Quarterly report on the results for the second quarter and half year ended Sep 30, 2014

Bharti Infratel Limited

(Incorporated as a public limited company on November 30, 2006 under the Companies Act, 1956)
Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110 070, India

Oct 27, 2014

The financial statements included in this quarterly report fairly present in all material respects the financial position, results of operations, cash flow of the Company as of and for the periods presented in this report.

Supplemental Disclosures

Safe Harbor: - Some information in this report may contain forward-looking statements. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as “believe,” “plan,” “anticipate,” “continue,” “estimate,” “expect,” “may,” “will” or other similar words.

A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward-looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and actual results can be material, depending on the circumstances. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as of the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this report after the date hereof. In light of these risks and uncertainties, any forward-looking statement made in this report or elsewhere may or may not occur and has to be understood and read along with this supplemental disclosure.

General Risk: - Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Company without necessary diligence and relying on their own examination of Bharti Infratel Limited; along with the equity investment risk which doesn't guarantee capital protection.

Use of Certain Non-GAAP measures: - This result announcement contains certain information on the Company’s results of operations and cash flows that have been derived from amounts calculated in accordance with Indian Generally Accepted Accounting Principles (IGAAP), but are not in themselves IGAAP measures. They should not be viewed in isolation as alternatives to the equivalent IGAAP measures and should be read in conjunction with the equivalent IGAAP measures.

Further, disclosures are also provided under “Use of Non - GAAP financial information” on page 25

Others: In this report, the term “Bharti Infratel” or “Infratel” or “the Company” refers to Bharti Infratel Limited, whereas references to “we”, “us”, “our”, “the Group” and other similar terms, unless otherwise specified or the context otherwise implies, refer to Bharti Infratel Limited taken together with its wholly owned subsidiary, Bharti Infratel Ventures Limited and Bharti Infratel’s 42% equity interest in Indus Towers Limited till FY12-13.

Pursuant to filing the Order of Hon’ble High Court with Registrar of Companies (ROC) on June 11, 2013, Bharti Infratel Ventures Limited has been merged with Indus Towers Limited as of that date.

With effect from FY 13-14, references to “we”, “us”, “our”, “the Group” and other similar terms, unless otherwise specified or the context otherwise implies, refer to Bharti Infratel Limited taken together with its wholly owned subsidiary, Bharti Infratel Services Limited (which was incorporated on June 4, 2013 and received Certificate for Commencement of Business on August 13, 2013), and Bharti Infratel’s 42% equity interest in Indus Towers Limited.

Disclaimer: - This communication does not constitute an offer of securities for sale in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus and will contain detailed information about the Company and its management, as well as financial statements.

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Section 1

BHARTI INFRATEL – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended[6]			Quarter Ended[6]				
		2012	2013	2014	Sep 2013	Dec 2013	Mar 2014	Jun 2014	Sep 2014
Consolidated Operating Highlights									
Total Towers	Nos	79,064	82,083	83,368	82,476	82,813	83,368	83,778	84,303
Total Co-locations	Nos	149,908	156,608	167,202	159,997	163,370	167,202	170,320	174,270
Average Sharing factor	Times	1.85	1.90	1.96	1.93	1.96	1.99	2.02	2.05
Closing Sharing factor	Times	1.90	1.91	2.01	1.94	1.97	2.01	2.03	2.07
Sharing Revenue per Tower per month	Rs	64,931	66,034	66,273	65,608	66,760	67,942	68,886	69,740
Sharing Revenue per Sharing Operator per month	Rs	35,025	34,717	33,862	33,996	34,124	34,155	34,113	34,016
Consolidated Financials									
Revenue[1&7]	Rs Mn	94,521	102,720	108,267	26,837	27,311	27,899	28,427	29,301
EBITDA[1]	Rs Mn	35,269	38,103	44,118	10,759	11,298	11,598	11,851	12,201
EBIT[1]	Rs Mn	13,830	15,852	22,742	5,403	6,031	6,373	6,537	6,731
Cash profit from operations[1]	Rs Mn	29,069	32,036	37,742	8,938	9,953	10,193	10,483	11,086
Profit before Tax	Rs Mn	11,282	15,307	23,232	4,637	6,156	6,992	6,925	7,104
Profit after Tax	Rs Mn	7,491	10,025	15,179	2,774	4,105	4,724	4,628	4,652
Capex	Rs Mn	14,103	21,470	15,268	2,906	3,669	5,631	4,798	4,601
-of Which Maintenance & General Corporate Capex[5]	Rs Mn	-	3,916	4,071	899	983	1,161	1,491	1,243
Operating Free Cash Flow[1&4]	Rs Mn	19,039	17,833	26,471	7,367	7,076	5,388	6,469	7,249
Adjusted Fund From Operations(AFFO)[1&5]	Rs Mn	-	32,064	37,668	9,374	9,762	9,858	9,776	10,607
Total Capital Employed	Rs Mn	157,652	151,738	147,089	151,576	148,390	147,089	144,160	143,181
Net Debt / (Net Cash)[8]	Rs Mn	12,411	(20,187)	(33,294)	(31,510)	(38,147)	(33,294)	(38,589)	(33,222)
Shareholder's Equity	Rs Mn	145,241	171,925	180,382	183,086	186,537	180,382	182,749	176,403
Key Ratios									
EBITDA Margin[2]	%	37.3%	37.1%	40.7%	40.1%	41.4%	41.6%	41.7%	41.6%
EBIT Margin[2]	%	14.6%	15.4%	21.0%	20.1%	22.1%	22.8%	23.0%	23.0%
Net Profit Margin[2]	%	7.9%	9.8%	14.0%	10.3%	15.0%	16.9%	16.3%	15.9%
Net Debt / (Net Cash) to EBITDA (LTM)	Times	0.35	(0.53)	(0.75)	(0.77)	(0.90)	(0.75)	(0.85)	(0.71)
Interest Coverage ratio (LTM)	Times	8.66	9.66	11.04	9.22	10.02	11.04	12.18	14.83
Return on Capital Employed (LTM)	%	8.5%	10.2%	15.2%	12.2%	13.6%	15.2%	16.3%	17.4%
Incremental Return on Capital Employed (LTM)	%	∞[3]	∞[3]	∞[3]	∞[3]	∞[3]	∞[3]	∞[3]	∞[3]
Return on Shareholder's Equity (LTM)	%	5.3%	6.3%	8.6%	7.2%	7.3%	8.6%	8.9%	10.1%
Incremental Return on Shareholder's Equity (LTM)	%	47.1%	15.9%	29.3%	15.1%	18.8%	29.3%	26.4%	37.9%
Valuation Indicators									
Market Capitalization	Rs Bn	N.A	338	384	295	318	384	483	557
Enterprise Value	Rs Bn	N.A	318	351	264	280	351	444	524
EV / EBITDA (LTM)	Times	N.A	8.34	7.96	6.44	6.60	7.96	9.77	11.16
EPS (Diluted)	Rs	4.29	5.61	8.02	1.47	2.17	2.49	2.44	2.46
PE Ratio	Times	N.A	31.89	25.37	24.77	23.94	25.37	29.81	30.82

1. Revenue, EBITDA, EBIT, Cash profit from operations, Operating free cash flow and Adjusted Fund from Operations (AFFO) are excluding other income.
2. EBITDA, EBIT and Net profit margin have been computed on revenue excluding other income.
3. Incremental Return on Capital employed as at the end of relevant periods is not ascertainable as the capital employed for the quarter and year end was lower than capital employed as at the end of the corresponding previous period.
4. Operating free cash flow for the full year ended Mar 31, 2013 have been adjusted for change in estimate of site restoration obligation.
5. Reporting for these key parameters started from year ended Mar 31, 2013.
6. Previous periods' figures have been regrouped/ rearranged wherever necessary to confirm to current period classifications.
7. Revenue for the full year ended Mar 31, 2012 & 2013 includes uneliminated IRU income, the accrual of which discontinued post Indus Merger.
8. Refer Glossary for revised definition of net debts/(net cash).

Section 2

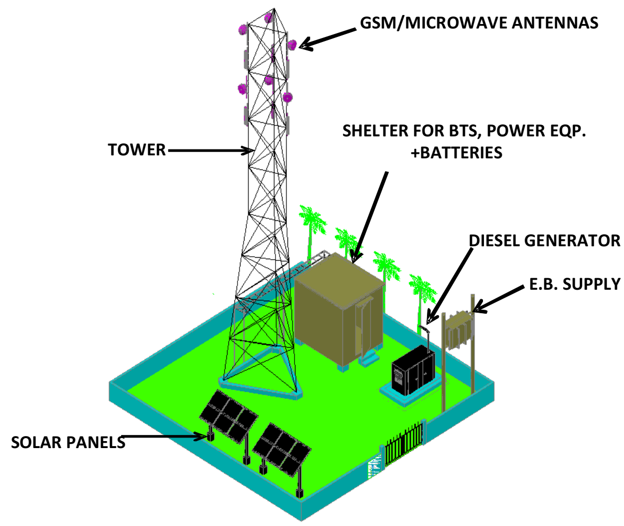
AN OVERVIEW

2.1 Industry Overview

The Indian telecommunications industry is one of the most competitive globally. The focus of Indian operators in the last ten years or so has been to develop an affordable mass market telecommunications service model which allows for service availability across India's urban and rural areas at affordable prices. A strong focus on optimization of operational expenses through the outsourcing of non-core areas, process innovation, cost-to-serve alignment and strategic partnerships has also resulted in steady growth of the Tower Industry. Today, all operators prefer to lease towers from tower companies rather than build them for captive use.

Infrastructure sharing is effective in optimizing the utilization of available resources and helps to bring down the cost of providing telecommunications services. With the reduction in overall tariffs and restrictions placed by various local regulatory bodies on the installation of telecom towers, infrastructure sharing amongst service providers has become the norm rather than the exception in the Indian telecommunications industry.

Tower companies provide the entire range of tower infrastructure that is required by wireless telecommunications service providers to offer mobile telephony services to their subscribers. Tower infrastructure refers to equipments such as towers, shelters, power regulation equipment, battery banks, diesel generator sets ("DG sets"), air conditioners, fire extinguishers and a security cabin, required at a site where such towers are installed. There are generally two types of towers – Ground Based Towers ("GBTs") and Roof Top Towers ("RTTs").



GBT-WITH INDOOR BTS

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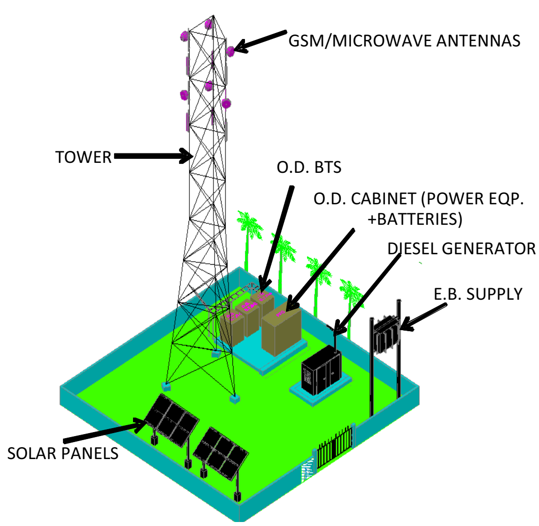
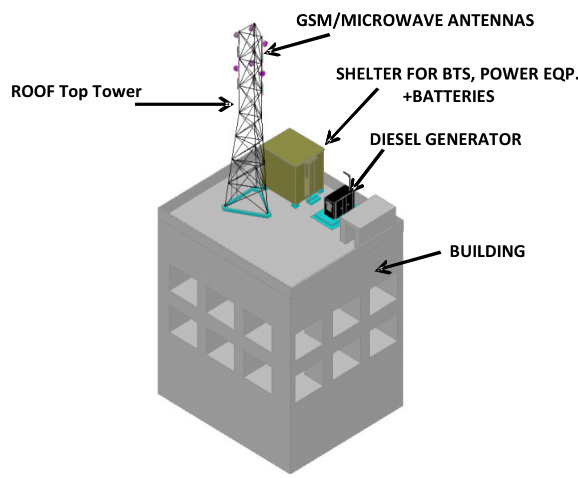


GBT-WITH OUTDOOR BTS



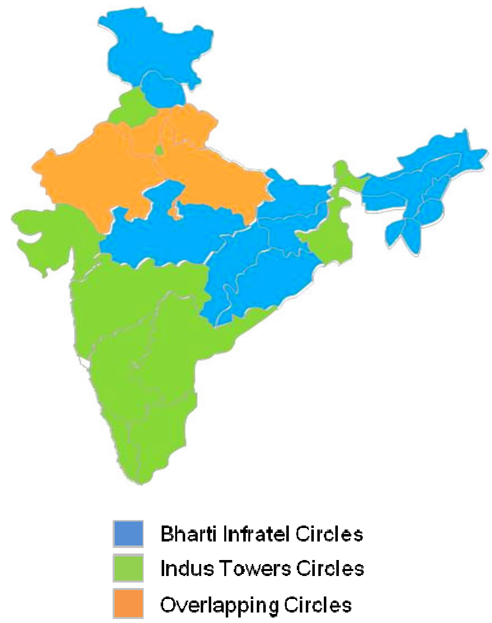
RTT-WITH INDOOR BTS

Average specifications for GBT and RTT are summarized in the following table:

	GBT	RTT
Space Requirement	4,000 Sq. Ft.	Roof Top
Height (m)	40-60	14-20
Occupancy Capacity	3-5 co-location	2-3 co-location

There are two kinds of infrastructure that constitute a telecom tower:

▪ Active Infrastructure: Radio antenna, BTS/cell site, cables etc that are owned and supplied by telecom operators
▪ Tower Infrastructure: Steel tower, shelter room, DG set, Power regulation equipment, Battery bank, security cabin etc. that supports active infrastructure.



2.2 Company Overview

Bharti Infratel is a provider of tower and related infrastructure sharing services. On a consolidated basis, we are one of the largest PAN India tower infrastructure providers, based on the number of towers owned and operated by Bharti Infratel and Indus,that are represented by Bharti Infratel's 42% equity interest in Indus. The business of Bharti Infratel and Indus is to acquire, build, own and operate tower and related infrastructure. Bharti Infratel and Indus provide access to their towers primarily to wireless telecommunications service providers on a shared basis, under long-term contracts. Bharti Infratel's and Indus's three largest customers are Bharti Airtel (together with Bharti Hexacom), Vodafone India and Idea Cellular, which are the three leading wireless telecommunications service providers in India by wireless revenue.

We have a nationwide presence with operations in all 22 telecommunications Circles in India, with Bharti Infratel and Indus having operations in 4 overlapping Circles.

As of Sep 30, 2014, Bharti Infratel owned and operated 36,381 towers with 72,597 co-locations in 11 telecommunications Circles while Indus operated 1,14,101 towers with 2,42,079 co-locations in 15 telecommunications Circles. With Bharti Infratel's towers and Bharti Infratel's 42% interest in Indus, we have an economic interest in the equivalent of 84,303 towers and 174,270 co-locations in India as of Sep 30, 2014.

We have entered into MSAs with our customers. The MSAs are long-term contracts which set out the terms on which access is provided to Bharti Infratel's and Indus's towers, with all service providers being offered substantially the same terms and receiving equal treatment at towers where they have installed their active infrastructure. Under the MSAs, Bharti Infratel and Indus enter into service contracts in respect of individual towers. The MSAs and service contracts govern Bharti Infratel's and Indus's relationship with their customers; the services provided, the applicable charges and incorporate annual escalation clauses in respect of the applicable charges. This provides stability to our business and provides visibility with regard to future revenues.

Relationship with Indus

In order to capitalize on the opportunities for tower sharing in the Indian telecommunications market, Bharti Airtel, Bharti Infratel, Vodafone India and Idea Cellular agreed to establish Indus as an independently managed joint venture that provides non-discriminatory shared tower services to all wireless telecommunications service providers. In furtherance of this joint venture, the parties also agreed to contribute certain identified towers to Indus and to use the services of Indus in the first instance for any new rollout of telecommunications towers or co-locations in 15 telecommunications circles. In this context, Indus was incorporated in November 2007 and Bharti Airtel, Bharti Infratel, Vodafone India (certain of its subsidiaries), Idea Cellular and Idea Cellular Infrastructure entered into the Indus Share Holders Agreement (SHA) to govern their relationship with respect to Indus and its day-to-day operations and the Framework Agreement, which sets out among other things, the basis on which towers were to be contributed to Indus by the respective parties. In accordance with the Framework Agreement, Bharti Infratel, Vodafone India and Aditya Birla Telecom hold a 42%, 42% and 16% shareholding interest in Indus, respectively.

The Indus SHA provides that Indus cannot carry on business in the seven telecommunications Circles in which Bharti Infratel currently operates exclusive of Indus. Similarly, subject to certain exceptions, the joint venture partners are not permitted to, among other things (a) compete with the business of Indus in the 15 specified telecommunications Circles that Indus currently operates in, (b) develop, construct or acquire any tower in the 15 specified telecommunications Circles that Indus currently operates in and (c) directly or indirectly procure orders from or do business with any entity that has been a customer of Indus during the previous two year period in competition with the business of Indus in the 15 specified telecommunications Circles that Indus currently operates in.

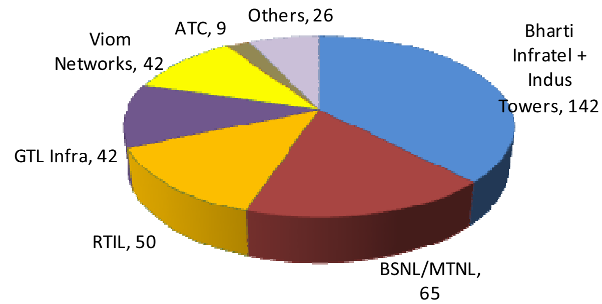
Bharti Infratel entered into an indefeasible right to use agreement with Indus in December 2008. Pursuant to this agreement, Bharti Infratel granted Indus an IRU in relation to certain of its towers in the telecommunications Circles of Mumbai, Kolkata, Maharashtra, Tamil Nadu (including Chennai), Kerala, Gujarat, Delhi, Karnataka, Andhra Pradesh, Punjab and West Bengal, which it was to contribute to Indus in accordance with the terms of the Framework Agreement. Consequent to the transfer of towers by Bharti Infratel to Bharti Infratel Ventures Limited, the IRU with Bharti Infratel was transferred to Bharti Infratel Ventures Limited (the "BIVL IRU") in respect of these towers. Similarly, the other joint venture partners had entered into similar IRU arrangements with Indus, which have been transferred to their respective tower infrastructure entities, and on the basis of which Indus operates and derives revenues from the towers that are to be contributed to it.

On the basis of the relationship as described above, Bharti Infratel and Indus do not compete with each other in any telecommunications Circle, they do not have any conflicts of interest in this regard and are able to work closely with each other and benefit from the synergies generated by the nationwide coverage and large scale of their operations.

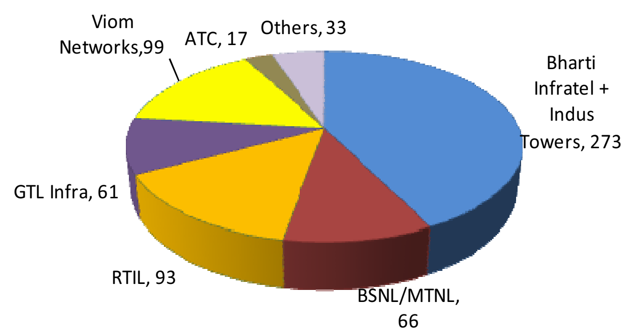
Pursuant to filing the Order of Hon'ble High Court of Delhi with Registrar of Companies (ROC) on June 11, 2013, Bharti Infratel Ventures Limited, has been merged with Indus Towers Limited as of that date. Please refer to the section "Indus Merger" in the glossary for further details. Pursuant to the Indus Merger, the IRU arrangements between BIVL and Indus Towers Ltd. cease to exist.

Market Share

Bharti Infratel and Indus Towers together have a market share of 37.8% as on March 31, 2012 in terms of installed tower base and in terms of co-location BTS, the market share is 42.5% as on March 31, 2012. (Source: Analysys Mason)



Installed tower base by tower companies, '000 towers as on Mar 2012 (Source: Analysys Mason)



Co-location BTS by tower companies, '000 Co-locations as on Mar 2012 (Source: Analysys Mason)

Note:- Market share reported above is based on last independent market survey report available.

Future visibility on revenues & cash flows

Bharti Infratel has assured future revenues and cash flows because of the following key competitive strengths:

- A leading telecommunications infrastructure operator in India, with large scale, nationwide operations in an industry with entry barriers.
- Extensive presence in all telecommunications Circles with high growth potential
- Long term contracts with leading wireless telecommunications service providers in India, providing visibility on future revenues.

  On a consolidated basis, the estimated weighted average remaining life of service contracts, entered into with telecommunications service providers, as on Sep 30, 2014 is 6.36 Years.
- Comprehensive deployment and operational experience supported by well developed processes, systems and IT infrastructure

Alternate Energy and Energy Conservation Measures

Bharti Infratel believes that a healthy environment is a prerequisite for progress, contributing to the well being of society, our people and our business, and serving as the foundation for a sustainable and strong economy. In line with the vision of being known for Environmental Friendliness, the Company continues to deploy people, ideas and capital to help find effective solutions to environmental issues.

Bharti Infratel has initiated Green Towers P7 program based on seven ideas aimed at minimizing dependency on diesel and, thereby, carbon footprint reduction. This program promotes (a) improving energy efficiency of tower infrastructure equipment, (b) use of renewable energy resources, and (c) reduction of equipment load on tower infrastructure equipment.

Some of the key initiatives taken so far are:

- Solar DG Hybrid: As of Sep 30, 2014, we operate close to 2,500 solar-powered sites across the network on a consolidated basis, which helps in reducing noise and emissions from DG sets and also in reducing dependency on diesel, thereby contributing towards better energy security. The Company is working towards scaling up the solar installations across the network.

  Further, we are partnering with Renewable Energy Service Companies in our efforts towards powering our towers using renewable energy along with community power development, in rural areas.

- Adoption of Integrated Power Management Solutions (IPMS) and Plug and Play Cabinets (PPC) as part of standard configuration for new tower deployment to ensure effective utilization of grid power supply on the towers.

- Comprehensive program to ensure zero diesel consumption at our tower sites. On a consolidated basis, close to 19,600 towers across our network are diesel-free.

We believe that these renewable energy initiatives, energy efficiency measures and load optimization methods will continue to have long-term benefits to our business, securing us against rising power and fuel costs as well as reducing the environmental impact of our operations.

For Operating highlights and details refer Page no. 13

Section 3

FINANCIAL HIGHLIGHTS

The financial results presented in this section are compiled based on the audited consolidated financial statements prepared in accordance with Indian Generally Accepted Accounting Principles (IGAAP) and the underlying information. The consolidated financial results represent results of the Company and its subsidiary and its share in Joint Venture Company accounted for by proportionate consolidation.

Detailed financial statements, analysis & other related information is attached to this report (page 21). Also, kindly refer to section 7.3 - use of Non – GAAP financial information(Page 25) and Glossary (Page 37) for detailed definitions

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3.1 Summary of Consolidated Financial Statements

3.1.1 Summarized Consolidated Statement of Operations (net of inter-company eliminations)

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-14	Sep-13	Y-on-Y Growth	Sep-14	Sep-13	Y-on-Y Growth
Revenue[1]	29,301	26,837	9%	57,728	53,057	9%
EBITDA[1]	12,201	10,759	13%	24,052	21,222	13%
EBITDA Margin[2]	*41.6%*	*40.1%*		*41.7%*	*40.0%*	
EBIT[1]	6,731	5,403	25%	13,268	10,338	28%
Other Income	1,137	569	100%	2,309	2,125	9%
Finance cost	764	1,335	-43%	1,548	2,379	-35%
Profit before Tax	7,104	4,637	53%	14,029	10,084	39%
Income tax expense	2,452	1,863	32%	4,749	3,734	27%
Profit after Tax	4,652	2,774	68%	9,280	6,350	46%
Capex	4,601	2,906	58%	9,400	5,968	57%
Operating Free Cash Flow[1]	7,249	7,367	-2%	13,717	14,007	-2%
Adjusted Fund From Operations(AFFO)[1]	10,607	9,374	13%	20,382	18,048	13%
Cumulative Investments	271,664	270,076	1%	271,664	270,076	1%

1. Revenue, EBITDA, EBIT, Operating free cash flow and Adjusted Fund from Operations (AFFO) are excluding other income.
2. EBITDA margin has been computed on revenue excluding other income.

3.1.2 Summarized Statement of Consolidated Financial Position

Amount in Rs. mn

Particulars	As at Sep 30, 2014	As at Mar 31, 2014
Shareholder's Fund		
Share capital	18,903	18,893
Reserves and surplus	157,500	161,489
	176,403	**180,382**
Non-current liabilities	54,924	63,823
Current liabilities	35,085	42,151
Total liabilities	**90,009**	**105,974**
Total Equity and liabilities	**266,412**	**286,356**
Assets		
Non-current assets	221,493	230,392
Current assets	44,919	55,964
Total assets	**266,412**	**286,356**

3.2 Summarized Statement of Group Consolidation- Statement of Operations

3.2.1 Bharti Infratel Consolidated (Quarter Ended Sep 30, 2014)

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended Sep 30, 2014			
	Infratel Standalone	Indus Consolidation[3]	Eliminations	Infratel Consol[4]
Revenue[1]	13,693	15,615	(7)	29,301
EBITDA[1]	5,884	6,317	0	12,201
EBITDA Margin[2]	*43.0%*	*40.5%*		*41.6%*
EBIT[1]	3,077	3,654	0	6,731
Other Income	3,482	347	(2,692)	1,137
Finance cost	(11)	775	0	764
Profit before Tax	6,570	3,226	(2,692)	7,104
Income tax expense	1,298	1,154	0	2,452
Profit after Tax	5,272	2,072	(2,692)	4,652
Capex	2,067	2,534	0	4,601
Operating Free Cash Flow[1]	3,494	3,755	0	7,249
Adjusted Fund From Operations (AFFO)[1]	4,968	5,639	0	10,607
Cumulative Investments	125,880	145,784	0	271,664

1. Revenue, EBITDA, EBIT, Operating free cash flow and AFFO are excluding other income.
2. EBITDA margin has been computed on revenue excluding other income.
3. Refer glossary for Indus Consolidation.
4. Infratel consolidated includes wholly owned subsidiary BISL.

3.2.2 Bharti Infratel Consolidated (Half Year Ended Sep 30, 2014)

Amount in Rs mn, Except Ratios

Particulars	Half Year Ended Sep 30, 2014			
	Infratel Standalone	Indus Consolidation[3]	Eliminations	Infratel Consol[4]
Revenue[1]	26,922	30,819	(13)	57,728
EBITDA[1]	11,639	12,413	0	24,052
EBITDA Margin[2]	*43.2%*	*40.3%*		*41.7%*
EBIT[1]	6,035	7,233	0	13,268
Other Income	13,714	797	(12,202)	2,309
Finance cost	(68)	1,616	0	1,548
Profit before Tax	19,817	6,414	(12,202)	14,029
Income tax expense	2,478	2,271	0	4,749
Profit after Tax	17,339	4,143	(12,202)	9,280
Capex	4,876	4,523	0	9,400
Operating Free Cash Flow[1]	6,061	7,657	0	13,717
Adjusted Fund From Operations (AFFO)[1]	9,426	10,956	0	20,382
Cumulative Investments	125,880	145,784	0	271,664

1. Revenue, EBITDA, EBIT, Operating free cash flow and AFFO are excluding other income.
2. EBITDA margin has been computed on revenue excluding other income.
3. Refer glossary for Indus Consolidation.
4. Infratel consolidated includes wholly owned subsidiary BISL.

3.2.3 Bharti Infratel Standalone

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-14	Sep-13	Y-on-Y Growth	Sep-14	Sep-13	Y-on-Y Growth
Revenue[1]	13,693	12,341	11%	26,922	24,274	11%
EBITDA[1]	5,884	5,059	16%	11,639	9,867	18%
EBITDA Margin[2]	*43.0%*	*41.0%*		*43.2%*	*40.6%*	
EBIT[1]	3,077	2,286	35%	6,035	4,051	49%
Other Income[3]	3,482	253		13,714	3,870	
Finance cost	(11)	335		(68)	336	
Profit before Tax	6,570	2,204	198%	19,817	7,585	161%
Income tax expense	1,298	721	80%	2,478	1,690	47%
Profit after Tax	5,272	1,483	255%	17,339	5,895	194%
Capex	2,067	1,487	39%	4,876	3,140	55%
Operating Free Cash Flow[1&3]	3,494	3,144	11%	6,061	5,871	3%
Adjusted Fund From Operations (AFFO)[1]	4,968	4,096	21%	9,426	7,855	20%
Cumulative Investments	125,880	121,584	4%	125,880	121,584	4%

1. Revenue, EBITDA, EBIT and Operating free cash flow are excluding other income.
2. EBITDA margin has been computed on revenue excluding other income.
3. Other Income for the quarter & half year ended Sep 30, 2014 and half year ended Sep 30, 2013 includes dividend income of Rs. 2,692 million, Rs. 12,202 million and Rs 2200 million respectively received from Indus Towers Ltd.

3.2.4 Indus Consolidation[3]

Amount in Rs mn, Except Ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep-14	Sep-13	Y-on-Y Growth	Sep-14	Sep-13	Y-on-Y Growth
Revenue[1]	15,615	14,490	8%	30,819	28,791	7%
EBITDA[1]	6,317	5,700	11%	12,413	11,355	9%
EBITDA Margin[2]	*40.5%*	*39.3%*		*40.3%*	*39.4%*	
EBIT[1]	3,654	3,117	17%	7,233	6,287	15%
Other Income	347	316	10%	797	466	71%
Finance cost	775	1,000	-23%	1,616	2,054	-21%
Profit before Tax	3,226	2,433	33%	6,414	4,699	36%
Income tax expense	1,154	1,142	1%	2,271	2,044	11%
Profit after Tax	2,072	1,291	60%	4,143	2,655	56%
Capex	2,534	1,419	79%	4,523	2,828	60%
Operating Free Cash Flow[1]	3,755	4,223	-11%	7,657	8,136	-6%
Adjusted Fund From Operations (AFFO)[1]	5,639	5,278	7%	10,956	10,194	7%
Cumulative Investments	145,784	148,492	-2%	145,784	148,492	-2%

1. Revenue, EBITDA, EBIT and Operating free cash flow are excluding other income.
2. EBITDA margin has been computed on revenue excluding other income.
3. Refer glossary for Indus Consolidation.

3.3 **Summarized Statement of Group Consolidation- Statement of Financial Position**

Amount in Rs mn

Particulars	As at Sep 30, 2014			
	Infratel Standalone	Indus Consolidation[1]	Eliminations	Infratel Consol[2]
Shareholder's Fund				
Share capital	18,903	1	(1)	18,903
Reserves and surplus	165,730	52,389	(60,620)	157,500
	184,633	**52,390**	**(60,621)**	**176,403**
Non-current liabilities	12,883	42,042	0	54,924
Current liabilities	15,493	19,846	(254)	35,085
Total liabilities	**28,376**	**61,888**	**(254)**	**90,009**
Total Equity and liabilities	**213,009**	**114,278**	**(60,875)**	**266,412**
Assets				
Non-current assets	180,053	102,061	(60,621)	221,493
Current assets	32,956	12,217	(254)	44,919
Total assets	**213,009**	**114,278**	**(60,875)**	**266,412**

1. Refer glossary for Indus Consolidation.
2. Infratel consolidated includes wholly owned subsidiary BISL.

Section 4

OPERATING HIGHLIGHTS

The financial figures used for computing sharing revenue per sharing operator, sharing revenue per tower, revenue per employee per month, Personnel cost per employee per month are based on IGAAP.

4.1 Tower and Related Infrastructure Services

4.1.1 Bharti Infratel Consolidated

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Q-on-Q Growth	Sep 30, 2013	Y-on-Y Growth
Total Towers[1]	Nos	84,303	83,778	525	82,476	1,827
Total Co-locations[1]	Nos	174,270	170,320	3,950	159,997	14,273
Key Indicators						
Average Sharing Factor	Times	2.05	2.02		1.93	
Closing Sharing Factor	Times	2.07	2.03		1.94	
Sharing Revenue per Tower p.m	Rs	69,740	68,886	1.2%	65,608	6.3%
Sharing Revenue per Sharing Operator p.m	Rs	34,016	34,113	-0.3%	33,996	0.1%

1. Represents the sum of the numbers of towers (and the co-locations thereof) owned and operated by Bharti Infratel and 42% of the number of towers (and the co-locations thereof) owned & operated by Indus Towers.

4.1.2 Bharti Infratel Standalone

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Q-on-Q Growth	Sep 30, 2013	Y-on-Y Growth
Total Towers	Nos	36,381	36,112	269	35,376	1,005
Total Co-locations	Nos	72,597	70,544	2,053	65,391	7,206
Key Indicators						
Average Sharing Factor	Times	1.97	1.94		1.84	
Closing Sharing Factor	Times	2.00	1.95		1.85	
Sharing Revenue per Tower p.m	Rs	73,202	72,159	1.4%	68,720	6.5%
Sharing Revenue per Sharing Operator p.m	Rs	37,073	37,204	-0.4%	37,430	-1.0%

4.1.3 Indus Towers

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Q-on-Q Growth	Sep 30, 2013	Y-on-Y Growth
Total Towers	Nos	114,101	113,490	611	112,144	1,957
Total Co-locations	Nos	242,079	237,562	4,517	225,252	16,827
Key Indicators						
Average Sharing Factor	Times	2.11	2.08		2.00	
Closing Sharing Factor	Times	2.12	2.09		2.01	
Sharing Revenue per Tower p.m	Rs	67,554	66,706	1.3%	63,283	6.7%
Sharing Revenue per Sharing Operator p.m	Rs	32,055	32,075	-0.1%	31,636	1.3%

4.2 Human Resource Analysis

4.2.1 Bharti Infratel Consolidated

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Q-on-Q Growth	Sep 30, 2013	Y-on-Y Growth
Total On Roll Employees[1]	Nos	2,148	2,107	41	2,116	32
Number of Towers per Employee	Nos	39	40	-1.3%	39	0.7%
Personnel Cost per Employee per month	Rs	155,125	152,889	1.5%	146,072	6.2%
Revenue per Employee per month	Rs	4,591,244	4,466,768	2.8%	4,224,297	8.7%

1.Total On Roll Employees include proportionate consolidation of 42% of Indus Towers Employees.

4.2.2 Bharti Infratel Standalone

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Q-on-Q Growth	Sep 30, 2013	Y-on-Y Growth
Total On Roll Employees	Nos	1,234	1,210	24	1,229	5
Number of Towers per Employee	Nos	29	30	-1.2%	29	2.4%
Personnel Cost per Employee per month	Rs	163,121	164,889	-1.1%	142,005	14.9%
Revenue per Employee per month	Rs	3,735,134	3,617,446	3.3%	3,344,444	11.7%

4.2.3 Indus Towers

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Q-on-Q Growth	Sep 30, 2013	Y-on-Y Growth
Total On Roll Employees	Nos	2,176	2,135	41	2,113	63
Number of Towers per Employee	Nos	52	53	-1.4%	53	-1.2%
Personnel Cost per Employee per month	Rs	144,613	136,734	5.8%	151,723	-4.7%
Revenue per Employee per month	Rs	5,749,351	5,616,385	2.4%	5,440,738	5.7%

Note: Indus operates on outsourced operations & maintenance model in certain geographical territories wherein the associated personnel cost is recorded as part of repair & maintenance and other expenses. Hence, the related human resources key performance indicators are not strictly comparable between Bharti Infratel Standalone and Indus.

4.3 Residual Lease Period and Future Minimum Lease Receivable

4.3.1 Bharti Infratel Consolidated

Parameters	Unit	Sep 30, 2014
Average Residual Service Contract Period	Yrs.	6.36
Minimum Lease Payment Receivable	Rs. Mn	480,763

Section 5

MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Key Industry Developments

1. TRAI- Issuance of Consultation Paper (CP) on Definition of Revenue Base (AGR)

TRAI has released a Consultation Paper (CP) on 'Definition of Revenue Base (AGR) for the Reckoning of License Fee and Spectrum Usage Charges' on 31st August 2014.

The objective of this paper is to initiate an exercise to review the definition of Gross Revenue (GR) and the permissible deductions to arrive at Adjusted Gross Revenue (AGR) in the context of the National Telecom Policy 2012, the changes made in the licensing regime, the transition from the administrative allocation regime towards market-determined prices for spectrum, and the conclusion of tenure of many licenses.

The important issues which have been covered in the paper include:

- Definition of GR and permissible deductions to arrive at AGR
- Components of GR, AGR and minimum presumptive AGR
- Rates of License Fee and Spectrum Usage Charges
- Formats of statements of revenue and license fee
- Audit and verifiability of revenue and license fee

The paper is aimed at defining the constituents of AGR, Set off items to be deducted from Gross Revenue to arrive at AGR and how to audit the license fee and spectrum fee paid by the telecom licensee. Further, the consultation paper reiterates inclusion of IP-I's under the licensing regime.

Accordingly, after taking the inputs from all members of TAIPA i.e. Industry Association of Infrastructure Providers, Category 1, a detailed joint representation has been filed with TRAI covering all possible grounds. Few of the vital grounds inter alia taken in the said representation are as follows:

- DoT's own stand on previous occasions and conflicting recommendations by TRAI in past.
- Arguments of arbitrage and loss of revenue is hypothetical in totality.
- IP-1's do not carry out any telegraph signals etc. and only undertake provisioning of passive infrastructure; hence IP-1s should not be brought under licensing regime.
- Licensing of IP-1's will tantamount to "payment of double license fee".
- Licensing is discriminatory to IP-1s.
- The authority concept of maximizing revenue by brining IP-1s under the licensing regime is not in line with the prime objective of NTP-2012.
- Changing rules of the game mid-way etc.

2. IMC final recommendations on DOT Directive on Green Telecom

After having a detailed discussions with various concerned stakeholders i.e. telecom service providers, IP-1's, industry associations etc., the Inter-ministerial Committee (IMC) have issued inter-alia the following final major recommendations:

- DOT directive of Jan 2012 needs to be calibrated keeping in view the current status of Renewable Energy Technology (RET) deployment / learning /significant changes in technologies /optimum energy solutions available

- The penalty as proposed earlier in the directive should not be linked to the achievement of RET targets at present

- In urban areas, the outdoor BTS installations should be made diesel free to the extent possible with required capacity of efficient storage batteries back up and RET systems

- Overall objective should be reduction of diesel consumption

- Methodology for measuring carbon emission to be aligned with international practices

- To consider diesel free sites towards meeting the objective of Green telecom

- Use of energy efficient BTS, use of DAS and active infra sharing by Telecom Service Providers'

- Support and Incentives to industry including benefits of accelerated depreciation, concessional loans with longer tenure, performance based incentives for deploying RET solutions etc.

5.2 Key Company Developments

1. Indus Towers and Reliance Jio Join Hands in Tower Infrastructure Sharing

Our joint venture, Indus Towers and Reliance Jio Infocomm Limited have signed a Master Services Agreement. Under the agreement, Reliance Jio would utilize the telecom tower infrastructure of Indus Towers to launch its services across the country.

As per the agreement, the pricing is at 'arm's length,' based on prevailing market rates.

This agreement is aimed at avoiding duplication of infrastructure, wherever possible, and to preserve capital and the environment. The agreement would also benefit existing customers with lower rentals and energy charges as a result of additional sharing.

2. Minimum Public float requirement (25% Public shareholding) prescribed by SEBI

During the quarter Bharti Airtel Limited, the promoter of Bharti Infratel Limited ("the Company") offered sale of 45 million shares with a green shoe option of additional 40 million shares in open market through an offer for sale (OFS).

Offer was oversubscribed 2.4 times with a strong global interest across US, Asia, Europe and India.

Total consideration received by the promoter from 4.5 % equity off load was USD 350 million.

Infratel achieved minimum public float requirement (25%) well ahead of Dec-15 timeline prescribed by SEBI along with increased liquidity in the stock.

Promoter's equity holding in the company is now at 74.9% vs 79.4% holding before OFS.

3. Awards and Recognitions

The Company was conferred with following award and recognitions during the quarter.

HP Hall of Fame and CIO 100 Awards for 2014

Our Chief Information Officer was felicitated with HP Hall of Fame and CIO 100 Award for 2014 for advanced and innovative use of Information Technology as an enabler at the company.

5.3 Results of Operations

The financial results presented in this section are compiled based on the audited consolidated financial statements prepared in accordance with Indian Generally Accepted Accounting Principles (IGAAP) and the underlying information. The consolidated financial results represent results of the Company and its subsidiary and its share in Joint Venture Company accounted for by proportionate consolidation

Key Highlights - For the quarter ended Sep 30, 2014

- **Consolidated tower base at 84,303**
- **Consolidated co-locations at 174,270**
- **Closing sharing factor at the end of the quarter at 2.07 (L.Y. 1.94)**
- **Consolidated Revenues at Rs. 29,301 Mn (up 9% Y-o-Y)**
- **Consolidated EBITDA at Rs. 12,201 Mn (up 13% Y-o-Y)**
- **Net profit at Rs. 4,652 Mn (up 68% Y-o-Y)**
- **Adjusted Fund From Operation (AFFO) at Rs. 10,607 Mn (up 13% Y-o-Y)**

5.3.1 Financial & Operational Performance

Bharti Infratel Consolidated

Quarter Ended Sep 30, 2014

Tower and Co-Location base & additions

As of Sep 30, 2014, Bharti Infratel owned and operated 36,381 towers with 72,597 co-locations in 11 telecommunication Circles while Indus operated 1,14,101 towers with 2,42,079 co-locations in 15 telecommunication Circles. With Bharti Infratel's towers and Bharti Infratel's 42% interest in Indus, we have an economic interest in the equivalent of 84,303 towers and 1,74,270 co-locations in India as of Sep 30, 2014.

Net co-locations added during the quarter were 3,950 on consolidated basis and 2,053 on standalone basis.

Revenues[1] from Operations

Our consolidated revenue from operations for the quarter ended Sep 30, 2014 was Rs 29,301 million, a growth of 9.2% compared to the quarter ended Sep 30, 2013. Our consolidated revenue comprises of primarily revenues from co-locations of Bharti Infratel and 42% economic Interest in Indus and their energy billings.

For the quarter ended Sep 30, 2014, Bharti Infratel and Indus had average sharing factors of 1.97 and 2.11 per tower, respectively.

Operating Expenses

Our consolidated total expenses for the quarter ended Sep 30, 2014 were Rs 17,100 million, or 58.4% of our consolidated revenues from operations. The largest component of our consolidated expenses during this period was power and fuel, amounting to Rs 11,009 million reflecting in part our new co-locations as well as general increase in power and fuel prices. The other key expenses incurred by us during the quarter ended Sep 30, 2014 were rent of Rs 2,319 million, repair & maintenance (operations and maintenance costs of the network) of Rs 2,215 million and employee benefits expenses of Rs. 990 million.

EBITDA[1], EBIT[1] & Finance Cost

For the quarter ended Sep 30, 2014, the Group had an EBITDA of Rs 12,201 million, a growth of 13.4% compared to the quarter ended Sep 30, 2013. The reported EBITDA margin for the quarter was 41.6%.

During the quarter ended Sep 30, 2014, the Group had depreciation and amortization expenses of Rs 5,420 million or 18.5 % of our consolidated incomes. The resultant EBIT for the quarter ended Sep 30, 2014 was Rs 6,731 million, a growth of 24.6% compared to the quarter ended Sep 30, 2013. The finance cost for the quarter ended Sep 30, 2014 was Rs 764 million or 2.6% of our consolidated revenues, resulting from our consolidated indebtedness.

Profit before Tax (PBT)

Our consolidated profit before tax for the quarter ended Sep 30, 2014 was Rs 7,104 million, or 24.2% of our consolidated revenues, a growth of 53.2% compared to the quarter ended Sep 30, 2013.

Profit after Tax (PAT)

The net income for the quarter ended Sep 30, 2014 was Rs 4,652 million or 15.9% of our consolidated revenues, representing a Y-o-Y growth of 67.7%. Our consolidated total tax expense for the quarter ended Sep 30, 2014 was Rs 2,452 million, or 8.4% of our consolidated revenues.

[1]Revenue, EBITDA, EBIT, Operating free cash flow & AFFO are excluding other income.

Capital Expenditure, Operating Free Cash Flow & Adjusted Fund from Operations (AFFO) [1]

For the quarter ended Sep 30, 2014, the Group incurred capital expenditure of Rs 4,601 million. The Operating free cash flow during the quarter was Rs 7,249 million, a decrease of 1.6% compared to the quarter ended Sep 30, 2013 on account of higher capital expenditure during the current quarter.

The Adjusted Fund from Operations (AFFO) during the quarter was Rs 10,607 million, an increase of 13.2% compared to the quarter ended Sep 30, 2013.

Return on Capital Employed (ROCE)

ROCE as at the period ended Sep 30, 2014 stands at 17.4% representing a healthy surge of 500bps over corresponding quarter last year.

During the current quarter, net debts/(net cash) has been adjusted for dividend declared & adjusted in equity but remaining unpaid as at the end of relevant period to eliminate impact of timing difference of dividend declaration and actual payout on capital employed and ROCE. Previous period figures have been regrouped accordingly to provide better presentation of ROCE.

[1] Revenue, EBITDA, EBIT, Operating free cash flow & AFFO are excluding other income.

5.4 Bharti Infratel Consolidated Three Line Graph

The Group tracks its performance on a three-line graph.

The parameters considered for the three-line graph are:

1. **Total Sharing revenue -** i.e. service revenue accrued during the respective period

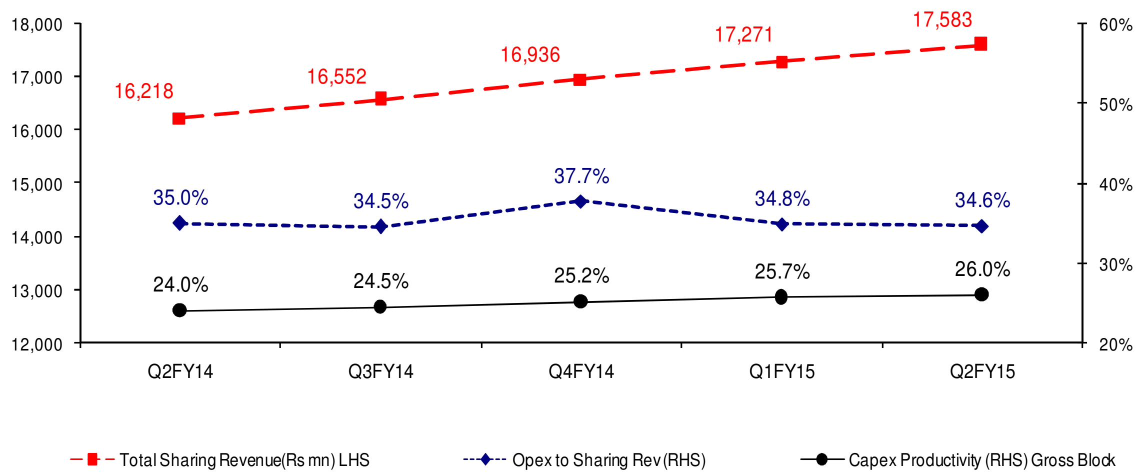
2. **Opex Productivity -** is calculated as operating expenses other than power and fuel expense divided by total sharing revenues for the respective period.

   This ratio depicts the operational efficiencies in the Group.

3. **Capex Productivity** – this is computed by dividing sharing revenue accrued for the quarter (annualized) by average gross cumulative investments (gross fixed assets and capital work in progress) as at the end of respective period. This ratio depicts the asset productivity of the Group.

Given below are the graphs for the last five quarters of the Group:

5.3.1 Bharti Infratel Consolidated



Section 6

STOCK MARKET HIGHLIGHTS

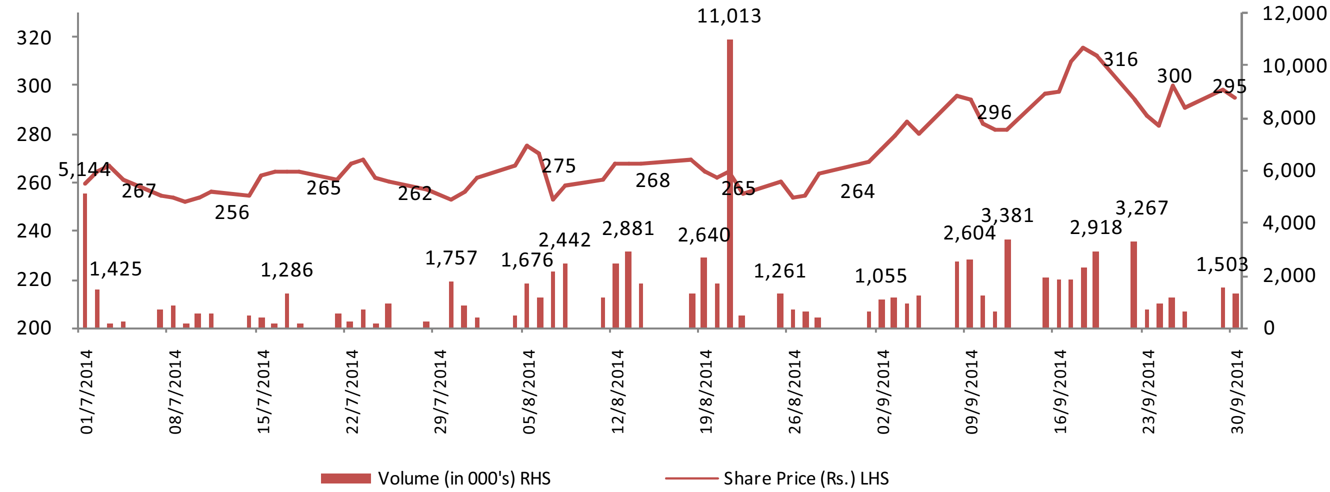
6.1 General Information

Shareholding and Financial Data	Unit	Quarter Ended Sep 30, 2014
Code/Exchange		INFRATEL/NSE
Bloomberg/Reuters		BHIN:IN/BHRI.NS
No. of Shares Outstanding (30/09/14)	Mn Nos	1,890.28
Closing Market Price - NSE (30/09/14)	Rs /Share	294.75
Combined Average Daily Volume (NSE & BSE)	Nos in Mn/day	1.42
Combined Average Daily Value (NSE & BSE)	Rs bn /day	0.39
Market Capitalization	Rs bn	557
Book Value Per Equity Share	Rs /share	93.32
Market Price/Book Value	Times	3.16
Enterprise Value	Rs bn	524
PE Ratio	Times	30.82
Enterprise Value/ EBITDA (LTM)	Times	11.16

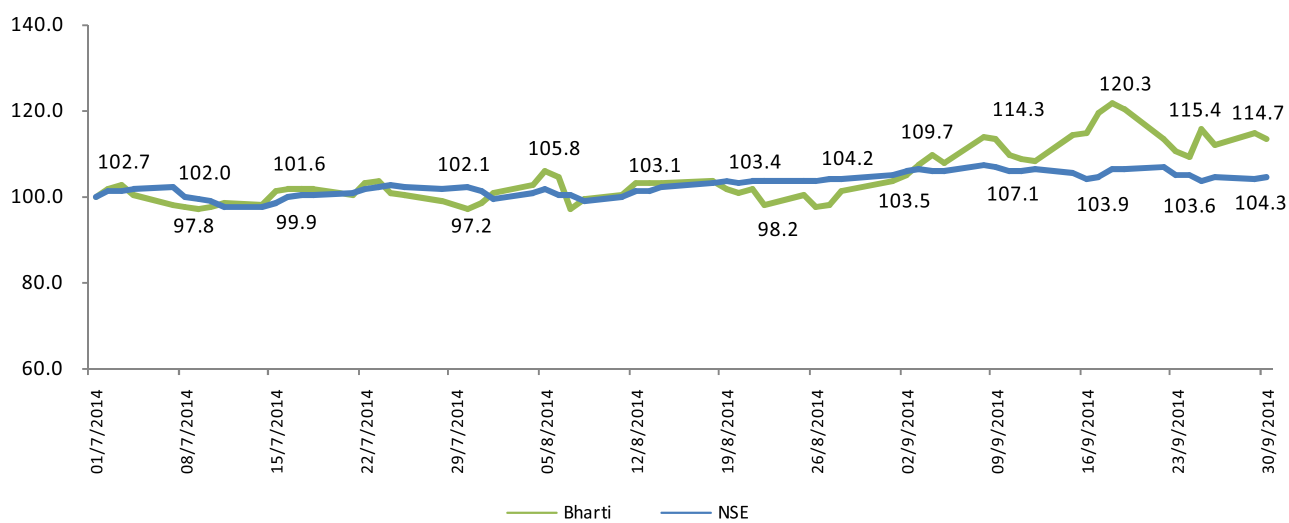
6.2 Summarized Shareholding pattern as of Sep 30, 2014

Category	Number of Shares	%
Promoter & Promoter Group		
Indian	1,415,000,000	74.9%
Foreign	-	-
Sub-Total	**1,415,000,000**	**74.9%**
Public Shareholding		
Institutions	356,630,294	18.9%
Non-Institutions	118,651,817	6.3%
Sub-Total	**475,282,111**	**25.1%**
Total	**1,890,282,111**	**100.0%**

6.3 Bharti Infratel daily stock price (NSE) and volume (BSE & NSE Combined) movement



6.4 Comparison of Bharti Infratel with Nifty



Nifty and Bharti Infratel Stock price rebased to 100.

Section 7

DETAILED FINANCIAL AND RELATED INFORMATION

The financial results presented in this section are compiled based on the audited consolidated financial statements prepared in accordance with Indian Generally Accepted Accounting Principles (IGAAP) and the underlying information. The consolidated financial results represent results of the Company and its subsidiary and its share in Joint Venture Company accounted for by proportionate consolidation

7.1 Extracts from Audited Consolidated Financial Statements prepared in accordance with Indian Generally Accepted Accounting Principles (IGAAP)

7.1.1 Consolidated Statement of Income

Amount in Rs mn, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sep 30, 2014	Sep 30, 2013	Y-on-Y growth	Sep 30, 2014	Sep 30, 2013	Y-on-Y growth
Income						
Revenues	29,301	26,837	9%	57,728	53,057	9%
Other income	1,137	569	100%	2,309	2,125	9%
	30,438	**27,406**	**11%**	**60,037**	**55,182**	**9%**
Expenses						
Power and fuel	11,009	10,415	6%	21,575	20,417	6%
Rent	2,319	2,215	5%	4,574	4,373	5%
Employee benefits expenses	990	928	7%	1,963	1,794	9%
Repairs and maintenance	2,215	2,041	9%	4,475	4,273	5%
Other expenses	567	479	18%	1,089	978	11%
	17,100	**16,078**	**6%**	**33,676**	**31,835**	**6%**
Earnings before interest, tax, depreciation & amortization & charity and donation (EBITDA)	**13,338**	**11,328**	**18%**	**26,361**	**23,347**	**13%**
Depreciation and amortization expense	6,131	6,277	-2%	11,980	13,319	-10%
Less: adjusted with general reserve in accordance with the Scheme	(711)	(951)		(1,307)	(2,465)	
	5,420	**5,326**	2%	**10,673**	**10,854**	-2%
Finance costs	764	1,335	-43%	1,548	2,379	-35%
Charity and donation	50	30		111	30	
	6,234	**6,691**	**-7%**	**12,332**	**13,263**	**-7%**
Profit before tax	**7,104**	**4,637**	**53%**	**14,029**	**10,084**	**39%**
Tax expenses						
Current tax	2,371	1,651	44%	4,599	3,520	31%
Deferred tax	81	212		150	214	
Total tax expense	**2,452**	**1,863**	**32%**	**4,749**	**3,734**	**27%**
Profit for the period	**4,652**	**2,774**	**68%**	**9,280**	**6,350**	**46%**
Earnings per equity share (nominal value of share Rs 10 each)						
Basic (Rs.)	2.461	1.469	68%	4.910	3.362	46%
Diluted (Rs.)	2.457	1.465	68%	4.901	3.354	46%

7.1.2 Consolidated Statement of Financial Position

Amount in Rs mn

Particulars	As at Sep 30, 2014	As at Mar 31, 2014
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	18,903	18,893
Reserves and surplus	157,500	161,489
	176,403	**180,382**
Non-current liabilities		
Long-term borrowings	21,486	25,844
Deferred tax liabilities (net)	11,399	11,249
Other long-term liabilities	11,149	15,994
Long-term provisions	10,890	10,736
	54,924	**63,823**
Current liabilities		
Short-term borrowings	0	992
Trade payables	1,941	1,894
Other current liabilities	32,546	29,428
Short-term provisions	598	9,837
	35,085	**42,151**
Total equity and liabilities	**266,412**	**286,356**
Assets		
Non-current assets		
Fixed assets		
Tangible assets	149,772	153,039
Intangible assets	242	166
Capital work-in-progress	1,781	1,527
Non-current investments	34,541	36,343
Long-term loans and advances	8,976	14,016
Other non-current assets	26,181	25,301
	221,493	**230,392**
Current assets		
Current investments	24,035	38,460
Trade receivables	3,525	3,075
Cash and bank balances	4,033	1,655
Short-term loans and advances	5,174	5,082
Other current assets	8,152	7,692
	44,919	**55,964**
Total assets	**266,412**	**286,356**

7.1.3 Consolidated Statement of Cash Flow-

Amount in Rs mn

Particulars	Quarter Ended Sep 30, 2014	Half Year Ended Sep 30, 2014
Cash flows from operating activities		
Profit before tax	7,104	14,029
Adjustments for -		
Depreciation and amortization expense	5,420	10,673
Interest income	(55)	(103)
Dividend income	(128)	(394)
Interest expense	766	1,600
Amortization of loan origination fee	8	15
Net loss/ (gain) on sale of current investments	(245)	(508)
Employee stock compensation expense	10	14
Revenue equalization	(407)	(1,039)
Rent equalization	56	104
Provision for doubtful debts and advances	34	32
Provision for capital work in progress	36	45
Fixed assets written off	(141)	(254)
Loss/ (profit) on sale of fixed assets (net)	(290)	(563)
Operating profit before working capital changes	**12,167**	**23,651**
Increase / (Decrease) in trade payables	110	47
Increase / (Decrease) in other current liabilities	(30)	2,152
Increase / (Decrease) in short-term provisions	17	29
Increase / (Decrease) in other long-term liabilities	46	(4,949)
Increase / (Decrease) in long-term provisions	7	15
(Increase) / Decrease in trade receivables	(125)	(418)
(Increase) / Decrease in short-term loans and advances	(453)	(893)
(Increase) / Decrease in other current assets	(263)	(210)
(Increase) / Decrease in long-term loans and advances	(111)	4,850
(Increase) / Decrease in other non-current assets	(59)	(106)
Cash generated from operations	**11,306**	**24,168**
Income tax paid (net of refunds)	(2,022)	(3,669)
Net Cash flow from operating activities (A)	**9,284**	**20,498**
Cash flows from investing activities		
Purchase of tangible assets	(4,585)	(9,247)
Proceeds from sale of fixed assets	294	808
Purchase of investments	(28,749)	(64,817)
Proceeds from sale of investments	48,049	81,551
Interest received	54	102
Dividend received	128	394
Net Cash flow (used in) investing activities (B)	**15,191**	**8,791**
Cash flows from financing activities		
Proceeds from exercise of stock options	31	114
Repayment of borrowings	(839)	(4,051)
Interest paid	(862)	(1,677)
Dividend paid	(16,822)	(16,822)
Tax on dividend paid	(2,859)	(4,475)
Net Cash flow (used in) financing activities (C)	**(21,351)**	**(26,911)**
Net (decrease) / increase in cash and cash equivalents during the period (A+B+C)	**3,124**	**2,378**
Cash and cash equivalents at the beginning of the period	**894**	**1,640**
Cash and cash equivalents acquired on merger		
Cash and cash equivalents at the end of the period	**4,018**	**4,018**

Contd…

Contd…

Amount in Rs mn

Particulars	Quarter Ended Sep 30, 2014	Half Year Ended Sep 30, 2014
Cash and cash equivalents		
Balance with scheduled banks:		
Current account	1,903	1,903
Cheques in hand	4	4
Fixed deposits with maturity less than three months	2,111	2,111
Total cash and cash equivalents	**4,018**	**4,018**
Other bank balances		
Deposit more than three months but less than twelve months	15	15
Total cash and bank balances	**4,033**	**4,033**

7.2 Schedules to Financial Statements

7.2.1 Schedule of Revenue from Operations

Amount in Rs mn

Particulars	Quarter Ended		Half Year Ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Rent	17,583	16,218	34,854	32,302
Energy and other reimbursements	11,718	10,619	22,874	20,755
Revenue	**29,301**	**26,837**	**57,728**	**53,057**

7.2.2 Schedule of Operating Expenses

Amount in Rs mn

Particulars	Quarter Ended		Half Year Ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Power and fuel	11,009	10,415	21,575	20,417
Rent	2,319	2,215	4,574	4,373
Employee benefits expenses	990	928	1,963	1,794
Repair and maintenance expenses	2,215	2,041	4,475	4,273
Other expenses	**567**	**479**	**1,089**	**978**
- Other network expenses	129	57	238	163
- Others	438	422	851	815
Operating Expenses	**17,100**	**16,078**	**33,676**	**31,835**

7.2.3 Schedule of Depreciation & Amortization

Amount in Rs mn

Particulars	Quarter Ended		Half Year Ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Depreciation of tangible assets	5,387	5,304	10,619	10,804
Amortization of intangible assets	33	22	54	50
Depreciation and Amortization	**5,420**	**5,326**	**10,673**	**10,854**

7.2.4 Schedule of Finance Cost

Amount in Rs mn

Particulars	Quarter Ended		Half Year Ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Interest	754	982	1,529	2,017
Finance Charges	10	353	19	362
Finance cost	**764**	**1,335**	**1,548**	**2,379**

7.3 Use of Non-GAAP Financial Information

In presenting and discussing the Company's reported financial position, operating results and cash flows, certain information is derived from amounts calculated in accordance with IGAAP, but this information is not in itself an expressly permitted GAAP measure. Such non - GAAP measures should not be viewed in isolation as alternatives to the equivalent GAAP measures.

A summary of non - GAAP measures included in this report are shown below.

7.3.1 Reconciliation of Non- GAAP financial information based on IGAAP

a) Reconciliation of Total Income to Revenue

Amount in Rs mn

Particulars	Quarter Ended	Half Year Ended
	Sep 30, 2014	Sep 30, 2014
Total Income to Revenue		
Total Income as per IGAAP	**30,438**	**60,037**
Less: Other Income	1,137	2,309
Revenue	**29,301**	**57,728**

b) Reconciliation of EBITDA (Including Other Income) to EBITDA

Amount in Rs mn

Particulars	Quarter Ended	Half Year Ended
	Sep 30, 2014	Sep 30, 2014
EBITDA (Incl. Other Income) to EBITDA		
EBITDA (Incl. Other Income) as per IGAAP	**13,338**	**26,361**
Less: Other Income	1,137	2,309
EBITDA	**12,201**	**24,052**

c) Reconciliation of EBIT (Including Other Income) to EBIT

Amount in Rs mn

Particulars	Quarter Ended	Half Year Ended
	Sep 30, 2014	Sep 30, 2014
EBIT (Incl. Other Income) to EBIT		
EBIT (Incl. Other Income)	**7,868**	**15,577**
Less: Other Income	1,137	2,309
EBIT	**6,731**	**13,268**

d) Derivation of Operating Free Cash Flow from EBITDA

Amount in Rs mn

Particulars	Quarter Ended	Half Year Ended
	Sep 30, 2014	Sep 30, 2014
EBITDA to Operating Free Cash Flow		
EBITDA	**12,201**	**24,052**
Less: Capex	4,601	9,400
Less: Revenue Equalisation	407	1,039
Add: Lease Rent Equalisation	56	104
Operating Free Cash Flow	**7,249**	**13,717**

e) Derivation of Cash Profit from Operations from Profit before tax

Amount in Rs mn

Particulars	Quarter Ended	Half Year Ended
	Sep 30, 2014	Sep 30, 2014
Profit before tax to Cash Profit from Operations		
Profit before tax as per IGAAP	**7,104**	**14,029**
Add: Depreciation and Amortization	5,420	10,673
Add: Charity & Donation	50	111
Less: Other Income	1,137	2,309
Less : Revenue Equalisation	407	1,039
Add : Lease Rent Equalisation	56	104
Cash Profit from Operations	**11,086**	**21,569**

f) Derivation of Adjusted Fund from Operations (AFFO) from EBITDA.

Amount in Rs mn

Particulars	Quarter Ended	Half Year Ended
	Sep 30, 2014	Sep 30, 2014
EBITDA to Adjusted Fund From Operations		
EBITDA	**12,201**	**24,052**
Less: Maintenance & General Corporate Capex	1,243	2,735
Less: Revenue Equalisation	407	1,039
Add: Lease Rent Equalisation	56	104
Adjusted Fund From Operations(AFFO)	**10,607**	**20,382**

g) Calculation of Net Debt / (Net Cash)[1]

Amount in Rs mn

Particulars	As at Sep 30, 2014	As at Mar 31, 2014
	Consolidated	Consolidated
Total Debt	29,372	33,423
Less: Cash and Cash Equivalents & Current and non-current Investments	62,594	76,443
Add:Unpaid dividend declared & adjusted in equity	0	9,726
Net Debt / (Net Cash)	**(33,222)**	**(33,294)**

1. Refer Glossary for revised definition of net debts/(net cash).

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h) Calculation of Capital Employed

Amount in Rs mn

Particulars	As at Sep 30, 2014	As at Mar 31, 2014
	Consolidated	Consolidated
Shareholder's Fund	176,403	180,382
Add:Net Debt / (Net Cash)	(33,222)	(33,294)
Capital Employed	**143,181**	**147,089**

Section 8

TRENDS AND RATIOS

8.1 Based on Statement of Operations

Amount in Rs mn

Parameters	For the Quarter Ended[3]				
	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Revenue[1]	29,301	28,427	27,899	27,311	26,837
Energy Cost	11,009	10,566	9,893	10,310	10,415
Other Operating Expenses	6,091	6,010	6,408	5,703	5,663
EBITDA[1]	12,201	11,851	11,598	11,298	10,759
EBITDA / Total revenues [2]	*41.6%*	*41.7%*	*41.6%*	*41.4%*	*40.1%*
EBIT[1]	6,731	6,537	6,373	6,031	5,403
Other Income	1,137	1,172	1,445	917	569
Finance cost	764	784	826	792	1,335
Cash profit from operations[1]	11,086	10,483	10,193	9,953	8,938
Profit before tax	7,104	6,925	6,992	6,156	4,637
Income tax expense	2,452	2,297	2,268	2,051	1,863
Profit after tax	4,652	4,628	4,724	4,105	2,774
Capex	4,601	4,798	5,631	3,669	2,906
Operating Free Cash Flow[1]	7,249	6,469	5,388	7,076	7,367
Adjusted Fund From Operations (AFFO)[1]	10,607	9,776	9,858	9,762	9,374
Cumulative Investments	271,664	269,207	267,767	270,513	270,076

	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
As a % of Revenue[2]					
Energy Cost	37.6%	37.2%	35.5%	37.8%	38.8%
Other Operating Expenses	20.8%	21.1%	23.0%	20.9%	21.1%
EBITDA	41.6%	41.7%	41.6%	41.4%	40.1%
Profit before tax	24.2%	24.4%	25.1%	22.5%	17.3%
Profit after tax	15.9%	16.3%	16.9%	15.0%	10.3%

1. Revenue, EBITDA, EBIT, Cash profit from operations and Operating free cash flow are excluding other income.
2. Energy cost, other operating exp., EBITDA, profit before tax and profit after tax margin have been computed on revenue excluding other income.
3. Previous periods' figures have been regrouped/ rearranged wherever necessary to confirm to current period classifications.

8.2 Based on Statement of Financial Position

Amount in Rs mn

Parameters	As at				
	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Equity Shareholder's Fund	176,403	182,749	180,382	186,537	183,086
Net Debt / (Net Cash)[1]	(33,222)	(38,589)	(33,294)	(38,147)	(31,510)
Capital Employed = Equity Shareholders Fund + Net Debt / (Net Cash)	143,181	144,160	147,089	148,390	151,576

Parameters	Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Return on Equity	10.1%	8.9%	8.6%	7.3%	7.2%
Return on Capital Employed (Pre Tax)	17.4%	16.3%	15.2%	13.6%	12.2%
Net Debt / (Net Cash) to EBITDA (LTM)	(0.71)	(0.85)	(0.75)	(0.90)	(0.77)
Asset Turnover ratio	49.8%	47.1%	45.0%	44.0%	43.6%
Interest Coverage ratio (times)	14.83	12.18	11.04	10.02	9.22
Net debt / (Net Cash) to Funded Equity (Times)	(0.19)	(0.21)	(0.18)	(0.20)	(0.17)
Per share data (for the period)					
Earnings Per Share - Basic (in Rs)	2.461	2.449	2.501	2.173	1.469
Earnings Per Share - Diluted (in Rs)	2.457	2.445	2.495	2.168	1.465
Book Value Per Equity Share (in Rs)	93.3	96.7	95.5	98.8	96.9
Market Capitalization (Rs. bn)	557	483	384	318	295
Enterprise Value (Rs. bn)	524	444	351	280	264

1. Refer Glossary for revised definition of net debts/(net cash).

8.3 Operational Performance

8.3.1 Bharti Infratel Consol

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
Total Towers[1]	Nos	84,303	83,778	83,368	82,813	82,476
Total Co-locations[1]	Nos	174,270	170,320	167,202	163,370	159,997
Key Indicators						
Average Sharing Factor	Times	2.05	2.02	1.99	1.96	1.93
Closing Sharing Factor	Times	2.07	2.03	2.01	1.97	1.94
Sharing Revenue per Tower p.m.	Rs	69,740	68,886	67,942	66,760	65,608
Sharing Revenue per Sharing Operator p.m.	Rs	34,016	34,113	34,155	34,124	33,996

1. Represents the sum of the numbers of towers (and the co-locations thereof) owned and operated by Bharti Infratel and 42% of the number of towers (and the co-locations thereof) owned & operated by Indus Towers.

8.3.2 Bharti Infratel Standalone

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
Total Towers	Nos	36,381	36,112	35,905	35,515	35,376
Total Co-locations	Nos	72,597	70,544	69,137	66,871	65,391
Key Indicators						
Average Sharing Factor	Times	1.97	1.94	1.90	1.87	1.84
Closing Sharing Factor	Times	2.00	1.95	1.93	1.88	1.85
Sharing Revenue per Tower p.m.	Rs	73,202	72,159	71,119	70,982	68,720
Sharing Revenue per Sharing Operator p.m.	Rs	37,073	37,204	37,346	38,046	37,430

8.3.3 Indus Towers

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
Total Towers	Nos	114,101	113,490	113,008	112,615	112,144
Total Co-locations	Nos	242,079	237,562	233,488	229,760	225,252
Key Indicators						
Average Sharing Factor	Times	2.11	2.08	2.05	2.02	2.00
Closing Sharing Factor	Times	2.12	2.09	2.07	2.04	2.01
Sharing Revenue per Tower p.m.	Rs	67,554	66,706	66,001	63,745	63,283
Sharing Revenue per Sharing Operator p.m.	Rs	32,055	32,075	32,145	31,488	31,636

8.3.4 Human Resource Analysis

8.3.4.1 Bharti Infratel Consol

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
Total On roll Employees[1]	Nos	2,148	2,107	2,136	2,130	2,116
Number of Towers per employee	Nos	39	40	39	39	39
Personnel Cost per employee per month	Rs	155,125	152,889	148,761	145,051	146,072
Revenue per employee per month	Rs	4,591,244	4,466,768	4,359,532	4,287,327	4,224,297

1.Total On Roll Employees include proportionate consolidation of 42% of Indus Towers Employees.

8.3.4.2 Bharti Infratel Standalone

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
Total On roll Employees	Nos	1,234	1,210	1,228	1,229	1,229
Number of Towers per employee	Nos	29	30	29	29	29
Personnel Cost per employee per month	Rs	163,121	164,889	149,776	148,359	142,005
Revenue per employee per month	Rs	3,735,134	3,617,446	3,511,057	3,465,961	3,344,444

8.3.4.3 Indus Towers

Parameters	Unit	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
Total On roll Employees	Nos	2,176	2,135	2,162	2,146	2,113
Number of Towers per employee	Nos	52	53	52	52	53
Personnel Cost per employee per month	Rs	144,613	136,734	147,323	140,878	151,723
Revenue per employee per month	Rs	5,749,351	5,616,385	5,513,309	5,418,330	5,440,738

Note: Indus operates on outsourced operations & maintenance model in certain geographical territories wherein the associated personnel cost is recorded as part of repair & maintenance and other expenses. Hence, the related human resources key performance indicators are not strictly comparable between Bharti Infratel Standalone and Indus.

8.4 Energy Cost Analysis

Parameters	Unit	For the Quarter Ended				
		Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Energy Cost Indicators						
Energy Cost Per Tower per month	Rs	43,665	42,143	39,687	41,584	42,133
Energy Cost Per Colocation per month	Rs	21,299	20,870	19,951	21,256	21,832

8.5 Other Than Energy Cost Analysis

Parameters	Unit	For the Quarter Ended				
		Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Other Than Energy Cost						
Cost Per Tower per month	Rs	24,159	23,971	25,707	23,002	22,909
Cost per Colocation per month	Rs	11,784	11,871	12,923	11,758	11,871

8.6 Revenue and Cost Composition

Parameters	Unit	For the Quarter Ended				
		Sep-14	Jun-14	Mar-14	Dec-13	Sep-13
Revenue Composition						
Service Revenue	%	60%	61%	61%	61%	60%
Energy and other reimbursements	%	40%	39%	39%	39%	40%
Total		**100%**	**100%**	**100%**	**100%**	**100%**
Opex Composition						
Power and fuel	%	64%	64%	61%	64%	65%
Rent	%	14%	14%	14%	14%	14%
Employee benefits expenses	%	6%	6%	6%	6%	6%
Repair and maintenance expenses	%	13%	14%	15%	13%	13%
Other expenses	%	**3%**	**3%**	**5%**	**3%**	**3%**
- Other network expenses	%	1%	1%	1%	1%	0%
- Others	%	3%	2%	4%	2%	3%
Total		**100%**	**100%**	**100%**	**100%**	**100%**

Section 9

Basis of Preparation and Key Accounting Policies as per IGAAP

Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting and reporting requirements of Accounting Standard ('AS-21') 'Consolidated Financial Statements' and ('AS-27') 'Financial Reporting of Interest in Joint Venture' notified under Companies (Accounting Standards) Rules, 2006, ('as amended') and relevant provisions of the Companies Act, 1956, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous periods.

These financial statements represent consolidated accounts of the Company and its subsidiary and joint venture as follows:

Entity	Country of Incorporation	Principal Service	Relationship	Shareholding as at 30-Sep-14
Indus Towers Limited	India	Passive Infrastructure Services	Joint Venture	42%
Bharti Infratel Services Limited	India	Operation & Management Services	Subsidiary	100%

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint ventures' individual income, expenses, assets and liabilities on a line-by-line basis with similar items as well as disclosures in the Group's financial statements.

Inter-Company balances have been eliminated on consolidation for the subsidiary. Elimination of transactions between joint venture and the Company is done to the extent of proportionate share. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Key Accounting Policies

1. Revenue recognition and receivables

Revenue is recognized to the extent that it is probable that the economic benefits will flow to us and the revenue can be reliably measured.

Revenues include revenue from the use of sites and energy charges received from sharing operators. Revenue is recognized as and when services are rendered. If the payment terms in the service agreements include fixed escalations, the effect of such increases is recognized on a straight-line basis over the fixed, non-cancellable term of the agreement, as applicable.

Unbilled receivables represent revenues recognized from the last invoice raised to a sharing operator to the period end. These are billed in subsequent periods based on the terms of agreement with the sharing operators. The Group collects service tax on behalf of the Government of India and therefore, it is not an economic benefit flowing to the group and is excluded from revenue.

Interest and dividends

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss. Dividend income is recognized when our right to receive dividend is established by the reporting date.

Provision for doubtful debts

We provide for amounts outstanding for more than 105 days from the invoice date in case of site sharing debtors other than from the parent group, or in specific cases where management is of the view that the amounts for certain customers are not recoverable.

2. Use of estimates

The preparation of consolidated financial statements is in conformity with generally accepted accounting principles (Indian GAAP) and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the interim consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Tangible Fixed Assets

Fixed assets are stated at cost of acquisition, except for assets acquired under the Scheme of Arrangement, which are stated at fair values in accordance with the scheme, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises cost of acquisition, including taxes and duties (net of CENVAT credit), freight and other incidental expenses relating to acquisition and installation. Site restoration cost obligations are capitalized when it is probable than an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Subsequent expenditure related to a fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains and losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

4. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of licence, generally not exceeding three years.

Amortization is recognized in statement of profit and loss on a straight-line basis over the estimated useful economic lives of intangible assets from the date they are available for use. The amortization period and the amortization method are reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

5. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Group has used the following lives to provide depreciation on its fixed assets:

Asset Categories	**Useful lives**
Plant and machinery	3 to 20 years
Furniture and fixtures	5 years
Vehicles	5 years
Office equipments	2 years/ 5 years
Computers	3 years
Leasehold improvements	Period of lease or useful life, whichever is less

The site restoration cost obligation capitalized as a part of plant and machinery is depreciated over the period of the useful life of the related asset.

6. Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the statement of profit and loss under the caption depreciation and amortization expense for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets' fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

7. Retirement and other employee benefits

Short-term employee benefits are recognized in the period during which the services have been rendered.

All employees are entitled to receive benefits under the provident fund, which is a defined contribution plan. Contribution to provident fund is recognized as and when the services are rendered. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employee's basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India. Contributions to both these schemes are expensed in the statement of profit and loss as and when they are due. There are no further obligations under these plans beyond the monthly contributions.

Gratuity obligations are provided for through a defined retirement benefit plan covering all employees. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each reporting period end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

Other benefits are also provided for in the form of deferred compensation and compensated absences. Employees are entitled to compensated absences based on the unavailed leave balance as well as other long term benefits. Liability is recorded based on actuarial valuation computed under the projected unit credit method. Actuarial gains or losses are immediately taken to the statement of profit and loss and are not deferred. Leave is disclosed in its entirety as a current liability in the balance sheet, since there is no unconditional right to defer settlement for 12 months after the reporting date.

8. Provisions

A provision is recognized when there is a present obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

9. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

10. Leases

Where the Group is lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalized at the inception of the lease term at the lower of the fair value of the leased asset and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.
A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Group is lessor

Leases in which the Group transfers substantially all the risks and benefits of ownership of the asset are classified as finance lease. After initial recognition, the Group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the non cancellable lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss.

11. Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

12. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the consolidated financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

13. Foreign currency transactions and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Exchange differences arising on settlement of monetary items or on restatement of the Group's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous consolidated financial statements, are taken to the statement of profit and loss.

14. Income taxes

Tax expense comprises current and deferred tax.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdiction where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to statement of the profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statements of profit and loss and shown as "MAT Credit Entitlement". The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

15. Employee stock compensation cost

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for options to buy equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the cost of equity-settled transactions is measured using the Black-Scholes / Lattice Valuation option pricing model and the fair value is recognized as an expense over the period in which the options vest, on a straight line basis, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options to buy equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in the Consolidated Statement of Profit and Loss for the year a corresponding increase in liabilities.

16. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Section 10

GLOSSARY

10.1 Company Related Terms

4 Overlapping Circles	Represents the telecommunication circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations. Bharti Infratel is not permitted to roll out any new towers in these telecommunications Circles, although it continues to own and operate its existing telecommunications towers in these Circles, and add additional sharing operators to these towers. New tower rollout in these telecommunication circles is done by Indus.
7 Circles	Represents the telecommunications circles of Bihar, Madhya Pradesh and Chhattisgarh, Orissa, Jammu and Kashmir, Himachal Pradesh, Assam and North East states wherein Bharti Infratel operates on exclusive basis.
11 circles	Represents the 7 telecommunications circles of Bihar, Madhya Pradesh and Chhattisgarh, Orissa, Jammu and Kashmir, Himachal Pradesh, Assam and North East states wherein Bharti Infratel operates on exclusive basis and the 4 common circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations.
15 circles	Represents the 11 telecommunication circles of Andhra Pradesh, Delhi, Gujarat, Karnataka, Kerala, Kolkata, Maharashtra & Goa, Mumbai, Punjab, Tamil Nadu (including Chennai) and West Bengal wherein Indus operates on exclusive basis and the 4 common telecommunication circles of Haryana, Rajasthan, Uttar Pradesh (East) and Uttar Pradesh (West) wherein Bharti Infratel and Indus Towers have overlapping operations.
Asset Turnover	Asset Turnover is defined as total revenues (revenues (annualized for 12 months), divided by average assets. Asset is defined as the sum of non-current assets and net current assets. Net current assets are computed by subtracting current liabilities from current assets. Average assets are calculated by considering average of opening and closing assets of the relevant period.
Adjusted Fund from Operations (AFFO)	It is not an IGAAP measure and is defined as EBITDA adjusted for Maintenance and General Corporate Capex, revenue equalization and lease rent equalization (which represents straight lining of revenue and expense).
Average Co-locations	Average co-locations are derived by computing the average of the Opening and Closing co-locations at the end of relevant period.
Average Sharing Factor	Average Sharing factor is calculated as the average of the opening and closing number of co-locations divided by average of the opening and closing number of towers for the relevant period.
Average Towers	Average towers are derived by computing the average of the opening and closing towers at the end of relevant period.
BISL	Bharti Infratel Services Limited
BIVL	Bharti Infratel Ventures Limited
Bn	Billion
Book Value Per Equity Share	Total shareholder's equity as at the end of the relevant period divided by outstanding equity shares as at the end of the relevant period.
Capex	It includes investment in gross fixed assets and capital work in progress for the relevant period.
Capital Employed	Capital Employed is defined as sum of equity attributable to equity share holders and net debt / (net cash).
Cash Profit From Operations	It is not an IGAAP measure and is defined as operating income adjusted for depreciation and amortization, revenue equalization, lease rent equalizations and finance costs.
Circle(s)	22 service areas that the Indian telecommunications market has been segregated into
Closing Sharing Factor	Closing Sharing factor is calculated as the closing number of co-locations divided by closing number of towers as at the end of relevant period.
Co-locations	Co-location is the total number of sharing operators at a tower, and where there is a single operator at a tower; 'co-location' refers to that single operator. Co-locations as referred to are revenue-generating co-locations.
Consolidated Financial statements	The Consolidated financial statements of the company till FY 2012-13 represent the financials of Bharti Infratel Ltd Standalone taken together with its wholly owned subsidiary Bharti Infratel Ventures Ltd and Bharti Infratel's 42% equity interest in Indus Towers Ltd. accounted for by proportionate consolidation.

	Consequent to Indus Merger, the financial statements of Indus have been prepared after giving effect to the Merger Scheme. Accordingly the Consolidated Financial Results of the Company from quarter ended June 2013 and onwards represent the financials of Bharti Infratel Ltd Standalone taken together with its 42% equity interest in Indus Towers Ltd. accounted for by proportionate consolidation and consolidating the new subsidiary Bharti Infratel Services Ltd.
Cumulative Investments	Cumulative Investments comprises of gross fixed assets (including Capital Work In Progress).
Earnings Per Share (EPS)-Basic	It is computed by dividing net profit or loss attributable for the period to equity shareholders by the weighted average number of equity shares outstanding during the period.
Earnings Per Share (EPS)- Diluted	Diluted earnings per share is calculated by adjusting net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period for the effects of all dilutive potential equity shares.
EBIT	Earnings before interest, taxation excluding other income for the relevant period.
EBIT (Including Other Income)	Earnings before interest, taxation including other income for the relevant period.
EBITDA	Earnings before interest, taxation, depreciation and amortization and charity and donation excluding other income for the relevant period. It is defined as operating income and does not include depreciation and amortization expense, finance cost and tax expense.
EBITDA (Including Other Income)	Earnings before interest, taxation, depreciation and amortization and charity and donation including other income for the relevant period.
Enterprise Value (EV)	Calculated as sum of Market Capitalization plus Net Debt / (Net Cash) as at the end of the relevant period.
EV / EBITDA (times)(LTM)	Computed by dividing Enterprise Value as at the end of the relevant period (EV) by EBITDA for the preceding (last) 12 months from the end of the relevant period.
Future Minimum Lease Payment Receivable	The Company has entered into long term non-cancellable agreements to provide infrastructure services to telecom operators. Future Minimum Lease Payment Receivable represents minimum amounts receivable in future under the above long term non-cancellable agreements.
GAAP	Generally Accepted Accounting Principle
IGAAP	Indian Generally Accepted Accounting Principle
Incremental Return on Capital Employed	For the full year computations, Incremental Return on Capital Employed is computed by dividing Incremental EBIT during the relevant periods by Incremental Average Capital Employed during the corresponding periods. For the quarterly computation, it is computed by dividing the incremental EBIT (calculated as difference between EBIT of the last 12 months from the end of relevant reporting period and EBIT of 12 months immediately preceding the last 12 months from the end of relevant period) with the incremental average capital employed of the corresponding periods
Incremental Return on Equity	For the full year computations, Incremental Return on Equity is calculated by dividing Incremental Profit after Tax during the relevant periods by Incremental Average Shareholder's Equity during the corresponding periods. For the quarterly computation, it is computed by dividing the incremental PAT (calculated as difference between PAT of the last 12 months from the end of relevant reporting period and PAT of 12 months immediately preceding the last 12 months from the end of relevant period) with the incremental average shareholder's Equity of the corresponding periods
Indus Merger	During the quarter ended June 30, 2013, the Scheme of Arrangement (Scheme) under Section 391 to 394 of the Companies Act, 1956 for transfer of all assets and liabilities as defined in the Scheme from Bharti Infratel Ventures Limited (BIVL), wholly owned subsidiary of the Company, Vodafone Infrastructure Limited (formerly known as Vodafone Essar Infrastructure Limited), and Idea Cellular Tower Infrastructure Limited (collectively referred to as 'The Transferor companies') to Indus Towers Limited (Indus) was sanctioned by the Hon'ble High Court of Delhi vide its order dated on April 18, 2013 subject to the final order in another appeal pending before the Division Bench of Delhi High Court and any other orders in any further proceedings thereafter. The Scheme had become operative from June 11, 2013 upon filing of certified copy of the order with the Registrar of Companies with an appointed date of April 1, 2009 i.e. effective date of scheme and accordingly effective June 11, 2013 the transferor companies have ceased to exist and have become part of Indus Towers Ltd. Pursuant to the Indus Merger the IRU agreements between the Transferor Companies and Transferee Company Ceases to exist.

Indus Consolidation	Indus Consolidation represents consolidation of Bharti Infratel's 42% proportionate shareholding in Indus Towers Ltd and 100% of BIVL till FY end 31st Mar 2013 net of IRU eliminations. W.e.f quarter ending June'13 and onwards Indus Consolidation represents consolidation of Bharti Infratel's 42% proportionate shareholding in Indus Towers Ltd.
Intangibles	Comprises of acquisition cost of software.
∞	Not ascertainable (infinite)
Interest Coverage Ratio(LTM)	It is computed by dividing EBITDA for the preceding (last) 12 months from the end of relevant period by interest on borrowing for the preceding (last) 12 months.
IRU	Indefeasible right to use
Lease Rent Equalization	It represents the effect of fixed escalations (as per the terms of lease agreements with landlords) recognized on straight line basis over the fixed, non-cancellable term of the agreement, as applicable
LTM	Last Twelve months
Market Capitalization	Number of issued and outstanding shares as at end of the period multiplied by closing market price (NSE) as at end of the period.
Mn	Million
MSA	Master Service Agreement
Maintenance & General Corporate Capex	Represents the capital expenditure undertaken by the company for general maintenance, upkeep and replacement of equipments installed at the Towers which is undertaken on the end of their useful life as well as General Corporate related capital expenditure such as on office/ facilities and information technology.
Net Debt / (Net Cash)	It is not an IGAAP measure and is defined as the long-term borrowing, short-term borrowings and current portion of long-term borrowings minus cash and cash equivalents, current and non-current investments and short term loan to the parent company adjusted for unpaid dividend declared and adjusted in equity as at the end of the relevant period.
Net Debt / (Net Cash) to EBITDA (LTM)	It is computed by dividing net debt / (net cash) as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
Net Debt / (Net Cash) to Funded Equity Ratio	It is computed by dividing net debt / (net cash) as at the end of the relevant period by Equity attributable to equity share holders as at the end of the relevant period.
Operating Free Cash flow	It is not an IGAAP measure and is defined as EBITDA adjusted for Capex , revenue equalization and lease rent equalization.
PE Ratio	Price to Earnings ratio is calculated as closing market price (NSE) as at the end of relevant period, divided by diluted annual earnings per share. Annual Diluted Earnings per share is calculated by adding the preceding last four quarters diluted Earnings per share
ROC	Registrar of Companies
Return On Capital Employed (ROCE) Pre Tax - (LTM)	For the full year computations, ROCE is computed by dividing the sum of EBIT for the period by average (of opening and closing) capital employed. For the quarterly computations, it is computed by dividing sum of EBIT for the preceding (last) 12 months from the end of the relevant period by average (of opening and closing) capital employed during the relevant periods.
Return On Equity (ROE)-(LTM)	For the full year computations, ROE is computed by dividing the sum of Profit after tax for the period by average (of opening and closing) equity shareholders funds. For the quarterly computations, it is computed by dividing sum of Profit after tax for the preceding (last) 12 months from the end of the relevant period by average (of opening and closing) equity shareholders funds during the relevant periods.
Revenue per Employee per month	It is computed by dividing the Total Revenues (net of inter-segment eliminations) by the average number of on – roll employees in the business unit and number of months in the relevant period.
Revenue Equalization	It represents the effect of fixed escalations (as per the terms of service agreements with customers) recognized on straight line basis over the fixed, non-cancellable term of the agreement, as applicable.
SHA	Shareholders Agreement
Sharing Operator	A party granted access to a tower and who has installed active infrastructure at the tower

Sharing Revenue	It represents service revenue accrued during the relevant period and includes revenue equalization net of service level credits.
Sharing revenue per Sharing Operator per month	Is calculated on the basis of sharing revenues accrued during the relevant period divided by the average number of co-locations for the period, determined on the basis of opening and closing number of co-locations for the relevant period.
Sharing revenue per Tower per month	Is calculated on the basis of sharing revenues accrued during the relevant period divided by the average number of towers for the period, determined on the basis of opening and closing number of towers for the relevant period.
Towers	Infrastructure located at a site which is permitted by applicable law to be shared, including, but not limited to, the tower, shelter, diesel generator sets and other alternate energy sources, battery banks, air conditioners and electrical works. Towers as referred to are revenue generating towers
Tower and Related Infrastructure	Infrastructure Located at site which is permitted by applicable law to be shared, including, but not limited to, the tower, shelter, diesel generator sets and other alternate energy sources, battery banks, air conditioners and electrical works

10.2 Regulatory Terms

BSE	The Bombay Stock Exchange Limited
DoT	Department of Telecommunications
IP1	Infrastructure Provider Category 1
IPO	Initial Public Offering
NSE	National Stock Exchange
SEBI	Securities and Exchange Board of India
TEC	Telecom Engineering Center
TRAI	Telecom Regulatory Authority of India

10.3 Others (Industry) Terms

BTS	Base Transceiver Station
CII	Confederation of Indian Industry
DG	Diesel Generator
EMF	Electro Magnetic Field
FCU	Free Cooling Units
GBT	Ground Based Towers
IPMS	Integrated Power Management Systems
PAN	Presence Across Nation
PPC	Plug and Play Cabinet
RESCO	Renewable Energy Service Company
RET	Renewable Energy Technology
RTT	Roof Top Towers
TAIPA	Tower and Infrastructure Providers Association

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