach within the digital space. **Wynk Music** is today the #1 music app in the industry with the highest engagement metrics. It crossed 130 Mn installs in March, 2019 and won the Editor's Choice Award on Google Playstore. **Airtel TV**, the video and LIVE TV streaming app from Airtel, crossed 100 Mn installs in March, 2019, underlining its growing popularity amongst smartphone users as the go to destination for digital content. It features over 350 Live TV channels, and a rich assortment of VoD content across 15 languages. The Company in partnership with Juggernaut launched **Airtel Books** in January, 2019, a digital book service where the users can read thousands of books anytime, anywhere and offers a content library featuring a robust collection of books from leading publishing houses.

During the year, revenues decreased by 10.2% (a decrease of 7.8% after normalising for impact of IUC rate cut) to ₹ 415,541 Mn as compared to ₹ 462,639 Mn in the previous year. The segment witnessed decline in the EBITDA margin to 22.7% during the year, compared to 32.6% in the last year. EBIT margin for the year declined to (negative) 13.8% , compared to 4.5% in the previous year.

In the face of rapidly changing customer needs and consumption, the Company remained focused on digital innovations to remain the network of choice. The Company also launched a number of innovative offerings to maintain differentiation in a highly competitive market throughout the year. Some of the initiatives launched during the year are as follows:

- The Company was first to introduce **minimum commitment plans** which aimed to rapidly simplify its pricing portfolio and help focus on providing differential services to high value consumers.

- **#Airtelthanks** was launched as one of the biggest digital transformation programs aimed to delight valued customers with exclusive benefits like premium content, device upgrades, network experience and red carpet customer care.

In order to remain ahead of the data demand curve, the Company continued to expand its "Project Leap" initiative with sustained investment targeted toward building data capacities and a superior 4G network across the country. The Company saw it's highest ever single year capex deployment during the

year. The Company took a number of initiatives to enhance its data capacities and network experience:

- It became the first operator to launch 4G services in the **Andaman and Nicobar Islands** in January, 2019.

- The Company deployed **LTE 900 technology** in 10 circles which offers significantly better indoor 4G coverage.

- The Company announced plans to deploy **Ciena's software** platforms to build one of the world's largest photonic control plane networks in India to enable super-fast broadband experiences over 4G / 5G / FTTH architectures.

- Along with Ericsson, the Company conducted India's **first Licensed Assisted Access (LAA) trial** over a live LTE network, which enables use of unlicensed spectrum in 5GHz band to enhance mobile broadband speed and experience.

- The Company deployed state-of-the-art Massive **MIMO technology** at the Kumbh mela this year and offered virtual reality based immersive experience to the visitors.

These investments and innovations helped reinforce the Company's position as the fastest network for download speeds for the Q1-Q2 and Q3-Q4 of 2018-19, according to many independent industry leaders in speed and performance testing. The Company had 181,079 network towers, compared to 165,748 network towers in the last year. Mobile broadband (MBB) base stations were at 417,613 the end of the year, compared to 298,014 at the end of last year.

Particulars	FY 2018-19	FY 2017-18	Y-O-Y Growth
	₹ Millions	₹ Millions	%
Gross Revenues	415,541	462,639	-10%
EBIT	(57,511)	20,829	-376%

Data and Voice Usage (Bn)

FY19: 11,733 / 2,811
FY18: 3,902 / 1,946
FY17: 733 / 1,340

■ Data usage (Mbs)　■ Voice usage (Mins)
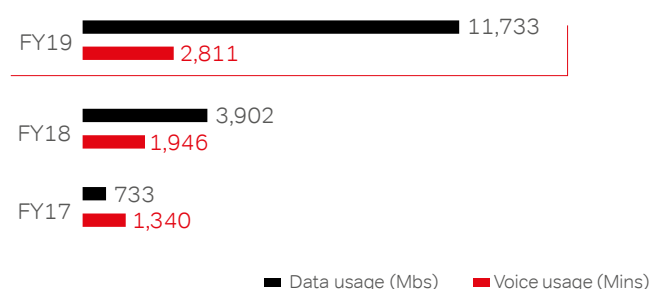
Key Highlights

Strategic Alliances & Partnerships:

Airtel continues to forge business partnerships with an aim to provide seamless customer experience with greater value proposition to end users:

- Further strengthening its '**Mera Pehla Smartphone**' initiative, Airtel entered into a **strategic partnership with**

- **Amazon India**, providing a cashback up to ₹ 2600 on over 65 Amazon.in exclusive 4G smartphones, including popular brands like Samsung, OnePlus and Xiaomi.

- **Airtel** and **Netflix** announced an **expansion** of their **partnership** in India through which subscribers of select Airtel Postpaid and V-Fiber Home Broadband plans would receive a **three month gift of a Netflix subscription**. Post these three months, these subscribers would be able to pay for their Netflix subscription seamlessly, using their Airtel postpaid or home broadband bill. The expanded partnership strengthens Airtel's already vastly differentiated & digital content portfolio while giving Netflix access to a large pool of premium Airtel customers.

- As part of its **23rd anniversary celebrations during the year**, Airtel rolled out exciting gifts for its smartphone customers in **partnership with Amazon Pay**. All prepaid customers on a bundled pack of ₹ 100 or higher, and postpaid customers on any infinity plan became eligible for a ₹ 51 gift card, which got loaded as Amazon Pay balance and could be used for bill payments, recharges and / or online shopping.

- Airtel has been **building a strong partner ecosystem for devices** to enable customers to easily upgrade to a device of their choice and do more on the smartphone. As part of this, Airtel brought the all new **Samsung Galaxy S10+ and S10**, to its Online Store at affordable down payments and convenient EMIs with built-in postpaid plans offering a host of benefits. Airtel also announced special offers with large data bundles and other exclusive benefits for users upgrading to any device from the new Xiaomi Redmi Note 7 series.

- **Airtel** and **ZEE Entertainment Enterprises Ltd**. ('ZEEL') announced a **strategic alliance** aimed at driving the growth of digital / OTT video content ecosystem in India. The alliance will leverage ZEE's popular content / LIVE TV portfolio and the reach of Airtel's digital platforms. As a lead content partner, ZEE will be making its curated digital originals available to Airtel customers over the next 3 years.

- Airtel announced a content **partnership with Hoichoi**, world's biggest Bengali **entertainment app** to offer exciting **Bengali digital content** to Airtel TV users. Hoichoi's exclusive Bangla content, including original shows and chartbuster movies is now available on the **Airtel TV app**, which now has one of the largest and most exciting digital content portfolios in India.

Mergers & Acquisitions:

Airtel concluded a host of M&A transactions as a part of its growth and diversification strategy and to harness economies of scale resulting from consolidations:

Airtel 3.0

Initiative was unveiled with a range of futuristic digital technologies and exciting products at the India Mobile Congress (IMC) 2018.

- Airtel completed the acquisition of **Telenor (India) Communications Private Limited** following all regulatory and statutory approvals. Airtel has integrated Telenor's operations across circles and has added 43.4 MHz spectrum to its portfolio. All the Telenor customers have been transitioned seamlessly and continue to enjoy uninterrupted services with the same SIM and same plan / pack benefits.

- On April 10, 2019 DoT accorded an In-principle approval for the merger of Consumer Mobile Business of **Tata Teleservices (Maharashtra) Limited and Tata Teleservices Limited** with **Bharti Airtel Limited and Bharti Hexacom Limited** subject to fulfillment of certain conditions.

Successful Divestment / Funding:

- Subsequent to the balance sheet date, on May 03, 2019, the Company launched a **rights issue of 1.13 Bn** fully paid up equity shares (face value ₹ 5 each) at a price of ₹ 220/- per share aggregating to ₹ 249.4 Bn with rights entitlement of 19 equity shares for every 67 equity shares held. The right issue will close on May 17, 2019. The proceeds from the issue will be utilized towards its stated objective of deleveraging.

- During the quarter ended December 31, 2018, due to the change in the shareholder rights of the Company in **Airtel Payments Bank Limited** ('APBL'), APBL ceased to be a subsidiary of the Group and has become an Associate under Ind-AS.

Network Expansion & Transformation:

Airtel took several initiatives to scale its network to meet the ever increasing needs of the customers for a world class network in a highly competitive industry scenario:

- **Airtel** and **Ericsson** conducted India's first Licensed Assisted Access (LAA) trial over a live LTE network. LAA enables the use of unlicensed spectrum in the 5 GHz band in combination with licensed spectrum. With this, customers can get a significantly enhanced mobile broadband experience and ultra-fast speeds, while operators make efficient use of unlicensed spectrum resources.

- **Airtel** unveiled '**Airtel 3.0**'- a range of futuristic digital technologies and exciting products at the India Mobile Congress (IMC) 2018. The showcase was part of the Company's vision under which it aims to build networks and services that enrich lives of customers by enabling a world-class digital experience.

- As part of **Project Leap**, Airtel's nationwide network transformation programme, Airtel continues to invest significantly towards upgrading and expanding its network.

  - With an aim to further enhance the indoor network coverage of its 4G services, Airtel has initiated refarming of its 900 MHz spectrum and has completed deployment of **LTE 900 technology** in 10 circles. Similarly, spectrum in 2100MHz band, which was being used for 3G, is being refarmed to 4G for providing additional capacity.

- Airtel became the first operator to launch 4G services in the Andaman and Nicobar islands on January 15, 2019, thus enabling local residents to enjoy digital services like HD quality video streaming, superfast downloads and uploads, high speeds internet browsing on Airtel's state-of-the-art FDD 4G network. It will contribute to the Government's Digital India vision.

- Airtel launched '**Bandwidth on Demand**' for businesses to enable them to efficiently manage their bandwidth requirements in real-time. The **first-of-its-kind digital platform** gives enterprise customers the flexibility to opt for bandwidth on an hourly, daily or monthly basis based on their unique business needs. This offers greater operational efficiency and tighter control over costs.

- Airtel announced its plans to deploy Ciena's coherent optical and intelligent software platforms to build one of the **World's Largest Photonic Control Plane networks** in India. The new backbone network spanning 130,000 kms will use available fiber resources efficiently to enable super-fast broadband experiences over 4G / 5G / FTTH architectures to serve the exploding demand for high-speed data services.

- Airtel announced a **host of initiatives** to offer a digital experience to its customers at the **Kumbh Mela** this year. Airtel customers were able to stream the Kumbh proceedings on the Airtel TV app from across the country. Airtel also deployed its state-of-the-art **Massive MIMO technology** at the venue to enhance its network capacity massively. In addition to this. Airtel also put up special kiosks at Kumbh to **offer Virtual Reality** based immersive experience to visitors.

Digital Innovations & Customer Delight:

In the face of rapidly changing customer demands, Airtel consistently remained on the path of digital innovations to nurture its customer journey across all touch points and to have a highly engaged customer force by providing exceptional customer experience.

- Continuing on its strategy of winning with quality customers, Airtel re-launched its flagship customer program - **#AirtelThanks**. The new program is tiered in its offering – Silver, Gold and Platinum with each tier having differentiated set of benefits for customers. Existing benefits have been expanded with more content, device & security services, financial services, differentiated customer care and surprise offers from top brands. In an industry first, Airtel launched **Amazon Prime benefits for Prepaid** as a part of its Thanks program.

- Airtel launched '**Foreign Pass**' - a range of **affordable international roaming voice packs** for prepaid customers in India. Starting at just ₹ 196, these voice call packs are available for 20 countries that are the most popular travel destinations amongst Indians today. The packs are aimed at offering travelers the convenience of keeping in touch with their friends and family instantly without worrying about running out of balance.

- **Airtel** has discontinued charges for activating international roaming services for both Postpaid and Prepaid users. Consequently, users will experience uninterrupted services while travelling internationally.

- **Airtel** launched the latest range of **Apple iPhones** - the iPhone Xs and iPhone Xs Max on its **Online Store**. Customer cash backs and reward points have also been rolled out to enable affordability for customers.

- **Airtel** launched **Google Assistant** based Digital Customer Care. In an industry first, **Airtel** has collaborated with **Google** to truly simplify its customer service experience by integrating its customer care with the Artificial Intelligence-powered Google Assistant.

- **Airtel** has introduced '**Smart Recharge**' plans that offer bundled offers for prepaid customers. These plans begin from ₹ 23, and extend up to ₹ 245. Each smart recharge plan from Airtel offers something unique, and comes with a minimum validity of 28 days.

- Airtel announced the launch of its **100th Next-Gen Airtel store** in India with the opening of the new format store at Park Street in Kolkata. Designed on the theme of creating excellence and wining customers for life, the Next-Gen Airtel stores set a new benchmark in customer engagement and experience. Conceptualized by UK based 8 Inc, the Next-Gen stores are wrapped in latest technologies, to serve customers with simple and transparent digitally enabled experiences.

- Airtel launched '**Wynk Tube**' as an extension of Wynk Music providing an integrated and intuitive vernacular interface which allows users to stream audio and video of popular tracks. The app is available to users in 12 Indian regional languages besides English and Hindi and enables a highly personalized digital entertainment experience. Regional content and personalization through AI will help Airtel to further expanded its fast growing content portfolio.

Homes Services

Overview

The Company provides fixed-line telephone and broadband services for homes in 93 cities across India. The Homes broadband segment continued to witness some topline stress on the back of increasing shift toward mobile broadband and thereby dropping ARPUs. Consequently, the year saw an 11.4% Y-o-Y decline in revenues. The Homes business had 2.3 Mn customers as on March 31, 2019, representing a growth of 4.5% as compared to 2.2 Mn at the end of previous year. The Company continues to remain bullish about this segment and plans to further expand its footprints through continued investments to provide high speed broadband which is also in sync with the New Digital Communications Policy of the government which aims to provide '**Broadband for All**' by 2022. Total Home passes deployment during the year has been highest ever.

Revenues from Homes services stood at ₹ 22,391 Mn for the year ended March 31, 2019, as compared to ₹ 25,265 Mn in the

previous year, decrease of 11.4%. EBITDA margin improved during the year to 48.3% as compared to 46.7% in the previous year. During the year data traffic increased by 57.3% to 2,109.7 Bn MBs.

Particulars	FY 2018-19	FY 2017-18	Y-O-Y Growth
	₹ Millions	₹ Millions	%
Gross Revenues	22,391	25,265	-11%
EBIT	3,330	4,717	-29%

Homes Subscribers : (Mn)

FY19 ████████████ 2.27
FY18 ██████████ 2.17
FY17 ██████████ 2.13

Key Highlights

≡ **Airtel**, **in partnership** with DoT has begun piloting '**broadband experience centers**' riding on BharatNet infrastructure across the state of Uttar Pradesh. The partnership is aimed to enable citizens to experience high speed broadband connectivity and get access to e-governance, e-health, e-banking and e-commerce initiatives.

≡ Airtel launched **Airtel Home** – India's first-of-its-kind **digital quad-play platform** that simplifies the customer experience for homes that use multiple Airtel services. 'Airtel Home' allows customers to bundle multiple Airtel services – broadband, postpaid and DTH - as a single account with a unified interface. Customers also get one bill, premium customer support and enjoy up to 10% discount on their total bill.

Digital TV Services

Overview

Airtel Digital TV continues to expand its customer base, which crossed the 15 Mn mark during the year. The Company has witnessed a step up in customer additions on back of its premium HD content. Airtel Digital TV has 15.4 Mn customers on its Direct-To-Home (DTH) platform as of March 31, 2019. Airtel DTH is a pioneer in launching innovative products for its customer along with best in class customer service making it one of the fastest growing DTH operators with operations in 639 districts across the country.

The Company currently offers both standard and high definition (HD) digital TV services with 3D capabilities and Dolby surround sound. The Company currently offer 635 channels including 80 HD channels (including 1 HD SVOD service), 19 SVOD services, 5 international channels and 3 interactive services.

There was a key regulatory development in television broadcast industry wherein TRAI implemented the New Tariff Order (NTO) wef March 31, 2019. The NTO allows customers to select the channels and bouquets they want to subscribe to and pay accordingly. The Company has complied with the deadline set for implementation and has welcomed the move as it has the potential to usher in the next wave of digitized broadcasting across the country and is in line with its ethos of putting customer first.

Revenues for the year stood at ₹ 41,001 Mn for the year ended March 31, 2019, as compared to ₹ 37,570 Mn in the previous year, an increase of 9.1% with ARPU remaining almost flat at ₹ 231 as compared to previous year. The operating free cash flow on full year basis was at ₹ 6,931 Mn compared to ₹ 3,949 Mn during the previous year.

Particulars	FY 2018-19	FY 2017-18	Y-O-Y Growth
	₹ Millions	₹ Millions	%
Gross Revenues	41,001	37,570	9%
EBIT	7,410	5,306	40%

DTH Subscribers Base (Mn)

FY19 ████████████ 15.4
FY18 ███████████ 14.2
FY17 ██████████ 12.8

Key Highlights

≡ Airtel Digital TV in partnership with **Zee Theatre**, the theatre segment of Zee Entertainment, launched '**Spotlight**', a video on demand channel that will air the best of Indian plays by popular theatre groups from across the country. This will further strengthen our content portfolio and offer a wider genre of entertainment to our customers who will be able to watch over 100 plays in in Hindi, Marathi, Gujarati, Bengali and English ranging from classic, to thriller, to comedy.

B2B Services

Airtel Business

Overview

Airtel Business is India's leading and most trusted ICT services provider and offers diverse portfolio of services to enterprises, governments, carriers, and small and medium businesses. Airtel Business constantly provides innovative integrated solutions, superior customer service and unmatched depth / reach to global markets. Along with voice, data and video, our services also include network integration, data centers, managed

services, enterprise mobility applications and digital media. We also offer global services in both voice and data including VAS services like International Toll Free Services and SMS hubbing.

Revenues in this segment comprises of: a) Enterprise & Corporates Fixed Line, Data and Voice businesses; and b) Global Business which includes wholesale voice and data.

Global Business, the international arm of Airtel Business, offers an integrated suite of global and local connectivity solutions, spanning voice and data to the carriers, Telcos, OTTs, large multinationals and content owners globally.

Airtel's international infrastructure includes the ownership of i2i submarine cable system, connecting Chennai to Singapore and consortium ownership of submarine cable systems like South East Asia - Middle east - Western Europe – 4 (SWM4), Asia America Gateway (AAG), India - Middle East – Western Europe (IMEWE), Unity, Europe India Gateway (EIG) and East Africa Submarine System (EASSy). Along with these seven owned subsea cables; Airtel Business has a capacity on 22 other cables across various geographies. The Company also entered into partnerships during the year to further diversify its global network in emerging markets.

Its global network runs across 250,000 Rkms with over 1200 customers, covering 50 countries and five continents and 65 Global PoPs (Point of presence). This is further interconnected to its domestic network in India and direct terrestrial cables to SAARC countries, Myanmar and China helping accelerate India's emergence as a preferred transit hub.

Leveraging the direct presence of Airtel Mobile operations in 16 countries across Asia and Africa, Global Business also offers mobile solutions (ITFS, signalling hubs, messaging), along with managed services and SatCom solutions. Global Business is also providing advanced consumers solutions like IOT to global customers.

Airtel Business witnessed a year of good growth led by surge in global and domestic data revenues. Revenues for the year grew by 9.7% as compared to previous year. It maintained strong margins and positive cash flows with the operating free cash flow on full year basis being ₹ 26,176 Mn compared to ₹ 33,650 Mn during the previous year. The Company continued focus on winning in the core business while building upon new revenue streams and emerging businesses in the areas of IoT, Security and Data Centers.

Particulars	FY 2018-19	FY 2017-18	Y-O-Y Growth
	₹ Millions	₹ Millions	%
Gross Revenues	124,538	113,566	10%
EBIT	27,466	31,029	-11%

Key Highlights

Digital Transformation and Strategic Alliances

- In a global first, **Airtel launched** an **innovative carrier digital platform**, which enables carriers to do wholesale

voice business with Airtel at the click of a button. The digital platform offers paperless sign-up, quick voice interconnects and real-time traffic analytics for global carriers across the world.

- **Airtel** and **Telecom Egypt (TE)**, Egypt's first integrated telecom operator, announced a **strategic partnership** for global submarine cable systems, wherein, Airtel will get an IRUs (Indefeasible Right of Use) on Middle East North Africa (MENA) submarine cable and TE North Cable Systems. The transaction is aimed to be concluded after the fulfillment of all conditions precedent. With this, Airtel has further diversified its global network to serve the massive growth in demand for data services, particularly in emerging markets across South Asia, Africa and Middle East.

- Airtel announced a **partnership with Zoom Video Communications Inc.**, to launch India's first high quality unified **communications service**. The offering provides an integrated and secure platform for High Definition (HD) audio, video and web conferencing. Unique features like, instant one click access, content sharing, recording, virtual backgrounds, Company branding, multi-layer security and more, will enable businesses to foster effective collaboration amongst its employees and teams globally.

- Airtel announced a **strategic alliance** with **CISCO** to bring advanced connectivity solutions to enterprise and SMB customers. As a part of the partnership, Airtel will offer Managed Software-Defined Wide Area Network (SD-WAN) and Cisco Webex solutions to bring best-in-class digitization and collaboration solutions to further consolidate its leadership position in the Indian B2B segment.

Mergers and Acquisitions

In May 2019, the Company announced an agreement to combine its VSAT (Very Small Aperture Terminal) satellite communications operations in India with Hughes Communications India Ltd (HCIL), a global leader in broadband satellite networks and services. The combined entity will benefit from enhanced scale, improved operational efficiencies and wider market reach and will be able to introduce new VSAT and related technologies to deliver a wide range of quality products and services. The combined entity will continue to serve existing Hughes and Airtel customers. The transaction is subject to approvals by relevant authorities.

Passive Infrastructure Services

Overview

Our subsidiary, Bharti Infratel Ltd (Infratel), is India's leading provider of tower and related infrastructure and it deploys, owns & manages telecom towers and communication structures, for various mobile operators. It holds 42% equity interest in Indus Towers, a joint venture with Vodafone India and Aditya Birla Telecom who hold 42% and 16% respectively. The Company's consolidated portfolio of 92,277 telecom towers, which includes 40,388 of its own towers and the balance from its 42% equity interest in Indus Towers, makes it one of the largest tower infrastructure providers in the

country with presence in all 22 telecom circles. The Company has been the industry pioneer in adopting green energy initiatives for its operations. Bharti Infratel is listed on the Indian stock exchanges, NSE and BSE.

Key Highlights

Mergers and Acquisitions:

During the year ended March 31, 2019, **Bharti Infratel Limited** and **Indus Towers Limited** and their respective shareholders and creditors have entered into a scheme of amalgamation and arrangement (under section 230 to 232 and other applicable provisions of the Companies Act, 2013) ('Scheme') to create a pan-India tower company operating across all 22 telecom service areas. The combined company, which will fully own the respective businesses of Bharti Infratel and Indus Towers, will change its name to Indus Towers Limited and will continue to be listed on the Stock Exchanges. The merger has been approved by **Competition Commission of India (CCI), SEBI and NCLT**. The amalgamation would "become effective" when a certified copy of the NCLT order is filed with the Registrar of Companies "upon fulfilment / waiver of other conditions prescribed in the scheme."

Particulars	FY 2018-19	FY 2017-18	Y-O-Y Growth
	₹ Millions	₹ Millions	%
Gross Revenues	68,185	66,284	3%
EBIT	21,257	20,452	4%

Africa

Overview

The year has been marked with significant events in African operations primarily related to the intended IPO.

The Company has announced an intended IPO at London Stock Exchange along with a parallel listing on the Nigeria Stock Exchange during the year 2019-20 and activities relating to the IPO have been initiated.

During the year, the Company has completed substantial network modernization to cater to data coverage and capacity requirements. With this modernization, Company now provides U 900 in 12 OPCOs and 4G services in 11 OPCOs.

In Africa, exchange rates have been largely stable except devaluation of CFA in Franco countries and Zambian Kwacha which have seen currency depreciation versus the US dollar. To enable comparison on an underlying basis, all financials and all operating metrics mentioned below are in constant currency rates as of March 1, 2018 and and are adjusted for divestment of operating units for all the periods i.e. the comparison till PBT has been given below for 14 countries. PBT as mentioned below excludes any realized / unrealized derivatives and exchange gain or loss for the period.

As on March 31, 2019, the Company had 98.9 Mn customers in Africa across 14 countries as compared to 89.3 Mn customers in previous year, an increase of 10.7%.

Customer churn for the year is at 5% as compared to 4.4% in the previous year mainly due to introduction of stringent regulations around KYC. Total minutes on the network during the year increased by 29.9% to 207.3 Bn. Data customers increased by 5.1 Mn to 30 Mn accounting for 30.4% of the total customer base as compared to 27.9% in the previous year. The total MBs on the network has increased by 65.3% to 392.6 Bn MBs with usage per customer increasing from 954 MBs to 1,192 MBs. Overall ARPU in Africa marginally declined from USD 2.9 to USD 2.8.

Total sites in Africa as on March 31, 2019 were 21,059 of which 16,426 were mobile broadband towers, representing 78.0% of the total sites.

Airtel Africa revenues grew by 11.7% to USD 3,153 Mn as compared to USD 2,824 Mn in the previous year. The Company's continued focus on running the operations efficiently and cost effectively has resulted in EBITDA of USD 1,228 Mn for the year as compared to USD 995 Mn in the previous year, increase of 23.4%. Consequently EBITDA margin improved by 3.7% to 38.9% compared to 35.2% in the previous year. Depreciation and amortization charges were at USD 458 Mn as compared to USD 446 Mn in the previous year. EBIT for the year was at USD 766 Mn as compared to USD 545 Mn in the previous year. PBT for the full year was at USD 487 Mn as compared to USD 226 Mn in the previous year. After accounting for full year capex of USD 630 Mn (PY: USD 419 Mn), operating free cash flow was USD 598 Mn as compared to USD 576 Mn in the previous year.

In ₹ Reported Currency

Particulars	FY 2018-19	FY 2017-18	Y-O-Y Growth
	₹ Millions	₹ Millions	%
Gross Revenues	215,026	191,074	13%
EBIT	52,107	35,600	46%

In USD Constant Currency – 14 Countries

Particulars	FY 2018-19	FY 2017-18	Y-O-Y Growth
	₹ Millions	₹ Millions	%
Gross Revenues	3,153	2,824	12%
EBIT	766	545	41%

Note: During the financial year 2017-18, Bharti Airtel Limited divested 1 operating unit in Africa. Accordingly, the above table has been shown for remaining 14 countries only.

Wireless Subscribers: AFRICA (Mn) - 14 Countries

FY19 98.85
FY18 89.26
FY17 76.73

98.9 Mn

Customers in Africa across 14 countries as on March 31, 2019

Key Highlights

Funding: Initial Public Offering ('IPO')

- Seven leading global investors comprising **Warburg Pincus, Temasek, Singtel, SoftBank Group International, Qatar Investment Authority ('QIA') and others** have invested **USD 1.45 Bn** in Airtel Africa Limited, a subsidiary of the Company and holding entity of Africa operations of the Group, through a primary equity issuance.

- Airtel Africa Ltd. has appointed global banks comprising J.P. Morgan, Citigroup, BofA Merrill Lynch, Absa Group Limited, Barclays Bank PLC, BNP Paribas, Goldman Sachs International and Standard Bank Group for an intended IPO on International Stock Exchanges.

Mergers, Acquisitions & Licenses

- Airtel Kenya is in the process of seeking regulatory approvals from relevant authorities for merger with Telkom Kenya.

- Following the consolidation of **Airtel Rwanda** and Tigo Rwanda, Airtel Rwanda is in the process of applying for a combined **licence for Mobile Financial Services** from the Bank of Rwanda.

- On April 23, 2018, the Niger Government granted Airtel a 4G Licence at a price 24M USD which included additional spectrum on the 1800 MHz (8 MHz) and 800 MHz (10 MHz).

- Airtel Uganda Public service provider license has been renewed for 1 year on the same terms and conditions of the existing license that had expired on December 11, 2018.

- Central Bank of Nigeria issued guidelines for license of Payment Service Bank in Nigeria. An application for Payment Service Bank ('PSB') license has been filed with Central Bank of Nigeria.

- In May 2018, the DRC regulator invited operators to apply for 4G license. Airtel has acquired 4G License along with 10 MHz spectrum in 800 MHz.

Network Transformation & Digital Innovations

- The Company has completed substantial **network modernization** to cater to data coverage and capacity requirements. With this modernization, Company now provides U 900 in 12 OPCOs and 4G services in 11 OPCOs.

- Airtel has achieved Network Leadership in Uganda with full 4G LTE Coverage across all its sites. Airtel is the first telco to achieve countrywide LTE coverage in Uganda.

- Airtel Chad has signed an agreement with the Ministry of National Education for payment of salaries to teachers through Airtel Money in Tchad.

Awards & Recognition

- **Airtel Touching Lives**, a corporate philanthropy initiative by **Airtel Nigeria** has been named **the Most Innovative CSR Leadership Initiative** by Marketing Edge, a leading publication focused on brands, media, advertising and communications.

- **Airtel Niger** has been awarded as **the best promoter of digital services** by the President.

- Airtel Uganda has been recognized by **Digital Impact Awards**, Africa as the Best Technology Brand on Social Media, Best Digital Customer Experience by Technology Brand, Best Saving and Lending Product (Digital driven), Best Professional, Legal and Regulatory brand.

- Airtel Tanzania won an Appreciation Award for its contributions and continued support in improvement of school environment in Tanzania by Tanga City Council and was also recognized for Mobile Health Support by Ministry of Health.

- Airtel Nigeria has been awarded with Smart recharge campaign of the year by Advertiser association of Nigeria.

- Airtel Nigeria was named 'Brand of the Year 2018' by the Board of Editors of "Leadership", one of foremost newspapers.

> ## Airtel Africa announced an intended IPO at London and Nigerian Stock Exchange during the year 2019-20.

South Asia

Overview

Full year revenue of South Asia was at ₹ 4,436 Mn as compared to ₹ 4,045 Mn in the previous year. EBITDA for the year was at ₹ 126 Mn as compared to ₹ 8 Mn in the previous year. EBIT losses for the year reported at ₹ 1,069 Mn as compared to loss of ₹ 1,268 Mn in the previous year. Capex for the year was ₹ 1,185 Mn as compared to ₹ 1,235 Mn in the previous year.

Particulars	FY 2018-19	FY 2017-18	Y-O-Y Growth
	₹ Millions	₹ Millions	%
Gross Revenues	4,436	4,045	10%
EBIT	(1,069)	(1,268)	16%

Share of Associates / Joint Ventures

A) Robi Axiata Limited

Robi Axiata Limited is a joint venture between Axiata Group Berhad, of Malaysia, Bharti Airtel Limited, of India and NTT Docomo Inc. of Japan. Axiata holds 68.7% controlling stake in the entity, Bharti Airtel holds 25% while the remaining 6.3% is held by NTT Docomo.

Robi Axiata Limited is the second largest mobile phone operator of Bangladesh and the first operator to introduce GPRS and 3.5G services in the country.

Key operational and financial performance:

Bangladesh	Unit	Quarter Ended			
		Dec-18	Sep-18	Jun-18	Mar-18
Operational Performance					
Customer Base	'000	46,886	46,753	44,729	45,609
Data Customer as % of Customer Base	%	60.4%	60.6%	59.5%	57.8%
ARPU	BDT	118	122	117	118
Financial Highlights (proportionate share of Airtel)					
Total revenues	₹ Mn	3,707	3,648	3,299	3,153
EBITDA	₹ Mn	1,042	983	833	679
EBITDA / Total revenues	%	28.1%	27.0%	25.3%	21.5%
Net Income	₹ Mn	(202)	1,036	(89)	(200)

B) Bharti Airtel Ghana Limited

Bharti Airtel Ghana Limited is a joint venture between Bharti Airtel Africa B.V. and MIC Africa B.V. Both the entities effectively hold 49.95% share in the merged entity.

Key operational and financial performance:

Ghana	Unit	Quarter Ended				
		Mar-19	Dec-18	Sep-18	Jun-18	Mar-18
Operational Performance						
Customer Base	'000	4,804	4,847	5,389	5,784	6,113
Data Customer as % of Customer Base	%	58.7%	56.5%	61.4%	56.7%	58.2%
ARPU	GHS	13.0	12.0	12.4	12.8	13.2
Financial Highlights (proportionate share of Airtel)						
Total revenues	₹ Mn	1,284	1,358	1,519	1,674	1,767
EBITDA	₹ Mn	(3)	(64)	108	319	262
EBITDA / Total revenues	%	-0.2%	-4.7%	7.1%	19.1%	14.8%
Net Income	₹ Mn	(1,550)	(1,214)	(906)	(961)	(241)

C) Airtel Payments Bank Limited

Airtel Payments Bank Limited has become an associate of Bharti Airtel Limited w.e.f November 01st, 2018.

Key operational and financial performance:

Airtel Payments Bank Limited	Unit	Quarter Ended	2 months ended
		Mar-19	Dec-18
Operational Performance			
Active users	'000	7,767	5,724
Financial Highlights (proportionate share of Airtel)			
Total revenues	₹ Mn	919	410
EBITDA	₹ Mn	(872)	(477)
EBITDA / Total revenues	%	-94.8%	-116.4%
Net Income	₹ Mn	(921)	(497)

Risk & Mitigation Framework

Bharti Airtel (the Company), has thrived globally by building a culture of innovation and high performance. The Company explores new markets and business models across the world; evolves new ways of customer and stakeholder engagement; enters into new strategic partnerships; adopts new technologies; and builds exponential efficiencies in existing systems. While these initiatives unveil a universe of possibilities, potential risks and uncertainties arise in a volatile business environment. The distress signals need to be picked up and addressed with urgency for smooth operations. Therefore, the Company has created a robust risk management framework in its operating landscape that caters to strategic, legal, financial, operational and climate risks. The Company has a sound practice to identify key risks across the Group and prioritize relevant action plans for mitigation. The key risks that may impact the Company and mitigating actions undertaken by the Company comprise:

1. Regulatory and Political Uncertainties (Legal & Compliance) — Outlook from last year > Stable

Definition

The Company operates in India, Sri Lanka and 14 African countries. Some of these countries (or regions within countries) are affected by political instability, civil unrest and other social tensions. The political systems in a few countries are also fragile, resulting in regime uncertainties; hence, the risk of arbitrary action. Such conditions tend to affect the overall business scenario. In addition regulatory uncertainties and changes, like escalating spectrum prices, call drops penalties, EMF norms among others are potential risks being faced by the business.

Mitigating actions:

- As a responsible corporate citizen, the Company engages proactively with key stakeholders in the countries in which it operates; and continuously assess the impact of the changing political scenario. The Company contributes to the socio-economic growth of the countries in its area of operation through high-quality services to its customers, improved connectivity, providing direct and indirect employment, and contributing to the exchequer. These activities are covered in detail through its annual sustainability report. It also maintains cordial relationships with governments and other stakeholders. The Country MDs and Circle CEOs carry direct accountability for maintaining neutral Government relations. Through its CSR initiatives (Bharti Foundation etc.), it contributes to the social and economic development of community, especially in the field of education.

- The Company actively works with industry bodies like Cellular Operators Association of India ('COAI'), Confederation of Indian Industry ('CII'), and Federation of Indian Chambers of Commerce & Industry ('FICCI') on espousing industry issues e.g. penalties, right of way, tower sealing amongst others.

- Regulatory team along with legal and network teams keeps a close watch on compliances with regulations and laws and ensures the operations of the Company are within the prescribed framework.

2. Economic Uncertainties (Operational) — Outlook from last year > Stable

Definition:

The Company's strategy is to focus on growth opportunities in the emerging and developing markets. These markets are characterised by low to medium mobile penetration, low internet penetration and relatively lower per capita incomes, thus offering more growth potential. However, these markets fall under countries which are more prone to economic uncertainties, such as capital controls, inflation, interest rates and currency fluctuations. Since the company has borrowed in foreign currencies, and many loans are carrying floating interest terms, it is exposed to market risks, which might impact its earnings and cash flow. These countries are also affected by economic downturns, primarily due to commodity price fluctuations, reduced financial aid, capital inflows and remittances. Slowing down of economic growth tends to affect consumer spending and might cause a slowdown in telecom sector.

Mitigating actions:

- As a global player with presence across 16 countries, the Company has diversified its risks and opportunities across markets. Its wide service portfolio including voice, data, Airtel Money, Digital Services and value added services helps widen its customer base.

- To mitigate currency risks, it follows a prudent risk management policy, including hedging mechanisms to protect the cash flows. No speculative positions are created; all foreign currency hedges are taken on the back of operational exposures. A prudent cash management policy ensures that surplus cash is up-streamed regularly to minimize the risks of blockages at times of capital controls. It has specifically renegotiated many operating expenditure / capex Fx contracts in Africa and converted them to local currency, thereby reducing Fx exposure.

- To mitigate interest rate risks, the Company is further spreading its debt profile across local and overseas sources of funds and to create natural hedges. It also enters in interest rate swaps to reduce the interest rate fluctuation risk.

- Finally, the Company adopts a pricing strategy that is based on principles of mark to market, profitability and affordability, which ensures that the margins are protected at times of inflation, and market shares at times of market contraction.

3. Poor quality of networks and information technology including redundancies and disaster recoveries (Operational)

Outlook from last year > Stable

Definition:

The Company's operations and assets are spread across wide geographies. The telecom networks are subject to risks of technical failures, partner failures, human errors, or wilful acts or natural disasters. Equipment delays and failures, spare shortages, energy or fuel shortages, software errors, fibre cuts, lack of redundancy paths, weak disaster recovery fall-back, and partner staff absenteeism, among others are few examples of how network failures happen.

The Company's IT systems are critical to run the customer-facing and market-facing operations, besides running internal systems. In many geographies or states, the quality of IT connectivity is sometimes erratic or unreliable, which affects the delivery of services e.g. recharges, customer query, distributor servicing, customer activation, billing, etc. In several developing countries, the quality of IT staff is rudimentary, leading to instances of failures of IT systems and / or delays in recoveries. The systems landscape is ever changing due to newer versions, upgrades and 'patches' for innovations, price changes, among others. Hence the dependence on IT staff for turnaround of such projects is huge.

Mitigating actions:

- The Company has state-of-the-art Network Operations Centre for both India as well as Africa to monitor real time network activity and to take proactive and immediate action to ensure maximum uptime of network.

- Network Planning is increasingly being done in-house, to ensure that intellectual control on architecture is retained within the Company. It continuously seeks to address issues (congestion, indoor coverage, call drops, modernisation and upgrade of data speeds, among others) to ensure better quality of network. Recent efforts also include transformation of the microwave transmission, fibre networks, secondary rings / links and submarine cable networks. The Company consistently eliminates systemic congestion in the network, and removes causes of technical failures through a quality improvement programme, as well as embedding redundancies. Tighter SLAs are reinforced upon network partners for their delivery. The Company's Network Team performance is measured, based on network stability, customer experience and competitor benchmarking. 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's philosophy is to share infrastructure with other operators, and enter into SLA-based outsourcing arrangements. We have been proactively seeking sharing relationships on towers, fibre, VSAT, data centres and other infrastructure. The disposal of towers in Africa to independent and well-established tower companies and long-term lease arrangements with them will ensure high quality of assets and maintenance on the passive infrastructure. The Company has put in place redundancy plans for power outages, fibre cuts, VSAT breakdowns, and so on, through appropriate backups such as generators, secondary links, among others. Similar approaches are deployed for IT hardware and software capacities; and internal IT architecture teams continuously reassess the effectiveness of IT systems.

- Information Security is managed by dedicated IT professionals, given the huge dependency on automated systems, as well as to ensure that customer privacy is protected.

4. Inadequate Quality of Customer Lifecycle Management (Operational)

Outlook from last year > Stable

Definition:

Prepaid market continues to be highly competitive & price sensitive. With consolidation in the industry, several processes now have scope of building efficiencies that can help us in remaining competitive in the market, especially in respect of customer acquisitions. In the absence of such simplification, inefficiencies like high rotational churn, high acquisition costs, low lifetime value of new customers could increase, resulting in increased costs and lower quality of revenue.

- Customer mind-sets and habits are shifting rapidly, reflected in their ever-rising expectations in terms of quality, variety, features and pricing. The competitive landscape is also changing dramatically, as operators vie with one another to capture customer and revenue market shares which is accelerating customer migration from legacy 2G / 3G networks to high speed 4G networks.

- The Company might see heightened competitive intensity in its non-wireless businesses on account of irrational pricing by potential new entrant leading to erosion of revenue & customers. In mobility business, the Company may face a risk of deeply discounted Volte feature phone pricing from new entrant. Content is becoming a major deciding factor for a customer to choose the operator.

Mitigating actions:

- In a major step towards simplification of customer journey, company had envisioned the task to streamline the product portfolio. Over the years, lot of redundancies which got created in the product portfolio were simplified by eliminating over 60% of unused products.

- The simplification drive was initiated with the introduction of Smart Combo recharges, starting at an affordable price

- point of 35. These all-in-one packs provide the benefits of Data, Tariff and talktime to the customers in a single denomination. Now customers don't need to purchase different packs rather one pack will provide all benefits.

- In order to derive higher extraction & enhance ARPUs from the dormant base that enjoyed free services, company introduced plans with minimum recharge commitment, which required customers to do a monthly recharge in order to use the services. The same was done keeping the affordability factor in mind at a minimum price of ₹ 23 every month.

- The acquisition processes were further strengthened by launching mandatory first recharge. Emphases was laid on acquiring customers on unlimited bundle packs. Continued monitoring customer acquisition process like new customer

acquisition churn, high acquisition recharge denominations, direct distribution, trade margins structures have yielded good results.

- In our continued effort to build and anchor the digital-first approach and delivering a compelling user experience and benefits, we have made Airtel Thanks App as a Centre-piece of our customer experience and engagement.

- Introduction of platform like Airtel thanks helped cater to the growing customer needs of content consumption. Clubbing additional services like Aitrel TV, Wynk Music, Handset insurance, on regular bundle recharges integrated and end-to-end experience through sharp propositions for high-value customers.

| 5. Data Loss Prevention (Operational) | Outlook from last year > Stable |

Definition

Personal data is any information relating to a customer, whether it relates to their private, professional, or public life. In the online environment, where vast amounts of personal data are shared and transferred around the globe instantaneously, it is increasingly difficult for people to maintain control of their personal information. This is where data protection comes in.

Data protection refers to the practices, safeguards, and binding rules put in place to protect your personal information and ensure that you remain in control of it. In short, you should be able to decide whether or not you want to share some information, who has access to it, for how long, for what reason, and be able to modify some of this information, and more. Data protection must strike a balance between individual privacy rights, while still allowing data to be used for business purposes, whilst adhering to data privacy norms and regulations.

Efforts to update regulations regarding privacy and personal data protection are underway in several countries and regions, most notably the European Union, which has introduced the General Data Protection Regulation ('GDPR') package. Compliance requirements for operators are in flux, particularly as regulators seek to strike a balance between consumer protection and national security needs. India is also close to having its own data protection law.

Mitigating actions:

The customer base of Bharti Airtel limited has been expanding at a tremendous rate. We also collect and process a large amount of personal information belonging to employees, temporary staff and third party personnel. These facts, coupled with introduction of new innovative value added services, have led to increase in the personal information handled by Airtel. We are committed to ensure that privacy of personal information is maintained during its entire lifecycle, through the implementation of stringent processes and relevant technologies.

"Bharti Airtel Information Privacy Policy ('BIPP')" is in alignment with the Information Technology ('IT') Rules 2011 and best practices of industry and GDPR. Airtel's privacy policy provides management direction and support to ensure privacy of personal information collected by Airtel. In order to allow collection, processing, retention, dissemination and destruction of the personal information in accordance with the appropriate laws, regulations and contractual obligations.

Bharti Airtel Information Privacy Policy ('BIPP') is applicable to all employees of Airtel and all third parties (including strategic partners) of Airtel who have access to personnel information of customers, employees and vendors. The BIPP is applicable across all business functions of Airtel and across all geographies of airtel in India including Airtel center office, 13 B2C circles and three airtel Business Regions.

Data leakage protection ('DLP') is a strategy for making sure that those in possession of sensitive information do not advertently or inadvertently share that information outside the virtual boundaries of the corporate network. The term is also used to describe software products that help organizations control what data end users can transfer. The data leakage prevention strategy at airtel has been designed to protect information at their most vulnerable points i.e. at the endpoint, at the web layer, and at the email layer.

All airtel endpoints are equipped with specialized software. This helps monitor various channels for potential data leakage. Should a potential violation be detected, an alert is generated and / or the data transfer request is blocked in real time. Similar solutions are deployed on the central email gateway and web gateway, to monitor emails and internet bound traffic respectively. A centralized monitoring team reviews the alerts and raises an incident for investigation and resulting action.

All incidents are tracked to closure in a time bound manner. Additionally, a monthly review of all incidents and their closure is conducted, to enable the organization to regularly refine the existing policies.

6. Increase in cost structures ahead of revenues thereby impacting liquidity (Operational / Strategic)

Outlook from last year > Stable

Definition:

Across markets, costs structures have been increasing both from volumes (new sites rollouts, capacity) and / or rate increases (inflation, Fx impacts, wage hikes, energy etc.). With the entry of new operator, market pricing has been dampened putting pressure on margins and cash flows thereby leading to increased debt leverage. Increased investment in network to ensure quality of service, continued spends on distribution and maintaining world class customer service are expected to remain thereby heightening debt levels.

Mitigating actions:

- The Company has institutionalized the War on Waste ('WOW') Programme, an enterprise-wide cost-reduction programme. This has been rolled out across all functions, business units and countries. All functions / business units / countries are targeting cost reductions and cost efficiencies. The Company continues to focus on capex optimization through various programmes like ICR, tower-sharing, fibre sharing through IRU or co-build.

- Digitization and automation with significant programmes on self-care, paper less acquisition, e-bill penetration, online recharges, Indoor to outdoor conversion, digital customer interactions are continuously monitored through our WoW initiative etc.

- The Company has been progressively maintaining to keep the debt levels at acceptable levels. To this end it has and continues to take decisions on inorganic sources of funding including rights issue of shares, divestment of Infratel and DTH stakes.

7. Inability to provide high quality network experience with exponential growth in data demand (Strategic)

Outlook from last year > Stable

Definition:

In order to keep pace with rising data demand of customers and to ensure competitive parity traffic, telecom companies will be required to invest heavily in building data capacities and broadband coverage expansion. Operators are adopting new strategies to provide unlimited voice and significant data benefits to customers. Additionally, today's customer is looking at seamless mobile internet experience and technology agnostic.

Mitigating actions:

- Airtel is expanding its broadband network footprint to fulfill customer experience and stay ahead of the of competition It is re-farming spectrum from legacy technologies like 2G & 3G to 4G, to get better coverage & capacity. Liberalized spectrum in 900MHz band has re-farmed to 4G to provide better in-building coverage. Similarly, spectrum in 2100MHz band (which was being used for 3G) is being re-farmed to 4G for providing additional capacity.

- Having deployed 4G FDD as coverage layer, Airtel is leveraging on the TDD layer for capacity expansion across the network. It is the first network in India which has up to five layers on 4G network, with capability to generate capacity in cells as per traffic requirement. Airtel has also deployed carrier aggregation across these layers to help its subscribers in getting best in class experience across these layers.

- For capacity expansion, innovative solutions are being deployed including mMIMO, split sectors and small cells in areas with hyper consumption. Airtel is the first operator to deploy wide scale mMIMO solutions (technology widely used in 5G networks), which is giving up to 4x capacity gains.

- Airtel is the first operator in India to deploy 4G in licensed and unlicensed band using LAA ('Licensed assisted access') technology, which would help in tapping unlicensed band spectrum (over & above licensed band spectrum) for generating capacity.

- Pan India VoLTE footprint and roaming across circles on VoLTE has been established because of which 20% of the voice traffic has been offloaded from legacy core to 4G (HD) voice. Introduction to VoWifi technology, which would carry voice calls on indoor / outdoor WiFi networks as per the user location. This would help in improving indoor customer experience and offload voice traffic to WiFi networks.

- Airtel will continue to step up backhaul readiness on site with increased fiberization and expansion of transmission backbone to aggregate capacity to cater additional data load.

- Technological evolution in telecom has been quite rapid and next few years we will witness wide scale commercial deployment of 5G. We are future proof for such scenarios and are building up for 5G network deployment.

- Airtel is investing in digitization of its operations using automation and machine learning practices. This would help us in real time network orchestration and self-optimize to get the best of capacity and user experience on a deployed base.

8. Gaps in internal controls (financial and non-financial) (Operational)

Outlook from last year > Stable

Definition:

The Company serves over 403 Mn customers globally with a monthly average of 256 Bn minutes of voice on network and huge data carried on wireless networks located at more than 204,000 towers. Gaps in internal controls and / or process compliances not only lead to wastages, frauds and losses, but can also adversely impact the Airtel brand.

Mitigating actions:

- The Company's business philosophy is to ensure compliance with all accounting, legal and regulatory requirements proactively. Compliance is monitored meticulously at all stages of operation. Substantial investments in IT systems and automated workflow processes help minimize human errors.

- Besides internal audits, the Company also have 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. The company has implemented a "Compliance Tool" which tracks provides a comprehensive list of all the external compliances that the company needs to abide, function-wise. The Compliance Tool's ownership lies with the head of the respective function with an oversight by the Legal team to ensure compliance.

- The Company has Internal Financial Controls and the Corporate Audit Group has tested such controls. The Audit Group has asserted that the Company has in place adequate tools, procedures and policies, ensuring orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records; and timely preparation of reliable financial information.

9. Lack of Digitization and Innovations (Strategic)

Outlook from last year > Emerging

Definition

Digitization is reshaping the telecom sector and will be a key driver for innovation within the Company as companies compete in a digital ecosystem away from pure connectivity based environment. Further evolving technologies result in change in customer value propositions. Digital content and apps have now become the favorites for mobile customers. Digital Mobile money technologies, innovative mobile apps, Cloud, M2M, SaaS and other technology-based SAS products are also evolving. Such rapid technology evolution may impact the functionality of existing assets and accelerate obsolescence. Keeping pace with changing customer expectations is a big agenda for the telecom sector. Lack of Digitization of internal business processes may render the company in-able or lethargic in turn to respond to customer needs. Rapidly evolving technologies like robotics, block chain, app automation for internal processes in Customer, Finance, Supply Chain and HR can render the company slow in decision making and reacting to new and emerging customer, vendor, and partner expectations.

Mitigating actions:

Digitization for the customers continues to be the prime area of focus, with several digital initiatives being undertaken.

- For digital growth, the Company has adopted a platform centric approach and created new digital platform for attracting millennials and digitally savvy customers. The homes platform will allow us to bring together services like DTH, Broadband and mobility through one install, one service and one bill. This convergence will lead a better customer experience and lower churn.

- The Company invested in building its own digital innovations such 'Wynk music', 'Airtel TV'. Wynk music and Airtel TV continues in the top 10 music and TV apps in the country. Airtel TV provides 300 live channels and 6000 movies & TV shows in 13 languages. These experiences provide a bonus layer of benefits which we can provide our customers which help reduce churn and improve ARPU.

- The company is investing in digital channels to create a great experience for our customers. Airtel Thanks app and 'Airtel.in' have seen tremendous growth in customer interaction over the course of the year. Moreover, Airtel Thanks app now comes with a loyalty program with Silver, Gold, Platinum tiers that provide our loyal customers with rewards. This reduces churn and provides additional opportunity for ARPU upgrade.

- The Company also invested in building its own digital innovations in offline distribution where the Mitra app enables new innovations like introducing assisted sales of life insurance offline.

- One of the key digital initiatives being run is creating a digital network. This covers network planning, deployment (including TOCOs and MS partners), operations and network quality. In addition the Company also partnered with SKT for creating network Data Lake and building deep analytics and intelligence on top of it. We are now using data science to aid efficient network planning.

10. Climate Change (Strategic)	Outlook from last year > Emerging

Definition

Over the last decade, climate change has emerged as a credible risk to almost every business sector, including the telecommunication sector. Telecom industry's carbon footprint is likely to increase as developing markets continue to grow, network traffic increases, and companies move towards 5G. In order to address this, GSMA ('Global System for Mobile Communications') has recently constituted a taskforce to develop Climate Action Plan for the telecom industry, in support of the Paris Climate Agreement. This is driven by the objective to develop methodologies that will enable the industry members to set science based targets and achieve net zero carbon emissions by 2050 or sooner. This will facilitate the industry to take a leadership position in transcending towards a carbon positive economy.

Bharti Airtel Limited is a member of the taskforce created by GSMA, supporting the endeavor to move towards cleaner operations and more energy efficient networks. Consequently, there is an urgent need for us to identify potential risks posed by climate change and their impacts on the company, to be able to develop our own mitigation strategy. At Airtel, Climate change risks are considered an integral part of our centralized enterprise risk management.

We foresee climate change manifesting in the form of following risks to our business in the coming years:

≞ Policy and Legal Risk: Following the Green Telecom guidelines issued by the Department of Telecom ('DoT'), Government of India, calling for an increase in the use of green energy technologies in telecommunication sector, climate change is emerging as a potential factor that can interfere with the realization of our strategic, operational, financial and compliance objectives.

≞ Technology Risk: The need to transition to lower emission technologies, necessitated by regulatory or market environment, might lead to early retirement of existing assets. For instance, Green Telecom guidelines issued by DoT require all telecom products, equipment and services to be energy and performance assessed and certified 'Green Passport', utilizing the ECR ratings.

≞ Physical Risk: Because of increased frequency and severity of extreme weather events, there is a greater risk of damage to our network infrastructure and physical assets exposed to such weather.

≞ Market Risk: Adverse impacts of climate change might impact the livelihoods of some customers (for example, those in rural areas) thereby reducing their capacity to afford our services.

≞ Reputational Risks: Rising expectations of customers and other stakeholders from a business organization to contribute to a low-carbon economy, expose us to a certain degree of reputational risk.

Impact:

The above climate related risks have the potential to translate into the following impacts for Airtel:

≞ Higher operational expenses due to increased regulatory and compliance requirements, such as increased cost of GHG emissions and emission reporting obligations, as well as higher insurance premiums for assets exposed to climate risks.

≞ Increased capital investment in new technologies and green energy solutions.

≞ Impact on revenue from decreased operational capacity due to network failure or other interruptions.

≞ Increased frequency and intensity of extreme weather events interrupting our materials supply by disrupting modes of transport.

≞ Increased temperatures adversely impacting the health and safety of workers at our facilities, with the potential to disrupt operations and decrease revenue.

Mitigation:

We realize the considerable negative impact that climate change can have on our business and have identified 'Energy, Climate Change & Resource Optimization' as one of our high priority material issues. Following are some of the measures that we have taken to mitigate this emerging risk and build climate resilience:

≞ Adopting green energy solutions through installation of rooftop solar panels at Main Switching Centres ('MSCs') and using advance VRLA batteries to reduce the running of Diesel Generator sets in our operating sites.

≞ Reducing our energy consumption through measures such as Solar-DG hybrid systems, energy efficient lighting and equipment at our facilities and power purchase agreements, among other things.

≞ Working closely with network infrastructure and facility management to facilitate a shift to green mobile tower technologies that consume less power.

≞ Other initiatives aimed at creating green data centers, equipment optimization, outdoor BTS sites, minimizing e-waste and paper waste.

≞ Airtel is ISO 22301 (Business Continuity Management system) certified to reduce the likelihood of occurrence, prepare for, respond to, and recover from disruptive incidents when they arise.

For detailed information on our initiatives and measures to address climate change risks, please refer to the section on 'Natural Capital', Integrated Report 2019.

Internal Controls

The Company's philosophy towards internal control is based on the principle of healthy growth and proactive approach to risk management. Aligned to this philosophy, the Company has deployed a robust framework of internal controls that facilitates efficient conduct of business operations in compliance with the company policy; fair presentation of our financial results in a manner that is complete, reliable and understandable; ensure adherence to regulatory and statutory compliances; and safeguards investor interest by ensuring the highest level of governance. The Internal Control framework has been set up across the company and is followed at the circle and country level. This framework is assessed periodically and performance of circles and countries are measured via objective metrics and defined scorecards.

Accounting hygiene and audit scores are driven centrally through central financial reporting team and Airtel Centre of Excellence ('ACE'), both teams responsible for accuracy of books of accounts, preparation of financial statements and reporting the same as per the company's accounting policies. Regulatory and legal requirements, accounting standards, and other pronouncements are evaluated regularly to assess applicability and impact on financial reporting. The relevant financial reporting requirements, documented in the Group Accounting Manuals, are communicated to relevant units and enforced throughout the Group. This, together with the financial reporting calendar evidencing the tasks and timelines, forms the basis of the financial reporting process.

Deloitte Haskins & Sells LLP, the statutory auditors, have done an independent evaluation of key internal controls over financial reporting ('ICOFR') and expressed an unqualified opinion stating that the company has, in all material respects, adequate internal control over financial reporting; and such internal controls over financial reporting were operating effectively as on March 31, 2019.

The Company has in place an Internal Assurance ('IA') function with Head - Internal Assurance / Chief Internal auditor as its head. EY and ANB & Co ('ANB') are the Assurance Partners of the Company who conduct financial, compliance and process improvement audits each year. Legal & Regulatory audits are conducted by ANB while audits of the remaining areas are executed by EY. The internal assurance plan for the year is derived from a bottoms-up risk assessment and directional inputs from the Audit Committee. The Audit Committee oversees the scope and coverage of the IA plan, and evaluates the overall results of these audits during the quarterly Audit Committee meetings. Additionally, separate quarterly Audit Committee meeting are also held to review the progress made on previous gaps identified by Internal Assurance. During these meetings, functional Directors are invited from time-to-time, to provide updates on improvements on controls and compliance within their respective functions and update on the progress of any transformational projects undertaken. Internal Assurance also assesses the effectiveness of Internal Financial Controls ('IFC') and no reportable material weaknesses in the design or operation were observed for the current financial year.

A CEO and CFO Certificate forming part of the Corporate Governance Report, confirm the existence and effectiveness of internal Controls and reiterate their responsibilities to report deficiencies to the Audit Committee and rectify the same. The Company's code of conduct requires compliance with law and Company policies, and also covers matters such as financial integrity, avoiding conflicts of interest, workplace behavior, dealings with external parties and responsibilities to the community.

The Airtel Centre of Excellence ('ACE') based in Gurugram and Bengaluru, with its global footprint in 16 countries, is the captive shared service for financial accounting, Revenue Assurance, SCM and HR processes. Digitization of ACE is being aimed as a part of the transformation agenda and includes initiatives like system based reconciliation, reporting processes with vividly defined segregation of duties. ERP integration in Africa into an Oracle Single Instance across all African countries ensures uniformity and standardization in ERP configurations, chart of accounts, finance and SCM processes across countries. Quality of financial reporting and controls continues to show improvement. We continuously examine our governance practices to enhance investor trust and improve the Board's overall effectiveness. Initiatives such as virtual desktop interface for ultimate data security, self-validation checks, desktop reviews and regular physical verification are producing measurable outcomes through substantial improvement in control scores across India and Africa. Oracle Governance Risk & Compliance ('GRC') module has been implemented for India and Africa to strengthen existing controls pertaining to access rights for various ERPs, ensuring segregation of duties and preventing possibilities of access conflicts.

Material Developments in Human Resources

Human Resources has been a key enabler for Airtel, as it works towards creating a digitally empowered and future-ready organisation.

Airtel continues to have a strong people agenda built around the three pillars – Learn, Lead and Grow. Each pillar consists of various focused programmes, supported by state-of-art tech platforms. These initiatives have been created under the tutelage of experienced HR leaders and tech practitioners.

The first pillar – **Learn** ensures consistent upskilling and empowerment of talent to make them ready for a highly dynamic market. Airtel continues to invest significantly in its digital learning and development capabilities.

In addition to the ongoing learning at one's job & classroom programs, delivered in partnership with leading training organizations & institutes, Airtel also has 4 prominent digital learning platforms for employees.

The organization continues to partner **Coursera**, a global leader in online education and learning, to provide high level certifications from Ivy League universities. The tie up with **Pluralsight**, a leading technology learning platform, ensures our digital talent is equipped with the latest from the world of data

and technology. **Linkedin Learning** continues to be a success story at Airtel and has been enabling employees to enhance leadership, functional and behaviourial skills.

Airtel 101, the mobile learning platform, provides micro learning modules based on content developed by in-house teams. Airtel 101 continues to be one of the most frequented digital learning destinations at Airtel.

Overall, the learning agenda fortified with, more than **14,860 employees** across functions, completing nearly **10,000 courses,** clocking a combined total of more than **2,50,000** man hours.

The second pillar – **Lead,** continues to focus on growing leaders & aims to groom them for leadership roles within the organization. Airtel launched **Airtel Leadership Academy,** a common framework for leadership development of top talent across all levels. Under the initiative, Airtel currently runs **Future Leaders Program ('FLP')** to groom talent for middle management roles and **Advanced Leaders Program ('ALP')** to groom talent for senior management roles.

The development journey also has a built-in component of self-awareness in the form of an Individual Development Center & creation of the customized Development Plan for each of the participants. Each of these programs have flagship development modules, conducted in partnership with faculties from the world's leading universities.

The participants also get the opportunity of getting mentored by Senior Leaders and having Connect Sessions with the Airtel Leadership Team.

The third pillar – **Grow,** focuses on empowering employees to take absolute ownership of their careers within the organization. Under this pillar, career development programmes catering to different business functions, has helped employees to take up larger cross-functional roles with ease. This has also resulted in strong internal succession pipelines, providing better growth opportunities. The flexibility offered under the programme in addition to employee readiness through developmental interventions, has helped the organization to fill over 80% of the leadership roles internally itself. Today, over 15% of the employees are getting promoted regularly annually – another testament to the success of the programme.

Airtel also continued to establish itself as a viable and promising career brand on B-school and engineering campuses. As part of its **Young Leader Program,** Airtel hired 50 budding management leaders from top B schools across the country and 90 engineers as part of its **Young Technical Leader Program**. Airtel's flagship B-school case competition - **iCreate** witnessed an overwhelming response from MBA students across the

country with over 10,000 participants. The top 12 teams from across the country visited the Airtel headquarters in Gurugram and competed in a hotly contested finale.

Airtel is also running focused programmes to drive a cultural change within the organization. The company has relaunched various initiatives to promote diversity as well. **'WE' – Women Empowered,** the flagship programme to drive diversity, was revived last year. One of the popular initiatives, 'She For Change', a compendium of stories documenting personal narratives of transformation by Airtel's women was launched internally and promoted well across all digital touchpoints. The company also announced the launch of WeSecure, a safety app, developed by Airtel's in-house engineering team, was announced as well. Besides, a series of initiatives were announced for women employees including empanelment of health specialists.

Outlook

India's economy is growing at a healthy rate and has been progressing on a journey of becoming a digital first nation, powered by digital highways i.e. the mobile broadband infrastructure created by the telecommunications sector. India can create over $1 trillion of economic value from the digital economy in 2025, which is a potential of five-fold increase with mobile network playing a vital role. The Telecom industry in India is the second largest in the world and has witnessed exponential growth over the last few years primarily driven by affordable tariffs, wider availability, roll out of Mobile Number Portability ('MNP'), expanding 4G coverage, evolving consumption patterns of subscribers and a conducive regulatory environment. The growth is expected to continue with increased tele-density in rural areas and higher adoption and shipments of affordable smartphones. As per IDC, the smartphone market in India grew 14.5% in 2018 with shipment of 142.3 Mn units vs. 124.3 Mn units last year. This will also open up opportunities for growth in digital mobile banking, content streaming and e-commerce.

With increased economic activity, rapid urbanization, rising middle class and focus on infrastructure investment, the outlook for the Africa's telecom sector continues to remain positive. Availability of low-cost smartphones and enhanced 3G / 4G connectivity in the region has paved the way for substantial growth in the mobile broadband segment. Also, the need for financial inclusion in Africa is creating opportunities for mobile money services.

With the explosion of data and the rising interest in digital services, Bharti Airtel stands to gain by being an integrated player to offer as per customer requirements. With strong network investments, unique brand and an unflinching focus on serving the customer, the company is truly well poised to capitalize on the growth opportunities that the future heralds.