

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Indian Economy

In India, with the new Government at the center, we have been witnessing series of radical and transformational reforms -Demonetization, Real Estate Regulator Bill (RERA), FDI relaxations, Goods and Services Tax (GST), Benami Transactions (Prohibition) Amendment Act, Change in Accounting standards IFRS - all coming in a row and in quick succession.

The GST and the Benami Property Act will also have a major impact on how many developers run their businesses. Demonetization shook up the older ways of working, but did not affect self-governing developers with the right products targeted at the working masses.

### Indian Wireless Sector

The financial year 2016-17 (FY17) was a period marked with the several challenges emanating from introduction of large scale free services by a new entrant, creating unforeseen disruption in the sector and resulted in, for the first time, in the history of the sector, a year on year revenue decline. These free services on one hand transformed the sector with data traffic volumes growing significantly, forcing operators to commit significant investments, both in spectrum and networks, in order to remain competitive. However, on other hand, declining revenues and profitability had severely impacted the ability of most of the operators to commit large investments towards long term value creators. This paradoxical scenario of large investment requirement coupled with negative return forced operators to combine their operations or exit from the market, as evident from announcement of various deals among operators.

On subscriber front, India, the second largest wireless market across globe, continued its leadership position, in terms of new subscriber additions, for the third year in a row. The Indian wireless Industry added ~131 million subscriber during the 11 months period from April 2016 to February 2017, surpassing the net subscriber addition in world's largest wireless market of China. The total reported subscriber base reached to 1.16 billion as of February 2017.

The VLR subscriber addition during the period from April, 2016 to February, 2017 stands at 74.16 million, taking the VLR subscriber base to 1.01 billion as of February 2017 and VLR to Reported subscriber ratio to 86.8%.

The VLR subscriber penetration is still at around 78.7%, against penetration of around 90.7% based on reported subscribers, far below global average, indicating new subscriber growth will continue for few more years.

The large proportion of the new subscriber continue to be added from rural India, natural strength of Idea Cellular. Over the period of last five years (from March 2012 to Feb 2017), the rural subscriber base has expanded exponentially, from 323 million in FY12 to 493 million as of February 2017, an addition of 169 million customers, in comparison to an addition of 76 million urban subscribers taking the Urban subscriber base to 672 million as on February 2017 in comparison to 596 million subscribers in FY 2012.

Inspite of rapid expansion in rural subscriber base, the rural penetration is still at a relative low level of 55.9% indicating the strong new subscriber growth potential from the rural market, which is the stronghold of Idea Cellular. On an overall basis for Idea 55.4% of the company EoP subscriber base of 193 million is from rural and deep hinter land markets, highest % across all industry operators as per TRAI release.

The foundation of a Pan India 'Digital India' is being laid with Ubiquitous 3G & 4G coverage and World's lowest Mobile Data tariffs after lowest Mobile Voice Tariffs which catapulted India to the 2nd largest Mobile Market in the world. It is inevitable thus Internet Access will be democratized in India. Wireless Broadband usage is slowly but surely moving from 'Elite' and 'Knowledge Worker' represented by Urban Youth to mass market attracting all socio economic segments like small businesses, housewives, senior citizens and shopkeepers etc. and all geographical segments across Metro, Small towns and Rural areas

### **Industry Structure and Development**

Few major sectors in which Mobile Telecommunications Ltd. has successfully created space in the market are listed as under:

#### **Electric Wires & Cables Manufacturing**

Manufacturing of wires and cables consist of various procedure which Mobiletele offers under one roof with our highly précised and huge production capacity machines. Our manufacturing set up includes following machines:-

1. Bare Copper drawing facility from 8mm to 0.05mm.
2. 20 copper stranding machines.
3. Twisting with tapping machine.
4. Copper wire Braiding machine.
5. 7 Extruder lines for insulation coating and jacket coating.
6. 22 Vertical Moulding machines for A.C. & Communication cables.

7. Cable peeling machines.
8. Plug crimping machines.
9. Soldering Stations for Communication cables.
10. Quality Control Lab.

Mobiletele manufactures all major types of Wires & Cables excluding the optical range of cables. Our product ranges are as Follows:-

1. Communication Cables or D.C.(Moulded)
2. Analog Cables (Moulded)
3. Solar Cables
4. Flexible Wires for Domestic and Industrial use.
5. Control Cables
6. Power & Signal Cables.
7. Instrumentation Cables.
8. Submersible Cables
9. Heat Resistant Cables.
10. Auto Harnessing Cables.
11. With the current resources and strong engineering and manufacturing experience, Sunfair can independently design,
12. develop and manufacture any standard or custom assembly cables as required.

Driven with its vision to become the leading provider of products, technology, solutions and expertise that sets industry.

### **Cautionary Statement**

*Statements in the Management Discussion and Analysis describing the Company's objectives, projections estimates, and exceptions may be "forward looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.*