MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Telecom sector, which is the backbone of any economy, is going through a transformational change. Post the phase of aggressive price competition, last few years have been marked by consolidation in the industry, with the structure changing from more than 8 value players to now a structure of three private and one government operator. The sector has gone through turbulent times for past 30 months with industry revenue collapsing, unprecedented capex by the surviving players, and explosion of data and voice usage. India's internet user base has grown rapidly over this period, propelled by the decreasing cost and increasing availability of smartphones and high-speed connectivity at affordable prices. With this, India has become the second largest telecommunication market and has the second highest number of internet users in the world.

During this period of turbulence, Bharti Airtel has been able to defend its ground by holding on to its market share. This can be attributed to the Airtel's strategy of not simply being a pipe providing connectivity but being an ecosystem of digital services with an aim to win quality customers across verticals and offer them brilliant experience across all touch points. Equally, very strong network investments and a reliable trustworthy brand has held the company very well even in testing times.

The year gone by was an eventful year during which the sector was at an inflexion point; having seen the much needed repair initiatives besides certain unfortunate judiciary outcomes. The industry took a long awaited move of taking tariff upwards for prepaid mobile customers. Telecom players faced an unfavourable verdict on the AGR definition case from the Hon'ble Supreme Court. The government continues to be cognizant of the stress faced by the sector and approved the option for the telcos to defer the payment of the annual spectrum auction instalments due for next two financial years while keeping the overall tenure of payments unchanged. Also, based on the plea from the industry seeking a floor tariff on data; TRAI floated a consultation paper during the year.

During the last quarter of the financial year, the whole world struggled with the coronavirus pandemic. India witnessed the impact of the pandemic in the month of March, when the government proactively decided a country wide lockdown to reduce the spread of the virus. During the lockdown, importance of the telecom sector was yet again underscored. Telecom infrastructure acted as the backbone of the economic activity during the challenging time when every business was operating from remote location. Airtel demonstrated its commitment to keep all its customers connected all the time by undertaking special measures to assist low income group customers impacted by the COVID-19 crisis. The Company

extended the pre-paid pack validity for the customers who were not able to recharge during the lockdown. Airtel also extended an additional ₹ 10 of talk time in the pre-paid accounts of 80 Mn customers to enable them to make calls or send SMS and therefore stay connected with their loved ones. In addition, to facilitate recharges, Airtel navigated customers to digital channels and the offline channels which were open. Several new channels were also activated including bank ATMs, pharmacies as well as grocery stores. Self-care through IVR and Thanks app was doubled down, given call centers were operating at a significantly lower capacity. Network investments were advanced to boost network capacity in order to tackle the upsurge in data consumption and ensure uninterrupted mobile broadband connectivity to its retail and enterprise customers.

During the year, Airtel continued its focus on quality customers and maintained its obsession with superior networks and seamless experience to the customers. airtelThanks program was enhanced to offer a differentiated experience through owned and partner ecosystem. By putting customers at the heart of the strategy, the company invested heavily into the networks and was able to provide best video experience and download speed experience.

Financial discipline being the other focus area yielded various deleveraging efforts to enhance the balance sheet strength. The Company maintained a healthy leverage position through a mix of strategic and organic initiatives. The deleveraging initiatives included one of the largest rights issue in India and the largest QIP by a private player in India.

Operational and financial strength makes the Company truly well poised to capitalize on this once in a lifetime transformation in the Indian telecom industry.

Africa's favourable market dynamics provide Airtel significant mobile data and mobile money opportunities to capitalize on. With presence in underpenetrated geographies with promising macroeconomics, demographics and tele-density, Airtel stands to gain from its African operations.

Economic Review

Global GDP continued its trend with a growth of 2.9% in 2019 vs. 3.6% last year, despite weakness in global trade and investment. This weakness was widespread, affecting both advanced economies – particularly the Euro Area – and Emerging Market & Developing Economies (EMDEs). The year saw heightened policy uncertainty and weighed on international trade, confidence, and investment due to the prolonged period of rising trade disputes between United

States and China. With the agreement for partial rollback of tariffs, the financial markets sentiments improved by the end of the year. During the year, major central banks loosened policy, with interest rates in many advanced economies reaching unprecedented lows last year. Financial conditions in EMDEs improved in parallel, except in economies perceived as risky.

Economic activity in advanced economies grew by 1.7% in 2019 as compared to 2.2% in 2018. The slowdown was due to weak manufacturing activity and policy uncertainty associated with trade tensions. Growth in United States decelerated amid slowing investment and exports, while consumption was resilient with unemployment being near a five decade low along with a solid wage growth. Uncertainty concerning Brexit and weakness in industrial and automobile sector had an impact on the growth in Euro area.

Emerging Market and Developing Economies (EMDEs) grew by 3.7% during 2019, led by India & China. The growth came at a backdrop of EMDEs continuing to experience substantial weakness, with industrial production, trade flows, and investment decelerating sharply during the year. Economies that are deeply integrated into global and regional production and trade networks – most notably in Asia and Europe – particularly suffered from global trade tensions and decelerating trade flows during the year.

The year 2020 has started with the COVID-19 pandemic which is inflicting high and rising human costs worldwide. As a result of the pandemic, the global economy is projected to contract sharply by (negative) 3% in 2020, while as pandemic fades in the second half of 2020, the global economy is projected to grow by 5.8% in 2021. As per IMF, effective policies are essential to forestall worse outcomes. The pandemic impact is expected to have two phases: a phase of containment and stabilization followed by the economic recovery phase. The economic growth for 2020 may get impacted in the first phase due to necessary measures required to reduce contagion and protect lives. The recovery phase in late 2020 is expected to mark substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses.

Global Growth Trend (%)	Actual		Projections	
	2018	2019	2020	2021
World Output	3.6	2.9	-3.0	5.8
Advanced Economies	2.2	1.7	-6.1	4.5
Emerging Market and Developing Economies	4.5	3.7	-1.0	6.6
China	6.7	6.1	1.2	9.2
India	6.1	4.2	1.9	7.4
Sub-Saharan Africa	3.3	3.1	-1.6	4.1

Source: IMF World Economic Outlook April 2020

Indian Economy

As per IMF, Indian economy grew by 4.2% in 2019, which is among the fastest in the world but lower than last year growth of 6.1%. India witnessed a slowing cycle of growth with the stress in non-banking financial sector and decline in credit growth, having a trickle down impact on the whole economy. The year witnessed efforts and policy changes including significant easing of monetary policy with the repo rate cut, speeding up the insolvency resolution process under Insolvency and Bankruptcy Code (IBC), easing of credit in sector with major hit, reduction in the corporate tax rates, GST rate rationalisation and some PSU & private banks merger / restructuring.

Similar to other countries globally, India is also impacted by coronavirus and as it tries to fight with the spread of coronavirus with measures to contain the virus, its economic growth is projected to drop to 1.9% in 2020. IMF predicts the growth to bounce back to 7.4% 2021 with the recovery through fiscal and monetary policy measures. India may benefit due to substantial correction in the crude oil prices overs last few months, while some of which will be diluted due to a steep depreciation of rupee against dollar.

7.4%

Projected GDP growth
rate for 2021

African Economy

The Sub-Saharan Africa economy grew by 3.1% in 2019 vs. 3.3% last year. The economic activity in Sub-Saharan Africa was impacted by softening external demand, heightened global policy uncertainty, and falling commodity prices. Domestic fragilities in several countries further constrained activity. The growth was driven majorly by countries like Nigeria, Gabon, Chad, Ghana, Côte d'Ivoire, Ethiopia, Kenya, Tanzania, Uganda, and DRC.

With the recent crude oil price drop, dollar appreciation and global coronavirus impact, economic growth in Sub-Saharan Africa is expected to drop to -1.6% in 2020, followed by a pickup to 4.1% in 2021. IMF expects sectors such as construction or services to lead the growth recovery in 2021.

4.1%

Projected GDP growth rate for
African economy - 2021

Sources:
World Bank Global Economic Prospects 2020: http://www.worldbank.org/en/publication/global-economic-prospects
IMF World Economic Outlook 2020: https://www.imf.org/en/Publications/WEO
India Economic Survey 2019-20: https://www.indiabudget.gov.in/economicsurvey/

Megatrends that Drive Our Business

- India's demographic advantage in terms of young population is proving as a big boost to the mobile data penetration. Data usage per subscriber is growing more than 30% Y-o-Y.

- As per IDC, Indian smartphone market, second largest in the world, witnessed an 8% annual growth with a total shipment of 152.5 Mn units in 2019. Migration from feature phones to smart phones continues to fuel the smartphone shipments in the country. Rising rural income and increasing rural tele-density is providing a significant opportunity for the telecommunications industry. Aggressive push by government on make in India front can help in reducing the cost of manufacturing of locally produced smartphones, thus fuelling smartphone adoption in the country.

- Post COVID-19 related lockdown, the work from home may become a new normal for many organisations, thus creating opportunities for different telecommunication services across the spectrum- fixed line, broadband, enterprise solutions besides pure mobile connectivity

- The role of telecom companies is no longer restricted to just providing the "pipe" and the right price plan. It is now about creating an ecosystem of digital services (music, content, payments and much more) and leveraging data, network, and distribution assets to deliver these services. Rapid growth in usage of Over The Top (OTT) platform creating opportunities for all. Regional content including video and music is gaining attraction across the country.

- While implementation and rollout of 5G looks to be some time away, however the standards and ecosystem on 5G has already gathered pace with more and more use cases coming into picture. The telecom players have started testing use cases with the trial 5G spectrum 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. Telecom will play a critical role in providing connectivity and solutions in this market.

- 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 useful with possibilities to provide enhanced voice calls experience with the use of Wi-Fi calling (Voice over Wi-Fi).

- 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 1,177.02 Mn as on January 31, 2020. 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 0.5% from 1,183.51 Mn as on March 31, 2019. Consequently, the tele-density also contracted to 87.45% from 90.11% last year. The urban tele-density stood at 144.16%, whereas the rural tele-density stood at 58.03% as on January 31, 2020.

Among the service areas excluding metros, Himachal Pradesh has the highest tele-density (148.29%) followed by Kerala (128.09%), Punjab (122.77%), Tamil Nadu (108.21%), Gujarat (98.88%), Andhra Pradesh (98.76%), Haryana (97.04%), Rajasthan (84.48%), Jammu & Kashmir (83.98%). Among the metros, Delhi tops with 280.11% tele-density. On the other hand, the service areas, such as Bihar (53.07%), Madhya Pradesh (67.1%), Uttar Pradesh (67.15%) and Assam (68.57%) have comparatively low tele-density.

The wire-line customer base stood at 20.58 Mn at the end of January 31, 2020 vis-à-vis 21.70 Mn at the end of March 31, 2019.

Tele Density: India (%)

	Customer Base (Mn)	Tele Density (%)
FY 2016-17	1,194.58	92.98
FY 2017-18	1,206.22	92.84
FY 2018-19	1,183.51	90.11
FY 2019-20*	1,177.02	87.45

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

(Source: Telecom Regulatory Authority of India)

(*2019-20 represents Telecom Subscription Data as on January 31, 2020)

Airtel Africa's Services & Network

Airtel Africa is the leading provider of telecommunications and mobile money services, with a presence in 14 countries in Africa, primarily in East Africa and Central and West Africa. Airtel Africa offers an integrated suite of telecommunications solutions to its subscribers, including mobile voice and data services as well as mobile money services both nationally and internationally and aim to continue providing a simple and intuitive customer experience through streamlined customer journeys.

The Mobile voice business line comprises pre and post-paid wireless voice services, international roaming as well as fixed-line telephone services. Africa Airtel's mobile data business line comprises data communications services, including 2G, 3G and,

increasingly, 4G data services, and other value-added services for mobile subscribers. The Airtel Money business line comprises a mobile commerce service that is accessible 24 hours a day, 7 days a week through customers' mobile devices. Working in partnership with local financial institutions, this service enables Airtel Money customers to send and receive money and to make payments for utility bills and, in certain countries, to pay for goods and services, to deposit and withdraw funds through a linked bank account, to make card-less withdrawals from partnered ATMs and to access microloans, which are facilitated by the Group and accessible through its mobile network in partnership with third-party loan providers.

Double Digit

full year revenue growth
in Africa

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.

Development in Regulations

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

India

- **Issue of recommendations on Auction of Spectrum in various bands to DOT:** Telecom Regulatory Authority of India (TRAI) released clarifications / reconsideration of its 'Recommendations on Auction of Spectrum in various bands' to Department of Telecommunications (DOT) on July 08, 2019. Key features of the same were:

  - TRAI recommended Reserve Price (per MHz) of 800 MHz & 900 MHz paired band in circles where spectrum is becoming available.

  - The minimum amount of spectrum that an existing licensee is required to bid in 900 MHz and 1800 MHz bands be revised downwards from 0.6 MHz to 0.2 MHz.

  - The entire administratively allocated spectrum in 800 MHz, 900 MHz and 1800 MHz bands (except for BSNL & MTNL) whose validity is going to expire by December 31, 2021 may be auctioned in the forthcoming auction.

  - No roll out obligations should be mandated for spectrum in 3300-3600 MHz band. Further, lock-in period for spectrum in this band for becoming eligible for spectrum trading should be same as in other bands i.e. 2 years instead of the earlier recommended 5 year period.

- TRAI recommended that in case a telecom service provider (TSP) acquires spectrum in 3300-3600 MHz band in more than one licensed service area (LSA), same frequency spots should be assigned to it in all those LSAs, subject to feasibility.

- **Issue of Consultation Paper on KYC of DTH Set Top Boxes:** TRAI released a consultation paper on KYC of DTH Set Top Boxes on July 19, 2019. Key proposals include:

  - Filling of KYC form and verification of Aadhar Card may be mandatory for any customer purchasing DTH equipment. In order to check location, in accordance with customer ID /Card ID, location-based services would have to be active in DTH Set-Top-Boxes.

  - GPS enabled Set-Top-Box (STB) with geo-fencing to Indian coordinates only may be used to restrict the illegal DTH run in other countries.

- **Clarifications issued regarding import of equipment to the service providers sharing the active infrastructure:** Department of Telecommunications (DoT) on September 18, 2019 has issued clarifications regarding import of equipment to the service providers sharing the active infrastructure. The following guidelines are to be followed by the respective Regional Licensing Officer (RLOs) for granting the license to import the equipment under such sharing agreement amongst service providers:

  - All the signatory service providers must have frequency authorization in at least one of the access service frequency bands.

  - It should be ensured that the sharing service providers hold spectrum in at least one of the bands supported by the equipment being imported. Such equipment should not support a frequency band in which none of the sharing service providers holds any spectrum.

  - The sharing partners need to submit a joint undertaking that the applicant service provider is importing these equipment as per the relevant sharing agreement entered amongst them; however, the use of the imported equipment by the individual service providers will be strictly limited to the respective spectrum holdings.

- **Recommendations on Review of terms and conditions for registration of OSPs:** On October 21, 2019 TRAI has released its recommendations on 'Review of terms and conditions for registration of Other Service Providers (OSPs).' The salient points include:

  - Only voice based outsourced OSPs need to have registration at par with existing process. Data/internet based OSPs would need to furnish intimation only.

  - Provision of services for captive purposes i.e. Captive contact centers have been kept out from the scope of OSP. They would require furnishing intimation only.

- Requirement of agreement of bank guarantee for sharing of infrastructure between domestic and international OSP of same company has been removed.

- Contact Center Service Provider (CCSP)/Hosted Contact Center Service Provider (HCCSP) providing platform as a service are brought under registration. The CCSP/HCCSP involved in reselling of telecom resources would require Virtual network operators (VNOs) license.

- CCSP/HCCSP to be given 3 months' time to get themselves necessary registration/license after declaration of the policy by DoT.

- Multiple OSP centers of single company within one licensed service area (LSA) can be registered as single OSP.

- **Supreme Court ruling on AGR matter:** The Supreme Court through its judgment and order dated October 24, 2019 ("AGR Judgment"), in relation to a long outstanding industry dispute, upheld the view considered by Department of Telecommunication (DoT) in respect of the definition of Adjusted Gross Revenue ("AGR") and directed the affected parties to deposit the amount due within three months' and report compliance. In the absence of any potential reliefs, the Group has accounted for a liability/provision of ₹ 366,178 Mn till March 31, 2020 (excluding the payments made in February 2020).

  The Hon'ble Supreme Court in a Supplementary Order of the same date directed the affected parties to pay amounts due to Department of Telecommunications ('DoT') within a period of three months, which ended on January 23, 2020.

  Subsequent to the Court Judgment, DoT had issued letters dated November 13, 2019 and February 03, 2020 to the Group to carry out own-assessment of the liability and afforded certain guidelines/clarifications to compute the amounts payable based on the Hon'ble Supreme Court Judgment. Accordingly, in February 2020, the Group based on its interpretation and assessment of the guidelines/clarifications, and the principles laid down in the court Judgment, made payments aggregating ₹ 127,490 Mn to the DoT, and an additional ₹ 50,000 Mn as a deposit (subject to subsequent refund/ adjustment) to cover differences resulting from re-verification/ reconciliation by DoT.

  On March 16, 2020, the DoT had filed an application with respect to giving reasonable time to the affected parties (a period of 20 years with 8% interest on unpaid amounts to duly protect the net present value) and to cease the currently applicable interest after a particular date. The Hon'ble Supreme Court, in a hearing on March 18, 2020, ordered that no exercise of self-assessment/ re-assessment is to be done and the dues which were placed before the Court have to be paid including interest and penalty. At the same hearing, the Hon'ble Supreme Court stated that the DoT application would be considered on the next date of hearing, which is pending disposal. The Group, without prejudice and given the matter is still being considered by the Hon'ble Supreme Court, has continued to recognize, in the same manner, its obligations under the judgments/ orders.

- **Amendment to MNP Per Port Transaction Charge and Dipping Charge (PPTC) Regulation (Second Amendment):** TRAI has released MNP Per Port Transaction Charge and Dipping Charge (PPTC) Regulation (Second Amendment) as per which the Per Port Transaction charge for each porting request has been changed to ₹ 6.46 from ₹ 4. The regulation will come into force from November 11, 2019. TRAI has decided to consider reviewing the PPTC after one year, if required.

- **Implementation of Telecommunication Mobile number Portability (Seventh Amendment) Regulations, 2018:** The date of implementation of "Telecommunication Mobile Number Portability (Seventh Amendment) Regulations, 2018" has been extended to November 11, 2019 from the earlier implementation date of December 13, 2018. The salient points of the regulation are as follows.

  - 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.

  Further, on February 26, 2020, TRAI also issued direction in respect to validity of Unique Porting Code (UPC) in case the recipient operator belongs to Jammu & Kashmir Licensed Service Area (LSA). The direction states that if Mobile Number Portability Service Providers finds that the recipient operator belongs to Jammu & Kashmir LSA and the donor operator belongs to any LSA other than Jammu & Kashmir, North East and Assam; the validity of the UPC in such porting requests shall be deemed to be fifteen days and validity of UPC shall be counted ignoring the day on which the request for UPC is made by the subscriber.

- **Amendment to Quality of Service regulations:** On November 11, 2019 TRAI released Amendment to Quality of service (QOS) regulations defining duration of alert for the called party w.e.f. November 15, 2019. The regulation defined time duration of alert for an incoming voice call on Mobile to be 30 seconds for Terminating Exchange & 90 seconds for Originating Exchange and the same on Landline to be 60 seconds on Terminating Exchange and 90 seconds on Originating Exchange.

- **Issue of order on the Framework of Publishing Mobile Number Revocation List:** On November 20, 2019 TRAI issued an order on the "Framework of Publishing Mobile Number Revocation List" to all the telecom service providers to facilitate publishing of the Mobile Number Revocation List (MNRL) of permanently disconnected mobile numbers on monthly basis on the TRAI's website.

- **Amendment to the Telecommunication Interconnection Usage Charges (Fifteenth Amendment):** On December 17, 2019, the Telecom Regulatory Authority of India (TRAI) issued "The Telecommunication Interconnection Usage Charges (Fifteenth Amendment) Regulations, 2019" which prescribes revision in the date of applicability of Bill and Keep (BAK) regime in respect of wireless to wireless domestic call termination charges. Key features are:

  - For wireless-to-wireless domestic calls, termination charge would continue to remain as ₹ 0.06 (paise six only) per minute up to December 31, 2020.

  - From January 01, 2021 onwards the termination charge for wireless to wireless domestic calls shall be zero.

- **Amendment to the DTH regulatory framework – the Telecommunication (Broadcasting and cable) Services (Eighth) (Addressable Systems) Tariff (Second Amendment) order, 2020:** On January 01, 2020 TRAI issued amendment to the DTH regulatory framework – The Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff (Second Amendment) order, 2020. The salient points include:

  - Introduction of twin conditions for pricing of bouquets by the Broadcaster:

    - The sum of the a-la-carte rates of the pay channels (MRP) forming part of a bouquet shall not exceed one and a half times the rate of the bouquet of which such pay channels are a part; and

    - The a-la-carte rates of each pay channel (MRP), forming part of a bouquet, shall not exceed three times the average rate of a pay channel of the bouquet of which such pay channel is a part.

  - Increasing the number of SD channels within the Network Capacity Fee (NCF) of ₹ 130/- per month from 100 to 200 and capping the NCF for more than 200 SD channels at ₹ 160/- per month.

  - Flexibility to Distribution Platform Operators (DPOs) to declare different NCFs for different geographical regions/areas within its service area, to offer promotional schemes at par with Broadcasters and to offer discounts on NCF and Distributor Retail Prices (DRP) on long term subscriptions with duration of 6 months and above.

  - Provision of discounts on NCFs for multi TV homes. DPOs shall not charge more than 40% of declared NCF per additional TV for 2nd TV connection and onwards in a multi TV home.

These amendments have been challenged by Broadcasters before various High Courts and the matters are pending without any interim relief.

- **Amendment to Telecommunication Consumers Education and Protection Fund (Fifth Amendment) Regulations, 2020:** On January 16, 2020, TRAI issued amendment to the Telecommunication Consumers Education and Protection Fund (Fifth Amendment) Regulations, 2020. The service provider will deposit any unclaimed consumer money of any form such as access charges, security deposit, plan charges of failed activations, or any amount belonging to a consumer, which service providers are unable to refund to consumers, to the fund after providing time of twelve months or period of limitation specified under law, whichever is later.

- **Implementation of the Telecom Commercial Communications Customer Preference Regulations (TCCCPR), 2018:** On January 20, 2020, TRAI issued direction regarding implementation of the Telecom Commercial Communications Customer Preference Regulations (TCCCPR), 2018 and had inter-alia directed Telecom Service Provider's (TSP's) to take certain actions including the following:

  - Any commercial communication from TSP network to be allowed using registered headers assigned to the registered senders.

  - To give due publicity to make customers aware and to register all new consents of subscribers in the new system.

  - To ensure that Principal Entities are not able to send promotional messages or calls to the subscribers if they have not shared subscribers' consent with access providers.

- **Amendment to the Unified Access Service License (UASL) and Unified License (UL):** On February 05, 2020, the Department of Telecom (DoT) issued an amendment to the Unified Access Service License (UASL) and Unified License (UL) and gave the Licensees an option to defer the payments of spectrum auction instalments due for the year FY 2020-21 and FY 2021-22, either for one or both years. These deferred amounts will be spread equally in the remaining instalments to be paid by Licensees without any increase in the existing time period specified for making the instalment payment along. Additionally, interest will be charged to protect the Net Present Value

(NPV) of the payable amount during the moratorium period of 2 years.

- **Recommendations for "Reforming the Guidelines on Transfer/Mergers of Telecom Licenses":** On February 21, 2020, TRAI released its recommendations for "Reforming the Guidelines on Transfer/Mergers of Telecom Licenses". The salient points includes:

  - For calculation of one year i.e. time period allowed for transfer/merger post NCLT approval, the time spent in pursuing any litigation on account of which the final approval of a merger is delayed, should be excluded.

  - An exemption from substantial Equity/cross holding clause for a period of one year or more as extended by the Licensor, should be modified such that the exemption from substantial equity/Cross Holding clause is provided only for a period till transfer/merger of licence is taken on record by the Licensor.

  - Bank Guarantee against One-time Spectrum charges (OTSC) should be taken from Transferor Company instead of Transferee Company since it is the spectrum holding of Transferor Company, which is changing hands, and not of the transferee company.

- **Recommendations for the Enhancement of Scope of Infrastructure Providers Category-I (IP-I) Registration:** On March 13, 2020, TRAI issued its recommendations for the Enhancement of Scope of Infrastructure Providers Category-I (IP-I) Registration. The salient points include:

  - The expanded scope of the IP-I registration should include to own, establish, maintain, and work all such infrastructure items, equipment, and systems which are required for establishing Wireline Access Network (WAN), Radio Access Network (RAN), and Transmission Links. However, it shall not include core network elements such as Switch, Mobile Switching Centre (MSC), Home Location Register (HLR), IN etc. The scope of the IP-I Registration should include, but not limited to, Right of Way, Duct Space, Optical Fiber, Tower, Feeder cable, Antenna, Base Station, In-Building Solution (IBS), Distributed Antenna System (DAS), etc. within any part of India.

  - The IP-I registration holder should be authorized:

    - To provide only such infrastructure items, equipment and systems on lease/rent/sale basis to an eligible service provider for which that service provider has an authorization from the Government of India, and

    - To provide such infrastructure items, equipment and systems on mutually agreed terms and conditions to eligible service provider in fair, reasonable and non-discriminatory manner.

- **One Time Spectrum Charge ('OTSC'):** In respect of levy of one time spectrum charge ('OTSC'), the DoT has raised demand on the company in January 2013. In the opinion of the group, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past and therefore the company filed a petition in the Hon'ble High Court of Bombay, which vide its order dated January 28, 2013, had directed the DoT to respond and not to take any coercive action until the next date of hearing. The DoT has filed its reply and this matter is currently pending with Hon'ble High Court of Bombay. The DoT revised demands on the company aggregating ₹ 84,140 Mn in June 2018, including a retrospective charge and a prospective charge till the expiry of the initial terms of the respective licenses. The said revised demand has subsequently also been brought within the ambit of the earlier order of no coercive action by the Hon'ble High Court of Bombay. The Group intends to continue to pursue its legal remedies.

Further, in a similar matter on a petition filed by another telecom service provider, the Hon'ble TDSAT, vide its order dated July 04, 2019, has set aside the DoT order for levy of OTSC with retrospective effect and asked DoT to issue revise demands, if any, as per terms of direction given. The said telecom service provider filed an appeal in the Hon'ble Supreme Court of India against the order of the TDSAT. On March 16, 2020, the Hon'ble Supreme Court dismissed the appeal of the telecom service provider and did not interfere with the TDSAT judgement. DoT's appeal against the said TDSAT Order for the levy on Spectrum below 6.2 MHz is pending. Accordingly, out of prudence, the company recorded an aggregate charge of ₹ 56,420 Mn which is disclosed as an exceptional item as at March 31, 2020.

- **Amendment to the Telecommunication Interconnection Usage Charges (Sixteenth Amendment) Regulations, 2020:** On April 17, 2020, the Telecom Regulatory Authority of India (TRAI) revised the present regime of fixed International Termination Charges (ITC) @ ₹ 0.30 per minute to forbearance regime within a prescribed range of ₹ 0.35 paisa per minute to ₹ 0.65 paisa per minute effective from May 01, 2020. It has however, also mandated that an Access Service Provider shall offer the non-discriminatory rate of ITC to everyone i.e. to its own associated International Long Distance Operators (ILDOs) as well as to standalone ILDOs.

Africa

- In Zambia, Finance Ministry has proposed to replace the current VAT system of 16% with a Sales Tax of 9% for domestic supplies. The date of implementation earlier proposed was July 01, 2019 which has been delayed to Sep 1, 2019, to allow for parliamentary participation in the enactment of the legislation. Consultation with ZRA about specifics is ongoing.

- A new bill has been debated in Kenyan parliament, which requires Telcos to form a separate group for any business they engage outside core telecom services. Airtel Kenya has already initiated separation of money business from core telecom business.

Pursuant to the requirement of New Telecommunication Act in Malawi, it was made mandatory for companies holding electronic communication licenses to have 20% local shareholding. To give effect to this, the group has transferred by way of a secondary sale, its 20% shareholding in Airtel Malawi plc (Airtel Malawi), a wholly owned subsidiary of Airtel Africa plc, to the public and consequently Airtel Malawi listed on Malawi Stock Exchange on February 24, 2020. Accordingly, with effect from the date of such transfer the group has recognized a non-controlling interest equivalent to 20% of the net assets of Airtel Malawi. The excess of carrying value over consideration received from non-controlling interest ('NCI') amounting to USD 20m, has been recognized in the 'transaction with NCI reserve', within equity.

SCOT Analysis:

Strengths

- **Market Leadership:** One of the leading telecom players in India and among top 3 worldwide in terms of total mobile connection based on consolidated subsidiaries. Market leadership (Rank 1 & 2) in 12 of 14 African countries

- **Brand:** Strong and recognized brand in all the geographies of presence

- **Scale of Operation:** Presence in 18 countries serving over 423 Mn customers with presence in different segments including mobile services, home broadband, digital TV, enterprise business, passive infrastructure and mobile money

- **Large Distribution Platform:** Robust platform enabling company to offer services like Mobile Money, OTT applications - Wynk Music, Airtel Xstream 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. Rated as the network with the India's best video experience and best download speed experience (Opensignal Awards India: Mobile Network Experience Report April 2020). Well-paced to participate in Digital India wave

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

- **Customer Uptrading:** Low mobile broadband penetration (~57%) and smartphone penetration in India provides opportunity in form of customer uptrading from feature phone to smartphones

- **Acting more than just pipe:** Creating an ecosystem of digital services (music, content, payments and much more) and leveraging data, network, and distribution assets to deliver these services to the capture future growth

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

- **Remote Working:** With work from home becoming popular in India in addition to the higher disposable income and habit changes, the existing homes broadband footprint can be leveraged upon to capture the opportunities

- **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:** On an average a person is spending 4hours on mobile, majorly consuming videos or music. Video consumption contributes to >70% of data consumption & India's video streaming industry is all set to grow at a CAGR of ~22%

- **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

- **Improved industry dynamics:** Improved industry dynamics due to the consolidation with recent mergers & exits of various telcos and the recent tariff hike in the industry

Threats

- Increased Competition: Pressures on Average Revenue Per User (ARPU) due to increased price competition or entry of new player in the markets the company operate in

- Regulatory Changes: Uncertainties around political and economic environment across regions along with any adverse litigation verdict

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

- Pandemic/Disaster: Any pandemic or natural disaster in the geographies the company have operations

Financial review

Consolidated Figures

Particular	FY 2019-20		FY 2018-19	
	₹ Mn	USD Mn*	₹ Mn	USD Mn*
Gross revenue	875,390	12,377	807,802	11,567
EBITDA before exceptional items	371,053	5,246	262,937	3,768
Interest, Depreciation & Others before exceptional items	397,172	5,616	309,545	4,430
Profit before exceptional items and Tax	(26,121)	(369)	(46,606)	(662)
Profit before tax	(428,466)	(6,058)	(17,318)	(253)
Tax expense	(121,823)	(1,722)	(34,193)	(495)
Profit for the year	(321,832)	(4,550)	4,095	59
Earnings per share (In ₹ / USD)	(63.41)	(0.90)	0.96	0.01

*1 USD = ₹ 70.73 Exchange Rate for financial year ended March 31, 2020 (1 USD = ₹ 69.86 for financial year ended March 31, 2019)

Note: With the adoption of IndAS 116, effective April 01, 2019, the results of periods commencing April 01, 2019 are not comparable with previous periods.

Standalone Figures

Particular	FY 2019-20		FY 2018-19	
	₹ Mn	USD Mn*	₹ Mn	USD Mn*
Gross revenue	543,171	7,680	496,060	7,101
EBITDA before exceptional items	206,315	2,917	128,182	1,835
Interest, Depreciation & Others before exceptional items	301,106	4,257	208,670	2,987
Profit before exceptional items and Tax	(94,791)	(1,340)	(80,488)	(1,152)
Profit before tax	(510,209)	(7,214)	(52,439)	(751)
Tax expense	(149,327)	(2,111)	(33,747)	(483)
Profit for the year	(360,882)	(5,103)	(18,692)	(268)
Earnings per share (In ₹ / USD)	(71.08)	(1.00)	(4.36)	(0.06)

*1 USD = ₹ 70.73 Exchange Rate for financial year ended March 31, 2020 (1 USD = ₹ 69.86 for financial year ended March 31, 2019)

(FY 2018-19* has been reclassed to take Tikona Merger impact for Y-o-Y comparison)

Adoption of Indian Accounting Standards (IndAS) 116 'Leases' w.e.f. April 01, 2019

The Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019 notifying the leasing standard IndAS 116 'Leases', which replaces the existing standard (IndAS 17). IndAS 116 is applicable to Companies from financial year beginning on or after April 01, 2019. The Company's financial results presented in this report for the year ended March 31, 2020 are in accordance with the new leasing standard IndAS 116. This standard is adopted in full form IFRS 16 without any carve out and will make the financials of Indian companies comparable with global peers. Under the earlier standard IndAS 17, operating leases were treated as revenue expenses whereas the finance leases were capitalized and amortized over the period of the lease with corresponding liabilities recorded as finance lease obligation.

The Company's consolidated revenues stood at ₹ 875,390 Mn for the year ended March 31, 2020, as compared to ₹ 807,802 Mn in the previous year, an increase of 8% (an increase of 11% on an underlying[#] basis). The revenues for India and South Asia (₹ 643,598 Mn for the year ended March 31, 2020) represented a growth of 7% compared to that of previous year (growth of 10% on an underlying basis). The revenues across 14 countries of Africa, in constant currency terms, grew by 14%.

The Company incurred operating expenditure (excluding access charges, cost of goods sold, license fees and CSR costs) of ₹ 314,670 Mn representing a decrease of 16% over the previous year. Consolidated EBITDA at ₹ 371,053 Mn increased by 41% over the previous year. The company's EBITDA margin for the year increased to 42.4% as compared to 32.5% in the previous year. Depreciation and amortization costs for the year were higher by 29.7% to ₹ 276,893 Mn. Consequently, EBIT for the year at ₹ 92,447 Mn increased by 94.1% resulting in margin of 10.6% vis-à-vis 5.9% in the previous year. The cash profits from operations (before derivative and exchange fluctuations) for year ended March 31, 2020 was ₹ 254,951 Mn vis-à-vis ₹ 167,777 Mn in the previous year.

Net finance costs at ₹ 123,819 Mn were higher by ₹ 27,926 Mn compared to previous year mainly due to higher interest on lease obligation due to adoption of Ind AS 116 and higher forex losses during the year.

Consequently, the consolidated loss before taxes and exceptional items at ₹ 26,121 Mn compared to loss of ₹ 46,606 Mn for the previous year.

The consolidated income tax expense (after the impact on exceptional items) for the full year ending March 31, 2020 was (negative) ₹ 121,823 Mn, compared to (negative) ₹ 34,193 Mn for the previous year. The underlying effective tax rate in India for the period was at 35.3% vs 34.9% for the full year ended March 31, 2019.

Exceptional items during the year accounted for impact of ₹ 288,123 Mn (net of tax). Exceptional items hits majorly comprises of charge on account of license fees and SUC including interest there on (AGR matter), accelerated depreciation on 3G network equipment/operating costs on network re-farming and up-gradation program, hit pertaining to customary indemnities to a clutch of investors of Airtel Africa plc, charge on account of re-assessment of regulatory cost based on a recent judgment on an OTSC related matter.

After accounting for exceptional items, the resultant consolidated net loss for the year ended March 31, 2020 came in at ₹ 321,832 Mn as compared to net income of ₹ 4,095 Mn in the previous year.

The capital expenditure for the full year was ₹ 253,586 Mn (USD 3.6 Bn) as compared to ₹ 287,427 Mn in the previous year (a decrease of 11.8%).

Return on Capital Employed (ROCE) has declined to (negative) 9.8% from 5.2% in the previous year.

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

Key Ratios	Units	FY 2019-20	FY 2018-19	Y-o-Y%
Capex Productivity	%	41.9%	40.6%	1.3%
Opex Productivity	%	35.9%	46.4%	-10.4%
Interest Coverage Ratio[1]	Times	3.41	2.84	20.0%
Net Debt to Shareholders' Equity	Times	1.54	1.58	-2.6%
EBITDA Margin	%	42.4%	32.5%	9.8%
Net Profit Margin[2]	%	-36.8%	0.5%	-37.3%
Return on Shareholders' Equity[3]	%	-35.5%	0.6%	-36.1%

Note: With the adoption of IndAS 116, effective April 01, 2019, the ratios of periods commencing April 01, 2019 are not comparable with previous periods.

1. Higher Interest coverage ratio is driven by higher EBITDA 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.

[#]The term 'Underlying' refers to DTH reporting change effective April 01, 2019 pursuant to New Tariff Order, leading to content cost becoming a pass through expense and impact of accounting policy change deferring activation, installation & rental revenue over the life of the customer.

Liquidity & Funding

As on March 31, 2020, the company had cash and cash equivalents of ₹ 135,507 Mn and short term investments of ₹ 137,679 Mn. During the year ended March 31, 2020, the company generated operating free cash flow of ₹ 117,466 Mn. The consolidated net debt excluding lease obligations for the company stands at ₹ 882,512 Mn as on March 31, 2020 compared to ₹ 1,082,346 Mn as on March 31, 2019. Consolidated net debt for the company including the impact of leases stands at ₹ 1,188,590 Mn as on March 31, 2020. The Net Debt-EBITDA ratio (Annualized) and including the impact of leases as on March 31, 2020 was at 3.20 times as compared to 4.30 times as on March 31, 2019. The Net Debt-Equity ratio was at 1.54 times as on March 31, 2020 as compared to 1.58 times as on March 31, 2019.

The year witnessed massive fund raise initiatives totaling to more than USD 8 Bn. The year started with one of India's biggest rights issue where the company raised ₹ 249,390 Mn by issuing approximately 1,134 Mn fully paid up equity shares and utilizing the proceeds materially towards deleveraging the balance sheet. The rights issue saw an enthusiastic response from the investors and the issue was oversubscribed. In June 2019, the company concluded the initial public offering (IPO) of Airtel Africa plc on the London Stock Exchange and the Nigerian Stock Exchange and raised net proceed of USD 674 Mn. Airtel Africa plc was admitted to the premium listing segment of London Stock Exchange and later was added to the FTSE 250 index. In October 2019, company's wholly-owned subsidiary Network i2i Limited raised USD 750 Mn through 5.650% Subordinated Perpetual Securities. The transaction was company's inaugural hybrid securities offering and was the 1st pure play telecommunications G3 hybrid securities from Asia Pacific (ex-Japan) and 1st subordinated perpetual by an Investment Grade Corporate out of India. The issue received a strong response, for our inaugural hybrid securities offering, from investors across Asia, Europe and the United States underlining the future growth potential of the business. The same Subordinated Perpetual Securities were additionally issued later to further raise USD 250 Mn. In January 2020, company successfully raised USD 3 Bn through a combination of QIP (USD 2 Bn) and FCCB (USD 1 Bn). The transaction was the largest dual tranche Equity and FCCB offering ever in Asia-Pacific, the largest QIP by a private sector issuer ever in India and the largest FCCB offering from an India issuer in the last 12 years. The FCCB offering re-opened the Indian FCCB market after a 3-year absence of such issuances. Both the offerings were oversubscribed and anchored by many existing and new shareholders. Several of the large Global long only funds, Sovereign Wealth Funds, Domestic Mutual Funds, and Insurance Companies participated in the offering. The overall allotment was pre-dominantly to long-only investors, thereby also ensuring diversification of the shareholder base of Bharti Airtel. All these fund raising initiatives demonstrate the strong support of market participants and have helped the company in improving its balance sheet strength.

COVID-19

The last quarter of the financial year saw an unprecedented scenario with the outbreak of COVID-19 and the situation is rapidly evolving. The pandemic made telecommunications services more relevant than ever. As connectivity providers, it is a great responsibility on the company to keep its customers and the nation connected.

- **Governance:** Our business continuity plans came into effect even before the lockdown. We have a war room to closely supervise all developments and daily meetings chaired by the CEO to monitor safety of our employees, review network, customer service and business performance.

- **Safety:** Our topmost priority is the health and wellbeing of our employees, partners and customers, and we have taken all the necessary steps to ensure their safety. We have provided sanitation essentials to our workforce on the field. Further, we have distributed staff (two teams working on alternate days) and reduced capacity to maintain social distance in our essential facilities. We are also working with the government to help raise awareness and share best practices through several means so as to help people in need.

- **Network:** In these challenging times, our network remains the main source for many people for social interactions, work and entertainment. We have already seen an increase in data traffic, and our priority is to make sure that our customers continue to enjoy brilliant experience. Our people were on the field to continue installation/repair activities and ensure that networks were up and running, even during the lockdown. We made sure that all our Network and Engineering Operating centers as well as data centers could be operated with minimum workforce on site and rest were enabled virtually. We also made all necessary arrangements at the NOC to be ready for all eventualities.

- **Distribution:** Given the lockdown, most shops were shut. To ensure that our customers were able to recharge, we activated several new channels – Pharmacies, Groceries, Bank ATMs and Post Offices and enabled recharges at points that continued to be available during the lockdown. Further, we encouraged all our customers to use the digital channels. We undertook several campaigns to educate users to pay/recharge online and also encouraged customers to recharge for others.

- Airtel announced special measures to assist low-income group customers impacted by the COVID-19 crisis. Airtel extended pre-paid pack validity for over 80 Mn customers and extended an additional ₹ 10 to their prepaid talk-time enabling customers to seamlessly make calls or send SMS and therefore stay connected with their loved ones.

- Airtel decided to pay the basic income for April to nearly 25,000 employees of its distribution partners

USD 8+ Bn

Raised through a combination of rights issue,
Africa IPO, perpetual bond, QIP and FCCB

and retail franchise network to help them tide over the unprecedented situation arising out of the ongoing lockdown to contain the spread of COVID-19.

- Airtel Business extended its support in adopting robust and flexible business continuity arrangements to continue to communicate and collaborate securely, through bandwidth upgrades, work-from-home solutions based on DSL and 4G, Collaboration services and security solutions.

- Airtel enabled free access to thousands of titles on its e-books platform – Juggernaut Books (formerly known as Airtel Books) to all its customers. Airtel customers can access top books and novels for free by simply downloading the Juggernaut Books app on their smartphones while they are at home during the nationwide lockdown to curb the spread of COVID-19.

- Airtel and Apollo 24/7, the digital arm of Apollo Hospitals Group, launched a free digital self-assessment tool on the airtelThanks app that allowed users to check their COVID-19 risk profile by answering a few questions. Based on the user responses, the digital tool generates a risk score and suggests follow-up actions, including free online consultation on Apollo 24/7, non-prescription helpline number, self-care tips, social distancing norms and other preventive actions.

- Airtel launched a new prepaid data pack for the people in quarantine. The ₹ 401 data pack comes with a free subscription to Disney + Hotstar VIP with a validity of 365 days and 3GB data per day for 28 days.

- Airtel has kept its commitment to onboard 50 summer interns from top business schools for its flagship Airtel Young Leaders Summer Internship Programme. Airtel has redesigned its internship program to make it completely virtual. Right from induction to mentorship to final reviews, the entire program will run virtually.

- Airtel rolled out Airtel Super Hero feature on its airtelThanks app that allows users to enroll themselves as superheroes and earn commission on recharging other Airtel numbers.

- As a responsible corporate, Bharti Enterprises and its companies Bharti Airtel, Bharti Infratel and others have committed over ₹ 100 crore for India's fight against COVID-19. A significant portion of the corpus was contributed to the PM - CARES Fund and the balance amount has been directed towards sourcing of masks, PPE and other key equipment.

₹100+ crores

Committed by Bharti Enterprises and its companies Bharti Airtel, Bharti Infratel in India's fight against COVID-19

Awards and Recognition

- Airtel ranked 4th in the category of "The top 10 most valuable Indian brands 2019" as per WPP Kantar Survey.

- Airtel bagged top honors at the Frost and Sullivan ICT Awards. Airtel Business has been awarded as the "Enterprise Data Service Provider of the Year" and the "Enterprise Telecom Service Provider of the Year" in the large enterprise segment.

- In October 2019, **Airtel** has been ranked **#1** by **OpenSignal** as having India's Best Video Experience in its Mobile Network experience report. OpenSignal is an independent mobile analytics company specializing in quantifying mobile network experience. It also said in **April 2020** that, **Airtel** has demonstrated best video experience, voice app experience, download speeds and latency experience. (Opensignal Awards - India: Mobile Network Experience Report published in April 2020).

- Airtel Finance shared services team has bagged the coveted **Digital Initiative Award** by HDFC bank in the Large Customer Category.

- **airtelThanks** campaign won Bronze at **EFFIES 2020** for its marketing campaign effectiveness. The EFFIE Award is a pre-eminent award in the advertising industry, which recognizes all forms of marketing that contributes to a brand's success.

Segment-wise Performance

B2C services

Mobile Services: India

Overview

During the year ended March 31, 2020, operations pertaining to optical fiber were transferred from the company to its wholly owned subsidiary Telesonic Networks Limited with effect from August 01, 2019 under the Scheme of Arrangement. Subsequently the business was reorganised, whereby, assets and liabilities pertaining to bandwidth capacities were allocated to Mobile, Airtel Business and Homes segment. Previously, these operations were part of Mobile segment and bandwidth capacities were billed by Mobile services segment to Airtel business and Homes services segments.

To serve the evolving needs of millions of customers in the rapidly digitizing economy, Airtel continued to re-farm its 3G spectrum for 4G and modernize it for increasing 4G coverage and capacities thereby providing its customers with an industry leading network experience. As on March 31, 2020, the Company had 283.7 Mn customers in India. The churn decreased to 2.5% for the current year, compared to 3.3% during the previous year. The minutes on the network have increased by 8% to 3,035 Bn. The Company had 148.6 Mn data customers at the end of March 31, 2020, of which 136.3 Mn were mobile 4G customers. The increased penetration through bundles with high inbuilt data has also led to the total MBs on the network grew by 79% to 21,020 Bn MBs.
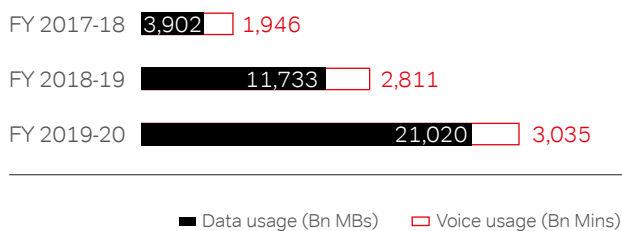
The Company continues to expand its reach within the digital space. App Annie ranked Wynk Music as India's #1 music-streaming app in terms of Daily Active Users in October 2019. The performance metric underlines the massive user preference for Wynk Music when it comes to consuming music on smartphones. It crossed 170 Mn installs in March, 2020. Airtel Xstream, formerly known as Airtel TV, the video and LIVE TV streaming app from Airtel, crossed 138 Mn installs in March, 2020, underlining its growing popularity amongst smartphone users as the go to destination for digital content. It features over 400+ Live TV channels, and a rich assortment of Movies and TV shows across 14 languages.

During the year, revenues increased by 11% to ₹ 459,663 Mn as compared to ₹ 415,541 Mn in the previous year. The segment witnessed increase in the EBITDA margin to 36.9% during the year, compared to 22.7% in the last year. EBIT margin for the year increased to (negative) 6.9%, compared to (negative) 13.8% in the previous year.

The Company had 194,409 network towers, compared to 181,079 network towers in the last year. Out of the total number of towers, 192,068 are mobile broadband towers. Mobile broadband (MBB) base stations were at 503,883 the end of the year, compared to 417,613 at the end of last year.

Particulars	FY 2019-20	FY 2018-19	Y-O-Y Growth
	₹ Mn	₹ Mn	%
Gross Revenues	459,663	415,541	11%
EBIT	(31,853)	(57,511)	45%

Data and Voice Usage

FY 2017-18   3,902   1,946

FY 2018-19   11,733   2,811

FY 2019-20   21,020   3,035

■ Data usage (Bn MBs)   □ Voice usage (Bn 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.

- Airtel strengthened its strategic partnership with ZEE5 to enable a world-class digital content experience for Airtel mobile customers. As part of partnership, all Airtel Platinum customers got unlimited complimentary access to ZEE5's vast content catalogue as part of their airtelThanks plan benefits.

- Airtel has been chosen as the strategic Network Solution partner by **Faridabad Smart City Limited** (FSCL) to

transform Faridabad into a Smart City. Airtel will work closely with FSCL to design and deploy a future ready high capacity network and a range of connectivity solutions to build a digitally enabled Faridabad city.

- Airtel, in partnership with Bharti AXA Life Insurance, launched Prepaid Bundle with built-in life insurance cover of ₹ 2 lakhs. The partnership aims to leverage Airtel's innovation leadership and deep distribution reach to make insurance more accessible & affordable.

- Airtel announced a partnership with global content leader **Lionsgate** (the international premium subscription platform from Starz) to bring premium content from Lionsgate Play to Airtel subscribers in India. The partnership gave Airtel customers access to a deep portfolio of critically acclaimed and beloved Lionsgate feature film content. This content was made available on the Airtel Xstream app and web platforms.

- As an effort to contribute to the Digital India vision and partner with the Government of Uttar Pradesh in their digital transformation agenda, Airtel designed and implemented a future ready State Wide Area Network (SWAN) for the state government called 'UPSWAN 2.0'. It comprises of 885 Points of Presence (PoPs) across the state and is designed to provide secure, high-speed connectivity for delivery of Government services to citizens over a Closed User Group network.

- Airtel announced the induction of Bengaluru based tech startup Vahan into its Startup Accelerator Program. Airtel acquired a stake in Vahan and partnered with them in building significant scale to achieve their vision of enabling jobs for the next billion internet users.

- **Airtel and OYO Hotels & Homes** collaborated to launch OYO Store on airtelThanks App. Airtel customers can seamlessly book accommodations on the airtelThanks app and make the booking payments via Airtel Payments Bank.

- **Airtel joined hands with HDFC Life Insurance** to launch a prepaid bundle. The bundle comes with an in-built **life insurance cover (term plan) of ₹ 4 lakhs** from HDFC Life along with unlimited voice calling and 2GB data/day.

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 and Hughes Communications India Ltd. (HCIL), a subsidiary of Hughes Network Systems, LLC (HUGHES) entered into an agreement to combine their VSAT (Very Small Aperture Terminal) operations in India. The combined entity will benefit from enhanced scale, improved operational efficiencies and wider market reach. The combined entity will be well positioned to leverage the demand for secure connectivity in a rapidly growing digital economy. The transaction is subject to approvals by relevant authorities.

- **Merger of Consumer Mobile Business of Tata Teleservices (Maharashtra) Limited and Tata Teleservices Limited with Bharti Airtel Limited and Bharti Hexacom Limited** - On July 01, 2019, Airtel completed the acquisition of the consumer mobile business of Tata Teleservices (Maharashtra) Limited (TTML) and Tata Teleservices Limited (TTSL) with Bharti Airtel Limited and Bharti Hexacom Limited following the Hon'ble TDSAT order and the approval of the schemes of arrangement by Hon'ble NCLT, Delhi and Hon'ble NCLT, Mumbai. Airtel has integrated Tata's operations across circles and has added 142.50 MHz of unpaired spectrum to its portfolio. All the Tata customers have been transitioned seamlessly and continue to enjoy uninterrupted services with the same SIM and same plan/pack benefits.

- The Hon'ble NCLT, New Delhi, Principal Bench, vide its order dated July 02, 2019 has sanctioned the **Scheme of Arrangement between the Company and Telesonic Networks Limited ('Telesonic)** for the transfer of the Optical Fibre Cable business of the Company and vesting of the same with Telesonic and has become effective on August 03, 2019 consequent to the filing of Certified True Copy of the Order of the Hon'ble National Company Law Tribunal sanctioning the Scheme, with the concerned Registrar of Companies.

- Airtel acquired a strategic stake in Spectacom Global Pvt Ltd ("Spectacom") under the Airtel Start-up Accelerator Program, which focuses on supporting growth of early stage Indian start-ups. Spectacom has been conceptualised to produce path breaking digital content on health & fitness training programmes. Airtel will work closely with Spectacom to help increase awareness and adoption this platform.

142.50 MHz

of unpaired spectrum added to the portfolio with Tata Teleservices acquisition

Network Expansion & Transformation:

Airtel remains committed to deliver a world-class network experience to the high value customer through its various initiatives:

- As part of its strategy to offer high speed 4G across the country, the company has **moved forward on its plan to phase out its 3G services** and further augmented its 4G services, Airtel has **deployed state-of-the-art L900 technology** in the 900 MHz band to complement its 4G services in the 2300 MHz and 1800 MHz bands.

- Bharti Airtel launched high speed 4G along with 2G services in 26 villages in **Ladakh**. Airtel is the first operator to bring high-speed mobile broadband to these villages and connect them to the digital superhighway.

- Airtel deployed the superior **LTE 2100 MHz spectrum band across Delhi-NCR, Haryana, Himachal Pradesh,**

Jammu & Kashmir. This will further augment Airtel 4G quality and experience, boost network capacity, significantly improve outdoor coverage and drive more voice traffic on VoLTE to serve its customers in all these regions.

- The Company renewed and enhanced its on-going relationship with **Nokia** to boost its network capacity and customer experience, in particular 4G. The rollout will also lay foundation for providing 5G connectivity in the future, with approximately 300,000 radio units deployed across several spectrum bands, including 900 Mhz, 1800 Mhz, 2100 Mhz and 2300 Mhz.

- Airtel has **launched 4G services in Lakshadweep Islands**. With this, Airtel has become the first mobile operator to launch high-speed data services on the tropical archipelago.

- Bharti Airtel has collaborated with Cisco to launch India's largest 5G-ready, 100G IP and optical integrated network designed to enhance network availability, capacity and scale. The deployment is part of Bharti Airtel's initiatives to build a 5G ready network that continues to serve the growing demand for high speed data services in the country.

- In one of the fastest uptakes of a new network technology in India, **Airtel Wi-Fi Calling** crossed five million users in March 2020. Bharti Airtel was the first mobile operator to introduce Voice over Wi-Fi across India. The new technology has dramatically improved indoor network experience for Airtel mobile customers through seamless coverage.

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

- **NEFT Facility** - Airtel Payments Bank enabled the use of National Electronic Funds Transfer (NEFT) facility for all its users. The facility would be available to customers on 24x7 basis even on holidays, allowing them to send or receive funds to any bank from anywhere, anytime.

- Airtel redefined international roaming with yet another innovation that allows customers to track usage real time and enable / disable IR service with one click on airtelThanks app. Furthermore, customers can pre-book IR packs (also available for prepaid customers) covering most travelled countries.

- Airtel announced the launch of its **converged digital entertainment play. Airtel Xstream,** which offers a range of connected devices, applications and services. As part of the Airtel Xstream device portfolio, Airtel has launched an android based OTT smart stick and an Android based 4k **Hybrid Smart Box** that offers satellite TV and OTT content. Airtel also launched Airtel Xstream app, which is a revamped version of Airtel TV app.

≟ Airtel offered **free access to online courses** from the globally renowned online educator - Shaw Academy. Shaw Academy offers courses focused on developing practical skills and popular subjects include music, language, fitness etc. **Airtel Platinum customers** got free access to one-year courses worth ₹ 6,000 as part of their plan benefits.

Homes Services

Overview

The Company provides fixed-line telephone and broadband services for homes in 111 cities across India.

The need for a robust and reliable fiber network has grown with growing proliferation of 4KHD content, high end online gaming, IoT and new ways of working from home. During the year, we continued to increase our coverage by rolling out new Fiber network across major cities of our operations. Further, overhauling of network from Copper to FTTH continued during the year to ensure that our customers enjoy higher speed and connectivity.

The Homes business had 2.4 Mn customers as on March 31, 2020, representing a growth of 6.3% as compared to 2.3 Mn at the end of previous year.

Revenues from Homes services stood at ₹ 22,451 Mn for the year ended March 31, 2020, as compared to ₹ 22,391 Mn in the previous year, increase of 0.3%. EBITDA margin improved during the year to 50.4% as compared to 48.3% in the previous year.

Particulars	FY 2019-20	FY 2018-19	Y-O-Y Growth
	₹ Mn	₹ Mn	%
Gross Revenues	22,451	22,391	0.3%
EBIT	5,129	3,330	54%

Homes Subscribers : (Mn)

FY 2017-18	2.17
FY 2018-19	2.27
FY 2019-20	2.41

Key Highlights

≟ In line with the "high speed and high value acquisition strategy", the company unveiled a new brand identity 'Airtel Xstream Fibre' for the home broadband services. With simplified offerings, all home broadband plans are now available under the new brand umbrella. The current offering of high speed connectivity and data lies under four plans in all major markets starting from ₹ 799 to ₹ 3999/month offering speed up to 1 Gbps. The new ₹ 799 per month plan offers users speeds up to 100 Mbps with a FUP limit of 150GB and access to all of Airtel Xstream premium content.

≟ The new plans also provide customers with an ability to pay an additional fee of ₹ 299 per month and upgrade to unlimited data.

≟ airtelThanks program was extended to Home Broadband customers for plans of ₹ 999 and above. The benefits include one-year Amazon Prime membership with full entertainment and online shopping benefits, access to premium content from ZEE5 and all of Airtel Xstream premium content.

≟ Integrated home offering has been launched in 10 cities as on March 31, 2020. Under the new offering, our customers can opt for multiple services from Airtel i.e. Postpaid, Broadband and DTH under one bill. Customers under this scheme are eligible for the following benefits – one bill & one call centre, complimentary service visits, Wi-Fi router at no extra cost, Airtel Xstream box at discount and extended warranty on DTH box.

≟ For the cities Airtel is not present in Broadband space, the company has launched its broadband services through franchise tie-ups to tap the opportunity in those markets. As of March 2020, operations have been launched in 11 cities and ~180K homes have been wired. Airtel will continue to increase its presence in newer cities and through capacity enhancement in the launched cities.

111 Cities

Across India receive fixed-line telephone and broadband services for home

Digital TV Services

Overview

The year saw a key regulatory development in television broadcast industry wherein TRAI implemented the New Tariff Order (NTO-1) w.e.f. 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. Subsequent to the new tariff order (NTO-1), the service providers are responsible only for re-transmission and are not in a position to control content and pricing. Accordingly, the Gross revenue is only to the extent of net value retained i.e. customer payments received net of broadcaster's fee (erstwhile content charges) w.e.f. April 01, 2019.

The company has reviewed its accounting policy of acquisition revenue in DTH business and accordingly deferred the onboarding, installation and rental revenue over the life of the customer. The impact for full year FY 2019-20 for the same was considered in Q4'20.

To deliver modern-day entertainment services to its customers, Airtel Digital TV launched the Airtel Xstream 4K Android Box

during the year. The Xstream box is essentially an Android TV Box that has been modified to accept both satellite TV signals as well as to serve content from modern day OTT platforms such as Airtel Xstream app, Netflix, Amazon Prime Video, YouTube and Airtel Store (for advanced gaming with high-end graphics) and to stream more than 500 TV channels with access to Google Play store and Google Assistant.

With operations in 639 districts across the country, the customer base crossed the 16 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 16.6 Mn customers on its Direct-To-Home (DTH) platform as of March 31, 2020.

The Company currently offers 645 channels including 85 HD channels (including 1 HD SVOD service), 27 SVOD services, 7 international channels and 3 interactive services.

Reported revenues for the year stood at ₹ 29,238 Mn for the year ended March 31, 2020, as compared to ₹ 41,001 Mn in the previous year, a decrease of 29% (an increase of 16% on an underlying basis).

Particulars	FY 2019-20	FY 2018-19	Y-O-Y Growth
	₹ Mn	₹ Mn	%
Gross Revenues	29,238	41,001	-29%
EBIT	11,330	7,410	53%

DTH Subscribers Base (Mn)

FY 2017-18	14.2
FY 2018-19	15.4
FY 2019-20	16.6

639 districts

Across the country are covered and receive Digital TV services

Key Highlights

- Airtel announced a partnership with CuriosityStream, an award-winning global media company that provides best-in-class factual entertainment content, to offer its content on Airtel Xstream Mobile app, web and TV platform. Airtel is the first partner to bring CuriosityStream to India, directly to viewers.

- During the year, the company collaborated with Sony to bundle Airtel Xstream Stick, revamped regional pack offerings in select markets. The company also collaborated with TV panel makers – Samsung and Mi, to bundle TV and DTH sales.

B2B Services

Airtel Business

Overview

Airtel Business is India's leading provider of ICT services with a network spanning across India, USA, Europe, Africa, the Middle East, Asia-Pacific, and other SAARC countries. Airtel Business serves over 1200 global customers, 2000 large and 500,000 medium/small businesses across India. We offer a diverse portfolio of products and services covering voice, data, collaboration, work-from-home solutions, cloud, data centre, security, IoT, network integration, managed services, enterprise mobility, and digital media. Through this diverse portfolio, we are pushing the boundaries in digital service delivery with a key focus on enhanced end-user experience, round-the-clock infrastructure availability, and superior service quality.

Revenues in this segment comprise of: a) Enterprise & Corporate 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. It'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 27 other cables across various geographies.

Its global network runs across 250,000 Rkms, covering 50 countries and 5 continents, 33 international cables, and 65 Global PoPs (Point of presence). This is further interconnected to its domestic network in India, and direct terrestrial cables in 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, and messaging), along with managed services and SatCom solutions. Global Business is also providing advanced consumer solutions like IoT to global customers.

Particulars	FY 2019-20	FY 2018-19	Y-O-Y Growth
	₹ Mn	₹ Mn	%
Gross Revenues	132,331	124,538	6%
EBIT	31,754	27,466	16%

Key Highlights

1) Airtel Enterprise Hub: Airtel Business launched Enterprise Hub - a one-stop digital platform offering self-care services to its enterprise and SMB (small and medium business)

customers. Customers can now seamlessly access a host of services, including bill payments and complete account management on a single interface with a single sign-in.

2) Verticalisation: To align more closely with the customer needs, Airtel Business now offers vertical-specific solutions in Manufacturing & Distribution, BFSI, IT/ITeS, Media, Retail, E-commerce, Hospitality & Logistics domain.

3) Focus on new businesses: Airtel Business is creating an end-to-end ecosystem for enterprises for a seamless experience, backed by superior customer service. In this endeavour, Airtel business has continued to focus on new businesses like Cyber Security, Cloud & Data Centre, and IoT.

4) Airtel & Google Cloud announced a partnership to boost collaboration, productivity and digital transformations in India. Airtel is offering G suite (a set of intelligent apps – Gmail, Docs, Drive, Calendar and more) to small and medium sized business (SMBs) in India as part of its integrated Information and communication technology (ICT) portfolio designed with real-time collaboration and machine intelligence to bring people together and help them work smarter and safer.

5) Airtel and Nokia partnered to offer private LTE based Industry 4.0 solution to enterprises. The partnership addresses the emerging requirements of enterprises across banking, financial services and insurance (BFSI), information technology enabled services (ITES), media and services, manufacturing and distribution with technologies such as cloud, IoT, artificial intelligence and machine learning, and edge computing concepts. In addition, the two companies will explore the development of 5G use-cases for the enterprises.

Awards and Recognition

- Airtel Business won the **"Best Partnership"** award at Telecoms World Middle East Awards 2019 for partnering with Telecom Egypt.

- Airtel Business won three prestigious awards at **Global Carrier Awards 2019**, namely, Best Global Wholesale Carrier – Voice, Best Voice Service Innovation – Emerging Markets and Best Security Solution.

- Airtel Business bagged five prestigious awards at the CIO **Choice Awards 2020**, namely,

  - Unified Communication & Collaboration (Software Vendor)

  - Telecom Carrier, International Access (Telecom Services Vendor)

  - Telecom Carrier, Leased Lines (Telecom Services Vendor)

  - Network Security (Security Vendor)

  - Colocation (Data Center & IT Infrastructure Vendor)

- Airtel Business has bagged the top honors at the Carriers Worlds Awards 2019 in 2 prestigious categories – **"Best Global Carrier" and "Best IoT Initiative".**

250,000 Rkms
of global network

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 Group, Vodafone-Idea and Providence who hold 42%, 11.15% and 4.85% respectively. The Company's consolidated portfolio of 95,372 telecom towers, which includes 42,053 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.

Particulars	FY 2019-20	FY 2018-19	Y-O-Y Growth
	₹ Mn	₹ Mn	%
Gross Revenues	67,423	68,185	-1%
EBIT	23,724	21,257	12%

Africa

Overview

COVID -19

In the countries where we operate, the spread of the COVID-19 has lagged the rest of the world. The situation is rapidly evolving, and several governments in Africa have also taken decisive actions to reduce the risk of contagion, including banning all commercial flights, closing educational facilities and in some case all non-essential establishments, limiting social gatherings and encouraging social distancing and working from home.

During these unprecedented times, governments have recognized the telecoms industry as a critical and essential service. We are working closely with them to keep people connected and the wheels of the economy turning.

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

Airtel Africa plc IPO: On June 28, 2019, Airtel Africa plc announced the successful pricing of its IPO on the London Stock Exchange at 80 pence (NGN 363) per share. The offer comprised 676,406,927 new shares (637,178,959 shares available to institutional investors outside of Nigeria and 39,227,968 shares available to qualified institutional investors and high net worth investors in Nigeria). Unconditional trading of the shares on the London Stock Exchange began on July 03, 2019 and on the Nigerian Stock Exchange on July 09, 2019.

FTSE 250 inclusion: On September 09, 2019 it was announced that Airtel Africa plc would be added to the FTSE 250 index as from September 23, 2019.

Airtel Malawi plc: On February 24, 2020, Airtel Malawi made its debut on the Malawi Stock Exchange as the largest IPO in Malawi's history. The listing, which debuted at a price of MK12.69 (USD 2 cents) per ordinary share consisted of secondary offer of 2.2 Bn shares, representing 20% of issued share capital. Gross proceeds amounted to MK27.92 Bn (USD 37.5 Mn) and the price implies a market capitalisation on admission of MK139.59 Bn (USD 187.4 Mn).

During the year ended March 31, 2020, the government of Tanzania ('GoT'), Bharti Airtel Tanzania B.V. ('BATBV'), Bharti Airtel International (Netherlands) B.V. ('BAIN') and Airtel Tanzania ('AT') executed agreements to resolve all disputes. These mainly cover the following:

- New shares to be issued by AT to the GoT at no cost such that the GoT will own 49% of the entire share capital of AT and BATBV will own 51%;

- Tanzania Revenue Authority's (TRA) tax claim of approximately USD 874m on BAIN will be treated as settled without any liability (no provision has been recognised currently);

- Tanzania Communications Regulatory Authority's Compliance Decision of April 20, 2018 imposing on AT a fine of approximately USD 183m too will be treated as settled without any liability (no provision has been recognised currently);

- TRA's various tax claims against AT of approximately USD 47m will, subject to verification and consideration of the records, be treated as settled without any liability (no provision has been recognised currently);

- AT will be issued a one-time tax clearance certificate in regard to tax disputes in respect of all historical tax claims up to December 31, 2018;

- In all cases this shall not be construed as an admission of fact or law or as a concession or admission of any wrongdoing, obligation, liability by any party;

- AT, subject to verification and consideration of the records by the TRA will be allowed the carry-forward tax loss balance as recorded in AT's corporate tax return for the tax year ended December 31, 2017;

- Parties will cooperate to effect the sale of towers and the proceeds thereof will be distributed in a pre-defined manner towards repayment of AT's shareholder loan, to be retained in AT and balance as a special one-time payout to the GoT. On receipt of its share of the proceeds from sale of towers, BATBV will waive the balance shareholder loan;

- A valid Listing Waiver will be provided to AT and the group entities in AT in accordance with the laws of Tanzania. Furthermore, in case of listing, the BATBV shares in AT are not subject to listing;

- Group entities will not be subject to any tax in connection with any of the transactions described above;

- AT will pay to GOT, approximately USD 0.4m every month for a period of 60 months, effective April 01, 2019 for the support services provided and

- AT will pay a special dividend ('Special Dividend') to its shareholders in proportion of their shareholding of upto 25% EBITDA based on its audited financial statements for the financial year ending December 31, 2019 subject to applicable laws.

Post the agreement following matters have been resolved:

- TRA's tax claim of approx. USD 874m, TCRA's imposition of approx. USD 183m and various tax claims against AT of approx. USD 22m have been vacated without any liability. Since the group did not carry any provisions for these matters, no accounting implications have arisen due to such resolution.

- On November 29, 2019 AT issued 36,176,471 shares to GOT at zero effective cost thus increasing GOT's shareholding in AT to 49%. The group has thus recognized non-controlling interest to the extent of 9% of carrying value of net assets of AT.

- Corporate tax return for carried forwards tax losses of AT has been concluded until December 31, 2016.

The completion of all other steps set out above are still in progress at the date of authorization of the financial statements.

As on March 31, 2020, the Company had 110.6 Mn customers in Africa across 14 countries as compared to 98.9 Mn customers in previous year, an increase of 11.9%.

Customer churn for the year remained flat at 5.0% as compared to the previous year. Total minutes on the network during the year increased by 20.6% to 250.1 Bn. Data customers increased by 5.4 Mn to 35 Mn accounting for 32.0% of the total customer base as compared to 30.4% in the previous year. The total MBs on the network has increased by 81.0% to 710.5 Bn MBs with usage per customer increasing from 1,192 MBs to 1,863 MBs. Total sites in Africa as on March 31, 2020 were 22,909 of which 20,378 were mobile broadband towers, representing 89.0% of the total sites.

In reported currency, Airtel Africa revenues grew by 13% to ₹ 242,171 Mn as compared to ₹ 215,026 Mn in the previous year. The Company's continued focus on running the operations efficiently and cost effectively has resulted in EBITDA of ₹ 107,259 Mn for the year as compared to ₹ 83,632 Mn in the previous year, increase of 28%. Consequently EBITDA margin improved by 5.4 p.p. to 44.3% compared to 38.9% in the previous year. Depreciation and amortization charges were at ₹ 42,786 Mn as compared to ₹ 31,234 Mn in the previous year. EBIT for the year was at ₹ 64,131 Mn as compared to ₹ 52,107 Mn in the previous year. PBT for the full year was at ₹ 37,439 Mn as compared to ₹ 30,315 Mn in the previous year. The full year capex was at ₹ 45,838 Mn as compared to ₹ 44,376 Mn in the previous year.

In Reported Currency

Particulars	FY 2019-20	FY 2018-19	Y-O-Y Growth
	₹ Mn	₹ Mn	%
Gross Revenues	242,171	215,026	13%
EBIT	64,131	52,107	23%

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

FY 2017-18 89.3
FY 2018-19 98.9
FY 2019-20 110.6

Key Highlights

Partnerships

- On October 09, 2019, the Group announced a partnership with Mastercard, which allows Airtel Money customers to make online payments globally using a virtual Airtel Money Mastercard. Airtel Money customers, even those using a feature phone, are also able to make in-person payments at outlets using QR codes. To date, there are over 1 Mn shops across Africa that accept Mastercard QR payments. Approximately 700,000 are in Nigeria, our largest market and where we have applied for a payment service bank license.

- On October 21, 2019 the Group announced a partnership with Ecobank which will allow millions of Mobile Money and Ecobank customers across Africa to improve their access to mobile financial services.

- On October 22, 2019 the Group announced partnership with Finablr which will enable Mobile Money customers to receive money directly to their phones, in their Mobile Money wallets, from more than 160 countries around the world.

- In Nigeria the Central Bank has approved the name "Smart Cash" to be used for the Airtel payment service bank.

- In February 2019, we launched Airtel TV in Uganda. Now we have more than half a million installations across Nigeria, Uganda and Zambia. We also launched Hollywood and premium international content on our platform, with movies and TV shows from MGM, Lionsgate, BBC and NBC Universal as well as local content, primarily Nollywood. Hollywood content has brought high-quality marketing promotions and trailers, increasing registrations and product loyalty.

- In January 2020, the Group signed a strategic partnership with Western Union. This will allow Airtel Money customers to reliably send and receive international money transfers directly from their phones using our mobile money wallet. This paves the way for Airtel Africa to further cater to the needs of local and global community members to move money and enable international cross-border payments. This partnership helps Airtel Africa to take an active part in the international money transfer business that happens to and from its operating countries.

Network Transformation & Digital Innovations

- In March 2020, Airtel Networks Limited (Airtel Nigeria) acquired from Intercellular Nigeria Limited 10 MHz spectrum in the 900 band for USD 70 Mn, excluding the Nigerian Communications Commission (USD 94 Mn including NCC fees, in line with the NCC Spectrum trading guidelines).

- The Group obtained additional spectrum of 20MHz in 2600 band in Nigeria, 5MHz in 1800 band in Chad and 10MHz in 2100 band in Malawi in H1'20.

- In November 2019, Airtel Networks Limited (Airtel Nigeria) signed an agreement with Intercellular Nigeria Limited, in order to acquire an additional 10 MHz spectrum in the 900 MHz band in Nigeria for a consideration of USD 70 Mn, excluding NCC fees as per the Nigerian Communications Commission (NCC) Spectrum Trading Guidelines. The additional spectrum will allow Airtel Nigeria to expand and strengthen its LTE network across the country. The acquisition is subject to regulatory approval by NCC.

- Airtel Niger is now the first operator to launch 4G network in the country. The 4G Launch is expected to be a growth driver for Niger economy, and will accelerate equitable and inclusive economic growth. The launch of Airtel's 4G is seen as an important step in the country's digitization process to provide broadband service everywhere in the country.

- Airtel Tanzania has been allocated an additional spectrum of 10 MHz in 1800 MHz band with an annual fee of USD 0.6 Mn. In addition, Airtel Tanzania has been authorized by the Tanzania Communications Regulatory Authority (TCRA) to use 10 MHz in the 700 MHz band for 8 months from October 21, 2019 onwards. The license of 700 MHz band will be issued post completion of a total of USD 12 Mn payment to the regulatory authorities in June, 2020.

- Airtel DRC has launched 4G services for its customers during the year. The launch is an important step towards nation's digitization drive.

~23%

growth in EBIT as compared to the previous year

- Airtel Uganda won the award for best Digital customer experience in financial services, IT and Telecom segment.

- Airtel Zambia won the award for best "ICT Exhibit" in an event organized by Zambia show society. (ICT – Information Communication and Technology).

- Airtel Nigeria won the Business Day "Next Bulls" Award for contribution to economy and job creation. Nigeria's leading Business and Economic Newspaper, "Business Day" in collaboration with the Nigerian Stock Exchange has honored Airtel Nigeria for its contributions to the economy and for creating employment opportunities across the country.

South Asia

Overview

Full year revenue of South Asia was at ₹ 4,552 Mn as compared to ₹ 4,436 Mn in the previous year. EBITDA for the year was at ₹ 430 Mn as compared to ₹ 126 Mn in the previous year. EBIT losses for the year reported at ₹ 1,055 Mn as compared to loss of ₹ 1,069 Mn in the previous year. Capex for the year was ₹ 1,025 Mn as compared to ₹ 1,185 Mn in the previous year.

Particulars	FY 2019-20	FY 2018-19	Y-O-Y Growth
	₹ Mn	₹ Mn	%
Gross Revenues	4,552	4,436	3%
EBIT	(1,055)	(1,069)	1%

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 as of March 31, 2020.

Robi is the first operator to launch 4.5G service in all the 64 districts of the country and has also successfully conducted the trial run of 5G and Voice over LTE technology.

On March 02, 2020, Robi submitted an application to the Bangladesh Securities and Exchange Commission, for its proposed public offering on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh. The proposed IPO would represent 10.0% of the enlarged issued and paid-up share capital of Robi.

Key operational and financial performance:

Bangladesh	Unit	Quarter Ended			
		Dec-19*	Sep-19*	Jun-19*	Mar-19
Operational Performance					
Customer Base	000's	49,004	48,194	47,939	47,341
Data Customer as % of Customer Base	%	63.8%	63.8%	62.8%	61.3%
ARPU	BDT	121	125	124	122
Financial Highlights (proportionate share of Airtel)					
Total revenues	₹ Mn	3,957	3,945	3,823	3,844
EBITDA	₹ Mn	1,245	1,495	1,748	1,117
EBITDA / Total revenues	%	31.5%	37.9%	45.7%	29.1%
Net Income	₹ Mn	(203)	354	(66)	24

*Financials for the quarter are post IFRS

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-20	Dec-19	Sep-19	Jun-19
Operational Performance					
Customer Base	000's	4,727	4,888	4,811	4,821
Data Customer as % of Customer Base	%	61.3%	59.2%	61.3%	59.1%
ARPU	GHS	14.2	13.1	13.2	13.1
Financial Highlights (proportionate share of Airtel)					
Total revenues	₹ Mn	1,334	1,212	1,224	1,247
EBITDA	₹ Mn	179	149	164	131
EBITDA / Total revenues	%	13.4%	12.3%	13.4%	10.5%
Net Income*	₹ Mn	-	(530)	(655)	(928)

*The share of loss in JV has been restricted to the remaining value of the investment.

C) Airtel Payments Bank Limited

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

Key operational and financial performance:

Airtel Payments Bank Limited	Unit	Quarter Ended			
		Mar-20	Dec-19	Sep-19	Jun-19
Operational Performance					
Active users	000's	14055	12208	9895	8307
Financial Highlights (proportionate share of Airtel)					
Total revenues	₹ Mn	1006	1030	853	909
EBITDA	₹ Mn	(1083)	(943)	(811)	(722)
EBITDA / Total revenues	%	-107.6%	-91.5%	-95.0%	-79.4%
Net Income*	₹ Mn	(1131)	(992)	(843)	(755)

*The share of loss in JV has been restricted to the remaining value of the investment.

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 > Emerging**

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, pandemic and other social tensions. Lately, following the declaration of COVID-19 outbreak a global pandemic by the World Health Organization,

some of these countries have, implemented social distancing norms, imposed other restrictions and issued lockdown orders in many areas, thereby, among others, restricting movement of people and mandating closure of offices, shops and commercial establishments. Uncertainties in respect of duration of such restrictive and lockdown orders are still looming large. Besides, 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, subscriber verification norms and 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 and social 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), Associated Chambers of Commerce of India (ASSOCHAM), GSMA, Internet Service Providers Association of India (ISPAI) 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 networks keeps a close watch on compliances with regulations and laws and ensures the operations of the Company are within the prescribed framework.

- Company has proactively implemented business continuity plan and effectively enabled work from home facility for all the employees by providing necessary IT infrastructure and network security. Further, considering that the Company is engaged in the business of providing telecommunication services, which are recognized as 'essential' services, through various interventions, the Company has engaged with Government authorities and ensured that requisite support by way of permissions for movement of employees or engineers, network equipment, supply chain etc., is extended by Government to facilitate continuous and unabated operations and maintenance of telecom network for continuity of services. Company has devised effective communication plan and support mechanism for safety and security of its employees.

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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 characterized 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 foreign currency denominated operating expenditure and capex contracts in Africa and converted them to local currency, thereby reducing foreign currency 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 fallback, 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. Fiercely competitive battleground (Operational)

Outlook from last year > Stable

Definition:

Prepaid market continues to be highly competitive & price sensitive. With consolidation in the industry, the simplicity has kicked in offering lesser number of plans & industry is moving towards offering tech-enabled solutions to the trade & customers.

- 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. This is not only accelerating customer migration from legacy 2G/3G networks to high speed 4G networks, but also simultaneously from offline mode of recharge to an online one.

- Competition for 4G share is seen through a high push for device upgrades by operators, in order to retain maximum customers on their 4G networks. This may give rise to subsidies for new 4G device purchase on top-selling smartphone brands, which would sustain or get more aggressive.

- The same driving factor of acquiring 4G share has driven competitors to pour in huge amounts of money for MNP acquisitions programs. The push is expected to get even

stronger with increasing adoption of 4G phones by the customers and a good & affordable network experience on those becoming a key factor for them.

≞ Further, with an increased number of customers using the online mode – our app as well as 3rd party apps – the importance of giving a push through these channels may go up. One of the key drivers on these platforms could be extending pricing discounts through cashbacks, etc.

≞ 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, the 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 monthly price of ₹ 23.

≞ The acquisition processes were further strengthened by launching mandatory first recharge. Emphasis was laid on acquiring customers on unlimited bundle packs. Continued monitoring of customer acquisition process like new customer acquisition churn, high acquisition recharge denominations, direct distribution, trade margins structures have yielded good results.

≞ Further, with an increased number of customers using the online mode – our app as well as 3rd party apps shall gain importance and we must stay competitive & ahead of the curve in this space. Technology shall play the role of a huge enabler.

≞ We are currently driving discounts consistently through our own app and have created a lot of awareness about the same. With third party apps also growing in importance, we are looking at strategic partnerships to create stickiness.

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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.

BIPP is applicable to all employees of Airtel and all third parties (including strategic partners) of Airtel who have access to personal 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.

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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, foreign exchange 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 and 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, QIP etc. divestment of Infratel and DTH stakes.

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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 is technology agnostic.

Mitigating actions:

- Airtel is expanding its broadband network footprint to fulfill customer experience and stay ahead of the of competition. It has re-farmed 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) has been re-farmed to 4G for providing additional capacity, barring few circles where only 5 MHz of 2100 band exists.

- 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 3x capacity gains. All of these efforts led to our network capacity to increase by 30PB in the last year alone. Going forward, we are building our own state-of-the-art telco cloud which will further help us meet the higher capacity demand from our subscribers.

- 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 37% of the voice traffic has been offloaded from legacy core to 4G (HD) voice. First of its kind in India, Airtel launched VoWifi technology in Delhi in Dec 2019 and pan-India in Jan 2020. Close to 6mn subscribers are already using this service which carries voice calls on indoor / outdoor WiFi networks as per the user location. This has helped to improve indoor experience considerably and by offloading traffic from existing spectrum, it has helped de-congesting our networks as well.

- Airtel is continuing to step up backhaul readiness and capacities on sites with increased fiberization, increased MPLS pop locations 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 proofing 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 423 Mn customers globally with a monthly average of 278 Bn minutes of voice on our network and huge data carried on wireless networks across more than 219,000 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 has a process of self-validation of several checklists and compliances

as well as a 'maker-checker' division of duties to identify and rectify deviations early enough. The company has implemented a "Compliance Tool" which tracks and 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 a 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 turning 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 our customers continues to be the prime area of focus for FY 2020-21, with several digital initiatives being undertaken.

- As a part of our core digital initiatives, we continue to invest in our platforms - Data, Distribution, Network and Payments to strengthen core businesses such as Mobility, B2B, and DTH as well as new businesses such as Advertising. With investment into core platforms, the intent is to enter a digitally secure future for the company.

- To further strengthen our digital footprint in the country, we have launched new age programs such as:

  - One Airtel (erstwhile Homes)

  - Superhero Recharge Program

  - Airtel Workforce Management solution

- The focus is to strengthen on digital reach by powering the core digital properties - Thanks, Wynk, Airtel Xstream (together the properties stand at 100 Mn monthly active users) in order to maximize distribution play for Airtel and its partners.

- Focus on enhancing payment infrastructure to not only improve the transaction success rate but also transaction experience for our customers.

- Investment in data science is a key pillar to establish impact across the company by empowering both existing and new businesses as well as improve return on investment on network deployment.

- Significant investment on B2B in the field of digitization from acquisition to fulfillment of orders in order to improve the efficiency of overall business and thus, improve return on investment.

- With focus on planned innovation by investment in businesses such as Advertising, Surveillance and Financial Services, a new vertical termed as 'New Business Incubator' under Airtel Digital Services Ltd has been launched to cater to these work streams.

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 the 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 2020.

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, 2020.

The Company has in place an Internal Assurance (IA) function headed by Chief Internal Auditor. EY and ANB & Co (ANB) are the Assurance Partners of the Company who conducts financial, compliance and process improvement audits on a periodic basis. 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 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, 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. We operate on a single instance of Oracle across all operating units which ensures uniformity and standardization in ERP configurations, chart of accounts, finance and SCM processes across countries. 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 HR

Airtel has transformed the way customers connect with the organization, consume data and entertainment services. The organization has made a conscious effort to accelerate adoption of a digital processes and tools to achieve strategic operational goals. Implementation of latest technologies has enabled Airtel to automate and streamline a lot of essential processes. To make a shift from traditional processes to a digitally empowered and data driven organisation, it is important to empower employees. Today, a large part of the workforce, is actively involved in digital projects to enable the next billion users to join the internet. Airtel's focus on attracting and honing the right talent, has been a key enabler to create a future ready organisation.

Airtel's digital arm - Airtel X Labs is transforming Airtel into an industry beating digital force. From creating exciting customer experiences, to enabling intelligence across markets and building connected devices and services, the digital team is leveraging the scale of Airtel telecommunications to build unique solutions that can transform our customers' lives. Today this team focusses on delivering solutions that truly enrich the lives of the customers by building products that entertain and inform, connect devices to the internet, and develop key capabilities around Data Services and deliver highly improved customer engagement across touchpoints. This arm works in close collaboration in the form of cross-functional squads with our marketing and business teams to ensure that organizational goals are achieved.

Transforming HR digitally

Along with building a robust digital business, Airtel is also strengthening the HR function to ensure that employees enjoy seamless, digital people experiences. In this continued journey of digitization of HR, Airtel has initiated digital processes across the employee lifecycle. While Hive application continued to be the one stop-shop solution to gather knowledge about Airtel, we also invested in other platforms to further improve our people experience across the candidate journey, pre-boarding, induction and learning.

Engage, new hiring platform, provides candidate centric personalised engagement and has helped us in increasing our onboarding frequency. Our mobile-first pre-boarding application has enabled candidate engagement prior to joining and a fully digitized, smooth pre-boarding journey. This app has helped joiners learn more about Airtel and the work we do prior to joining so that they feel like a part of the Airtel ecosystem from the moment they join. At Airtel we believe that all employee journey must start green and integrating them within the Airtel ecosystem is crucial to set new-joiners for success. As a part of the same effort, we launched mobile-first induction platform called New Bee. This app offers a digital induction experience which is tailored to their roles and eliminates the need for generic classroom programs that are increasing becoming redundant. This initiative has helped in reducing time to workstation for new joiners by 60% and new joiners are free to focus the freed-up time in people interactions, market visits and shadowing leaders.

Continuous learning is in Airtel's DNA so that we remain relevant in the ever-evolving technology landscape. To ensure our learning avenues are easily accessible by all our employees, we re-launched iLearn - integrated learning application provides on-the-go learning to our employees by bringing content from platforms like Coursera, LinkedIn and in house content together in one single application. 60% of the organization leverages mobile app to access learning. Along with above new launches, we have also taken initiatives to ensure all HR transactions (incl. expenses) become paperless.

Investing in talent to create future leaders

On our journey in investing behind our people, we have launched several initiatives to ensure we hire, retain and develop future leaders. With the same purpose, we launched Airtel leadership Academies (ALA) program, in FY 2018-19. The academy umbrella aims to provide leadership training in order to build pipeline of future leaders that can take up critical roles. Selection is a rigorous process and the participants undergo a structured feedback and development journey that enables self-discovery, exposure to on-the-job projects that are critical to the organization as well as leadership exposure and a customised management development programs from world-renowned universities.

We launched the first batches of Advanced and Future Leaders Program (ALP & FLP) for 98 select participants to build pipeline for vertical head & roles. Basis the exhilarating feedback received, Airtel Academies are becoming truly aspirational. We also launched the first batch of Emerging Leaders Program (ELP), with an objective to build a ready pipeline of internal talent for first time manager roles and Executive Leadership Program (XLP), with an objective to groom talent for CEO roles.

380+ leaders have been exposed to developmental interventions as a part of the Airtel Academy framework in FY 2019-20 across batches and we endeavour to ensure that all participants experience holistic development including common functional skills, key leadership skills and role-specific on the job experiences.

We have also continued our focus on functional and behavioural learning. Last year, we initiated 'CRACKING – the – GROWTH CODE', a suite of classroom programs, focusing on building essential business & leadership skills for junior, middle and senior management. LeGo and N-Rich have widened our functional learning portfolio across growth products and new network technologies. Peer-to-peer learning through Gurucool and Product-school by our internal experts have helped the learning gene grow.

Online modules continued to be a popular mode of learning with 19,000+ course completions across Coursera, LinkedIn learning, Plural Sight and Airtel 101.

Airtel also continued to hire talented graduates from premier campuses across the country and establish itself as a viable and promising career brand on B-school and engineering campuses. As part of its Young Leader Program, Airtel offered

49 budding management leaders from top B schools to join and onboarded 98 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 14,000+ participants.

Cultural change:

At Airtel, we believe in winning customers for life. Our employees, those who serve our customers and those who serve those who serve our customers – truly embody the spirit of "I am Airtel". We are institutionalising this commitment to our customers and cement this into our culture through key 3 behaviours of GPS – start Green, deliver Promises and Solve problems. This will ensure that each employee puts the customer at the centre.

We are also making efforts to create an environment of transparency and open dialogue for development with programs like 'Elevate'. Elevate has enabled experienced people managers to have developmental conversations, continuous feedback and coaching conversations with their teams.

Outlook

Global and India's economy growth is expected to be impacted for some part of the 2020 due to the coronavirus pandemic, but is expected to bounce back once the virus fades away. Apart from the short term economic impact, the lockdown and new social distancing norms are expected to bring long term changes to how day-to-day tasks are carried out. The changed working environment will increase the acceptance of working from home and remote working. The new normal will be facilitated by the digital highways i.e. the mobile broadband infrastructure created by the telecommunications sector. These will act as another driver to the Indian telecom industry which is the second largest in the world and has started witnessing exponential growth in 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. In addition, the increasing rural tele-density and overall smartphone penetration will open up new opportunities for growth in digital mobile banking, content streaming and e-commerce.

Africa telecom sector continued to have a positive outlook with an increasing purchasing power, rapid urbanization, rising middle class and growing smartphone penetration. Increasing adoption of data services with enhanced high speed 3G/4G connectivity in the region is fuelling the growth of the mobile broadband segment. Also, the focus on improving financial inclusion in the region is creating opportunities for mobile money services.

With presence in different emerging and high potential geographies, Bharti Airtel stands to gain by being a one-stop telecommunication solution provider. With a robust legacy, the company is now 25 years young and is just getting started to build on a well-established network, recognised brand and unparalleled focus on customer.