Management Discussion and Analysis Report

Indian Wireless Sector

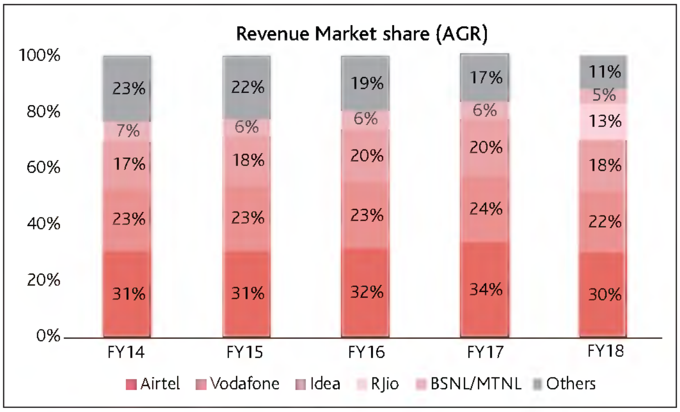
The Indian wireless industry continued to witness significant disruption and elevated hypercompetitive intensity during FY18 too as seen in FY 17 following the entry of the new 4G mobile operator in September 2016. The incumbent operators, in the order to retain existing subscribers, offered aggressive price plans (primarily the discounted unlimited voice bundled data plans), in response to heavily discounted tariff plans of the new operator. This has resulted in explosive growth of voice and data volume, but sharp drop in realizations for both voice and data and subsequent decline in customer ARPU negatively impacting the revenues and shrinking the overall revenue market of the industry.

Further, during the year TRAI made two major regulatory changes which aggravated the financial stress for the existing industry operators - (a) reduction of domestic 'Mobile Termination Charge' (MTC) from 14 paisa to 6 paisa per minute, effective 1st October 2017, and (b) reduction of 'International Mobile Termination' settlement charges from 53 paisa to 30 paisa per minute, effective 1st February 2018. The domestic and international MTC downward revisions has significant negative impact on most operators and impaired their ability to make large investments to achieve the objectives of 'Digital India' program.

These factors led to steep decline in industry revenue as the Adjusted Gross Revenue (AGR) declined by nearly ₹ 297 billion, a fall of 21.1% (FY18 vs FY17).

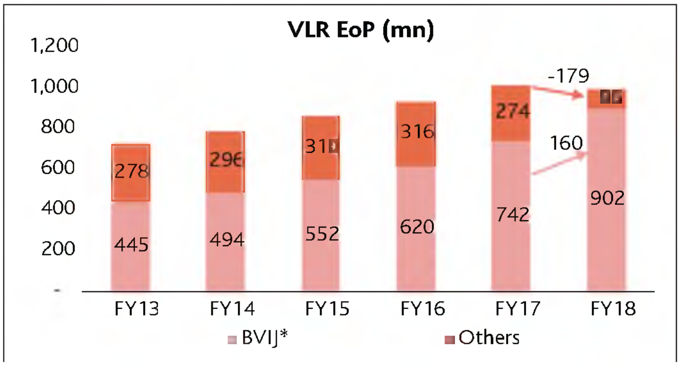
While the industry grappled with unsustainable ARPU and resultant revenue decline, the massive spurt in voice & mobile data volumes, driven by increasing penetration of unlimited bundled plans, continue to demand massive network investments. The stretched financial position has forced operators like Videocon, RCom & MTS to shut down their networks, while Aircel has filed for bankruptcy in February 2018. Telenor merged with Bharti Airtel in May 2018 while Tata is awaiting for regulatory approvals for its merger with Bharti Airtel.

The below chart depicts the trends in revenue market share over a period of time. The AGR RMS trends clearly suggest that the Industry is steadily consolidating among large private Pan India operators i.e Bharti Airtel, Jio, Vodafone and Idea while the remaining operators have been consistently losing market share.



With the exit of some of the operators, the SIM consolidation has started. Further, the unlimited bundled plans are also paving the way for the second phase of SIM consolidation as consumers who earlier used to split the usage on multiple SIMs are now trending towards committing their usage to a single SIM after opting for the bundled plans. As a result, the industry VLR subscribers fell from 1,016 million in March 2017 to 998 million in March 2018.

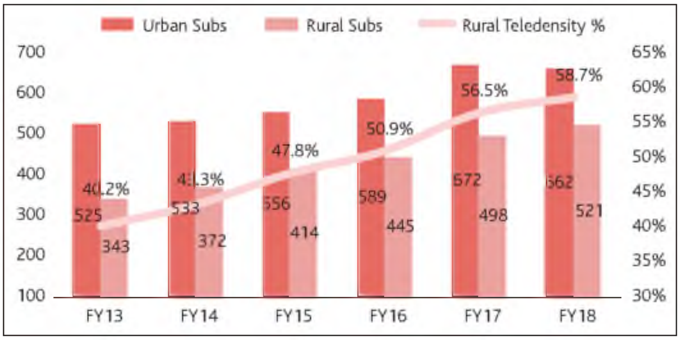
Following chart depicts how industry has overall witnessed decline of 18.4 million subscribers between March 2017 and March 2018, on account of SIM consolidation. The large operators (Bharti, Idea, Vodafone and Jio) have gained 160 million subscribers while smaller operators have witnessed significant subscriber loss of 179 million.



*BVIJ – Bharti Airtel+Vodafone+Idea+Jio

The telecom industry has thus consolidated at a rapid pace from 8-10 operators around 18 months back to a more stable three large private operators and one government operator (on pan India basis).

A large proportion of new subscribers continue to come from rural India, which is the stronghold of Idea Cellular. Over the period of last five years, the rural subscriber base has witnessed massive expansion, from 343 million in FY13 to 521 million as of March 2018, an addition of 179 million customers, much higher than the urban subscriber addition of 137 million during the same period. In spite of rapid expansion in rural subscriber base, the rural penetration is still at a relative low level of 58.7%, indicating nearly 300-400 million Indians, primarily in the rural hinterland, are yet to adopt mobile telephony services.



The low rural subscriber penetration augurs well for the expected robust subscriber growth in future.

During FY18, industry broadband coverage has improved multi-fold and the 4G services being offered by the top four companies have become increasingly affordable for the masses with steep decline in pricing. As a result, India had an impressive growth in wireless broadband subscriber (>512 kbps), up from 258 million in March 2017 to 394 million in March 2018. Despite such strong broadband subscriber addition, the wireless broadband subscriber penetration (on reported overall subscribers) still remains low at 33.4%.

The substantial broadband network investments made by the large operators in the last year has paved the way for government's 'Digital India' program. The tariffs for both mobile data and voice are amongst lowest globally and also at historical lows, which has catapulted India to one of the largest mobile volume market in the world. With falling entry prices for smartphone, affordable mobile data rates and range of entertainment, both video and audio apps, content and services, India is on the cusp of a major wireless broadband adoption cycle across all demographic segments of population.

Discussion on Idea's Operational Performance

Mobile Business overview

Your Company provides GSM-based mobile telecommunications services in all 22 Service Areas of India. Further, post the spectrum auction in October 2016, your Company has completed pan India Broadband Spectrum footprint. Your Company now owns 3G spectrum in 15 Service areas and 4G spectrum in 20 Service areas out of 22 Service Areas.

The 3G services of your company are available in 21 service areas (except Odisha), including intra-circle roaming arrangements with other mobile telecommunications service providers. With the launch of 4G services in the service area of Mumbai during May 2017, your company offers 4G services in 20 service areas, where it holds spectrum. Further, your company also launched Voice over LTE (VoLTE) services in these 20 service areas. The broadband services are available across all 22 circles.

Voice Services:

Your Company has pan India GSM coverage in all 22 service areas. The 2G coverage of your company spans across ~395,000 towns and villages and provides coverage to ~1bn Indians representing ~82% of population.

Non-Voice Services:

Non-Voice services of company can be categorized in following sub categories.

(a) **Data Services:**

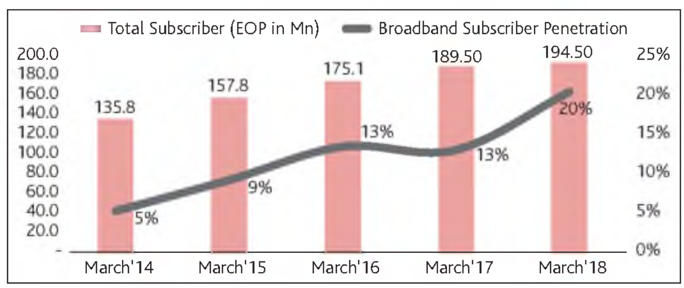
Your Company provides data services (EDGE and Broadband) in all the 22 service areas of India. The company owns 74 broadband carriers (44 carriers on FDD and 30 carriers on TDD) providing it sufficient capacity to cater its growing broadband data demand. Over last one year, the population coverage under broadband (3G+4G) network has increased from ~480 million (end of FY17) to ~650 million (end of FY18), reflecting aggressive expansion of broadband networks. The 4G spectrum profile of the company covers nearly 97% of its own revenue and 93% of industry revenue (on AGR basis). The company currently offers 3G services across 15 circles using 17 carriers which can also be potentially redeployed for 4G as & when majority of the customers upgrade their devices to 4G.

The following table provides the comparison of key data KPI over last few years:

Description	Unit	Q4FY18	Q4FY17	Q4FY16
Total Data Subscribers (2G+3G+4G)	000	46,803	42,233	44,019
Broadband Data Subscribers (3G+4G)	000	39,830	24,683	23,589
Total Data Volume (2G+3G+4G)	Mn MB	818,085	127,014	82,236
Broadband Data Volume (3G+4G)	Mn MB	793,457	104,223	57,603
Data Usage by Data Subscriber (2G+3G+4G)	MB	6,065	957	641
Broadband Data Usages by Broadband Data Subscribers (3G+4G)	MB	7,013	1381	857
Data ARPU for Data Subscriber (2G+3G+4G)	INR	83	110	147
Blended Data ARMB	Paisa/ MB	1.4	11.5	22.9

With completion of pan Indian broadband presence during the year and aggressive broadband network expansion, your company has seen sharp rise in broadband subscriber penetration which should further strengthen in upcoming years.

Idea's Total Subscriber and Broadband Subscriber Penetration



(b) **Digital Services**

The company embarked on the digital journey in January 2017, with the birth of Digital Idea offering suite of exciting Mobile Apps and services such as Idea Music, Idea Movies & TV, Idea Games and latest addition in the portfolio – a News & Magazines offering. These digital content applications are a one-stop destination, providing access on the fingertips to a large collection of popular and premium content, including a rich assortment of Hindi, Vernacular and International content. The company has entered into deep relationships with strong content owners such as Sony Music, Zee Entertainment, Universal Music, Hungama, Saregama amongst others.

Your company has been successfully onboarding subscribers digitally for self-help on the MyIdea App with over 33 million customers installing it. This is the top rated app amongst all the

Telecom Utility apps with 4.8 rating on Apple store and 4.3 rating on Google Play Store. Idea Music, Idea Movies & Live TV and Idea Games offers a complete suite of digital entertainment services and these applications cumulatively have an installed base of 17.7 million.

- **Idea Music** offers a rich library of nearly 3.5 million Indian and international music tracks, which will grow to nearly 20 million tracks in near future. The Idea Music app constantly appears amongst the top ranked app on the Play Store. The app hosts diverse content not only across 13 Indian languages, including Bollywood, South Indian Cinema etc. but also across International artists, albums and tracks from several major music labels. As on 31 March 2018, nearly 6.3 million customers have installed the app.
- **Idea Movie & Live TV** - The award winning Idea Movies & TV app offers 400+ Live TV channels and is seeing strong increase in consumption in the regional & vernacular genres. The app offers over 8,000 movies across Bollywood, Regional & International, TV shows with 7 days catch-up TV, music videos and have over 75,000 pieces of content. Live and Catch up TV including premium channels, is offered in collaboration with Ditto TV & Yupp TV. Additional bouquet of channels has been added from Discovery and MultiTV recently, ensuring that all major genres are covered. Consequently at 4.4 rating it has been amongst the top rated app on the Play Store. As on 31 March 2018, over 9.3 million customers have installed the app.
- **Idea Games** is the gaming destination with a collection of nearly 2,000 games across all genres. Targeted at the gaming aficionado and the casual gamer, these games can be played both in the online and offline mode. As on 31 March 2018, nearly 2.24 million customers have installed Idea Games app.
- **Idea News and Magazines** is the destination for latest news and magazines with a collection of more than 5,000 magazines across 65 languages and latest News updates delivered in 7 languages across categories including Health, Sports, and Technology. Idea has tied up with Magzter – the largest aggregator of Magazines in the world. As on March 31 2018, more than 30,000 subscribers have tried the Magazine service and more than 14,500 readers per month use the News service

With the suite of these Mobile apps and services, committed to the Prime Minister's Digital India vision, Idea is focused on transformation from a Telecom service provider to a Digital provider through inclusion rather than disruption.

(c) Other VAS Offerings

Your company offers a variety of other VAS offerings, including:

- Entertainment services such as sports (score updates), IVR based content (Idea music station), WAP based games;
- Voice and SMS based services such as ring back tones, voice and SMS chat, star talk, expert advice and subscriptions services;
- Utility services such as missed call alerts, doctor on call and astrology services; and
- Direct Carrier billing on Google Play for our customers.

Long Distance Services and ISP

Your Company holds licenses for NLD, ILD, ISP and IP-1 services. Idea NLD carries 98.2% of its captive NLD minutes. Your Company ILD services now handle almost 100% of captive ILD outgoing minutes, besides bringing incoming minutes traffic from top international carriers across the globe. Your Company also offer ISP services to external customers like small ISP and enterprise customers for their wholesale internet backhaul needs. Idea ISP currently handles all captive subscriber traffic requirements.

Idea Mobile Banking Services

Prepaid Payment Instrument Business (PPI)

The Prepaid Payment Instrument business was being carried out by Idea Mobile Commerce Services Limited, (IMCSL) a wholly owned subsidiary of the Company. However, to comply with the conditions prescribed by RBI for setting up Payments Bank, IMCSL had filed a petition under section 391 to 394 of the Companies Act, 1956 with Hon'ble Delhi High Court for its amalgamation with Aditya Birla Idea Payments Bank Limited (ABIPBL). ABIPBL had also filed similar petition in Hon'ble Bombay High Court. Both the courts have approved the scheme of amalgamation and hence IMCSL has folded into ABIPBL, which commenced banking operations on February 22, 2018.

Payments Bank

Aditya Birla Idea Payment Bank Limited (APIPBL) received banking license from RBI on April 3, 2017. The Payments Bank services were launched on February 22, 2018. The company will acquire and service new Payments Bank customers both 'Online' leveraging the power of around 40 million digital customers of company and other entities (or businesses) of Aditya Birla Group as well as 'Offline' leveraging the strength of Idea's 2 Million+ retail distribution channel partners in around 395,000 towns and villages. The Payments Bank intends to promote a wide range of banking products & services including current and savings bank account, domestic remittances, merchant payments etc. while partnering with ABG financial services, select universal banks & financial institutions for offering range of full banking products including Demand Deposits, other related investment and Insurance products to its payments bank customer.

Passive Infrastructure Services

Own Towers

Besides investment in Indus Towers, your company mainly through its 100% subsidiary ICISL, held 10,021 towers and 17,534 tenancies at a tenancy ratio of 1.75, as of March 31, 2018. On 13th November 2017, your Company and Vodafone India, separately agreed to sell their respective standalone tower business in India to ATC Telecom Infrastructure Ltd

(American Tower) for an aggregate enterprise value of ₹ 78.5 billion (₹ 40 billion for Idea and ₹ 38.5 billion for Vodafone). The ICISL transaction with American Towers was completed effective May 31st 2018.

Indus Towers

Indus Towers Ltd. (Indus), a joint venture between Bharti Infratel Ltd., Vodafone India Ltd and Idea Cellular Ltd through its subsidiary Aditya Birla Telecom Ltd. (ABTL), is one of the world's leading tower company with 1,23,639 towers and tenancy ratio of 2.25 as of March 31, 2018. Idea through its subsidiary ABTL owns 11.15% of Indus stake. The proportionate profit/loss of Indus is presently consolidated at PAT level in Idea's financials.

On 25th April 2018, merger of Bharti Infratel and Indus towers was announced which will create a listed pan-India tower company. Your company has the option to either: (1) sell its 11.15% shareholding in Indus towers for cash based on a valuation formula linked to the VWAP for Bharti Infratel's shares during the 60 trading days at the end of Idea's election period which triggers post completion of all regulatory approvals required for the merger. This equals to a cash consideration not exceeding ~₹ 56 billion (as of June 30, 2018) or alternatively; (2) receive new shares in the combined company based on the Merger ratio (1,565 shares of Bharti Infratel for every 1 Indus Towers share).

Competitive Spectrum Profile

Your company has a total of 891.2 MHz spectrum across 22 circles of which 824 MHz has been acquired in the auctions held in the last 7 years while only 67.2 MHz is administratively allocated (1800 MHz). The spectrum acquired through auctions is liberalised and can be used towards deployment of any technology. For instance, Idea has launched 3G on its 2nd carrier of 900MHz (typically used for GSM) in the service areas of Maharashtra and Madhya Pradesh during Q4FY16 to increase wireless broadband capacity. Further, Idea currently offers 4G services in Mumbai and UPE on 2100 MHz band (typically used for 3G). At present, the company has total 74 broadband carriers across 22 service areas providing it sufficient capacity to cater to growing data demand. Below table provides the spectrum held by the company across all service areas and the spectrum split over use across various technologies of GSM (2G), HSPA+(3G) and LTE (4G):

Service Areas	FDD				TDD			FDD (2x)* +TDD	GSM (2G) services	Broadband Carrier		
	900	1800	2100	Total	2300	2500	Total			3G	4G	Total
Maharashtra	9.0	11.0	5.0	25.0	10.0	10.0	20.0	70.0	√	2	5	7
Kerala	6.0	10.0	5.0	21.0	10.0	10.0	20.0	62.0	√	1	5	6
Madhya Pradesh	7.4	11.6	5.0	24.0	10.0	20.0	30.0	78.0	√	2	7	9
Uttar Pradesh (West)	5.0	9.4	5.0	19.4		10.0	10.0	48.8	√	1	4	5
Gujarat	5.0	10.0	5.0	20.0		10.0	10.0	50.0	√	1	4	5
Andhra Pradesh	5.0	6.0	5.0	16.0		10.0	10.0	42.0	√	1	3	4
Punjab	5.6	10.0	5.0	20.6				41.2	√	1	2	3
Haryana	6.0	10.8	5.0	21.8		10.0	10.0	53.6	√	1	4	5
8 Leadership Circle (Sub Total)	**49.0**	**78.8**	**40.0**	**167.8**	**30.0**	**80.0**	**110.0**	**445.6**		**10**	**32**	**42**
Uttar Pradesh (East)		6.2	10.0	16.2		10.0	10.0	42.4	√	1	3	4
Rajasthan		11.2	5.0	16.2		10.0	10.0	42.4	√	1	3	4
Bihar		10.80	5.0	15.8		10.0	10.0	41.6	√	1	3	4
Himachal Pradesh		9.8	5.0	14.8		10.0	10.0	39.6	√	1	3	4
Delhi	5.0	8.6		13.6				27.2	√	1	0	1
Mumbai		6.4	5.0	11.4				22.8	√		1	1
Karnataka	5.0	6.0		11.0				22.0	√		1	1
7 Emerging Circle (Sub Total)	**10.0**	**59.0**	**30.0**	**99.0**		**40.0**	**40.0**	**238.0**		**5**	**12**	**17**
Tamil nadu		11.4		11.4				22.8	√		1	1
Kolkata		5.0	5.0	10.0				20.0	√	1		1
West Bengal		11.40		11.4		10.0	10.0	32.8	√		3	3
Odisha		10.0		10.0		10.0	10.0	30.0	√		3	3
Assam		10.0		10.0		10.0	10.0	30.0	√		3	3
North East		11.0		11.0		10.0	10.0	32.0	√		3	3
Jammu & Kashmir		10.0	5.0	15.0		10.0	10.0	40.0	√	1	3	4
7 New Circle (Sub Total)		68.8	10.0	78.8		50.0	50.0	207.6		2	14	16
Total 22 Circle	59.0	206.6	80.0	345.6	30.0	170.0	200.0	891.2	22	17	57	74

5 MHz of paired FDD spectrum = 1 carrier, 10 MHz of unpaired TDD spectrum = 1.5 carrier.

Network Infrastructure and Coverage

During FY18, your company continued aggressive expansion of its wireless broadband infrastructure, adding 44,856 broadband sites (3G+4G) during the year. The broadband sites increased from 110,054 as of 31st March 2017 to 154,910 sites as of 31st March 2018, taking the overall network footprint on EoP to 286,356 sites (GSM+3G+4G). The wireless broadband population under coverage now expands beyond 650 million Indians spread across 164,000 towns and villages in 22 service areas. Your Company started deploying 2300 MHz TDD spectrum in its leadership circles of Maharashtra & Kerala. The company expanded its fibre network from 115,500 km (31st March 2016) to 156,800 km as on 31st March 2018. Your Company also launched Voice over LTE (VoLTE) services for employees in select circles recently and is scheduled to introduce VoLTE services in phased manner for its customers from May 2018.

Quality Subscriber Base

Your company is one of the largest mobile telecommunications company globally servicing around 208 million quality subscribers on VLR as of March 31, 2018. This large base of subscribers provides a great platform to the company for upgrading pure voice customers to Wireless Data services, Digital content & Payment services. The March 2018 data released by TRAI for active subscribers (VLR subscribers), reaffirms quality of company's subscriber base as among the best in terms of percentage of active subscribers. As of March 2018, your company has 98.4% of reported subscribers as VLR subscribers, amongst the highest in the industry. Further, your company hold its subscriber base and further added a healthy 9.4 million subscribers (on VLR) during this 12 month period from March, 2017 to March, 2018 despite the prolonged period of low tariffs by the new entrant.

Power Brand

In 2017-18, we focused our advertising efforts on building Idea as a strong 4G player. Idea launched six TV campaigns - Network coverage, Idea Mobile Apps Portfolio, A Video can change your life, 4G Handset bundled offer, Unlimited calls at ₹ 179, Nirvana Postpaid Plans. These were high decibel TV campaigns, supported with Radio, Outdoor and Digital among other media.

In the beginning of 2017, Idea expanded its 4G footprint to 20 circles and launched the "India Jitna Bada network" campaign to announce the same. The television commercial showcased that with pan India 4G coverage, everyone is now hooked on to Idea 4G across India.

The "No Ajnabi with Idea 4G" campaign helped build relevance for 4G usage through the launch of Idea Mobile Apps portfolio - Idea Games, Idea Movies & TV and Idea Music. The campaign positioned Idea's entertainment apps as the ultimate icebreaker that enable people to find common ground and make new connections. The TVC showcased a young protagonist converting strangers into friends using Idea's Mobile apps.

Idea's most impactful campaign this year – "A video can change your life" aimed at changing the category conversation by elevating the role of Idea 4G beyond functional attributes like speed and coverage to something that reflects its transformative role in people's lives and society. For a nation like ours, videos do not just entertain people, but influence their view, inspire them, move and lead people to positive actions. This campaign was inspired by the many transformational stories enabled by videos that reach millions of people on Idea's 4G network.

Idea launched two big offers this year that further helped build it's value for money proposition – catering to both voice and data users. The first campaign "Ye hui na baat" launched the ₹ 179 pack that allowed customers to make unlimited voice calls. The Handset bundled offer launched to get a disproportionate share of customers buying new 4G handsets was supported by the campaign - "Buyer jo bhi, 4G smartphone koi bhi, ₹ 2000 cashback with Idea 4G".

We ended the year with a new offering - Idea Postpaid Nirvana Plans. They were launched as a holistic solution for customers looking beyond mobile connectivity that would make his/her life convenient and stress free. The tagline "Everything is taken care of" encapsulated the freedom of unlimited calls, non-stop internet with data carry forward, device security, free roaming across India, ISD benefits and the privilege of priority service with Idea's Nirvana Postpaid Plans.

STANDALONE FINANCIAL RESULTS

Revenues

Revenue from operations for the financial year ended March 31, 2018 decreased by 21.1% and stood at ₹ 278,286 Mn as compared to ₹ 352,786 Mn for the financial year ended March 31, 2017, primarily due to decrease in service revenues. The realised rates have declined primarily due to hyper competition and increased penetration of unlimited plans. This has led to the decrease in service revenues although the minutes of usage has increased by 33.8%.

Other Income comprising of Interest Income and Gain on Investments in mutual funds increased by 51.3% from ₹ 1,970 Mn in the previous year to ₹ 2,982 Mn in the current year. The increase is mainly on account of interest income related to on Income tax refunds.

Operating Expenses

Total operating expenditure for the financial year ended March 31, 2018 decreased by 12.0% to ₹ 221,828 Mn from ₹ 252,167 Mn incurred in the previous year. The decline is primarily on account of decrease in variable cost in line with dip in revenues and on account of the cost optimisation initiatives undertaken by the company during the year.

Personnel Expenditure: Personnel Expenditure decreased by 14.1% from ₹ 16,256 Mn in the previous year to ₹ 13,968 Mn in the current year, primarily due to reduction in headcount.

Network Expense and IT Outsourcing Cost: Network Expense and IT Outsourcing Cost decreased by 4.3% from ₹ 101,813 Mn in the previous year to ₹ 97,449 Mn in the current year, primarily arising out of cost optimisation initiatives even though there has been an increase in overall cell sites as under :

Particulars	As on March 31, 2018	As on March 31, 2017	Increase / (Decrease)
2G cell sites	131,446	131,486	(40)
Broadband cell sites (3G+4G)	154,910	110,054	44,856
Total cell sites	**286,356**	**241,540**	**44,816**

During the year Idea consolidated its network infrastructure with 3G (HSPA), 4G (LTE) technologies collectively. The GSM coverage has expanded to nearly 1 billion Indians in around 395,000 towns and villages. Idea broadband services has expanded to over 164, 000 towns and villages covering over 650 million Indians.

Licence Fees and Spectrum Usage Charges: Licence Fees and Spectrum Usage charges decreased by 29.2% from ₹ 40,515 Mn in the previous year to ₹ 28,667 Mn in the current year, corresponding to decrease in revenue.

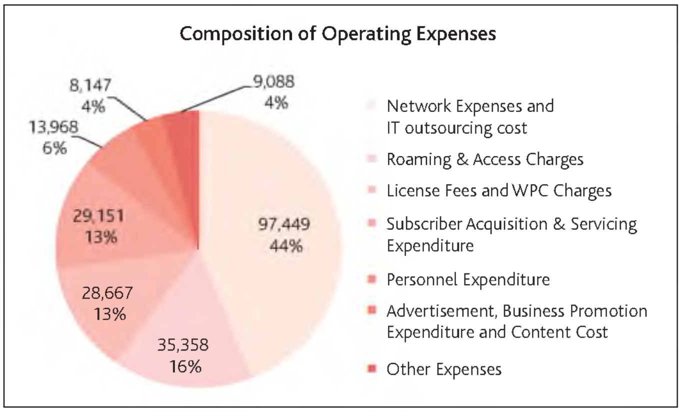
Roaming and Access Charges: Roaming and Access Charges decreased by 17.3% from ₹ 42,754 Mn in the previous year to ₹ 35,358 Mn in the current year. The decrease is primarily attributable to the reduction in IUC rates (partially offset by increase in volumes) and cost towards intra circle roaming arrangements which have decreased as the Company has expanded its own network coverage.

Subscriber Acquisition and Servicing Expenditure: Subscriber Acquisition and Servicing Expenditure, decreased by 7.3% from ₹ 31,442 Mn in the previous year to ₹ 29,151 Mn in the current year, primarily as a result of decrease in gross subscriber additions.

Advertisement, Business Promotion Expenditure and content cost: Advertisement, Business Promotion Expenditure and content cost decreased by 13.2% from ₹ 9,390 Mn in the previous year to ₹ 8,147 Mn in the current year.

Administration and Other Expenses: Administration and Other Expenses decreased by 9.1% from ₹ 9,997 Mn in the previous year to ₹ 9,088 Mn in the current year primarily due to decrease in rates & taxes, CSR expenses and provision for doubtful debts.

The composition of total operating expenses (amount and %age to total operating expenses) is as follows:



Profit before Finance charges, Depreciation, Amortisation and Taxes (EBITDA)

The decrease in service revenues being higher than decrease in operating expenditure has resulted in EBITDA decline by 42.1% from ₹ 102,590 Mn for the previous year to ₹ 59,440 Mn for the current year. EBITDA as a % age of Total Income decreased to 21.1% in the current year as compared to 28.9% in the previous year.

Depreciation, Amortisation and Finance Charges

Depreciation and Amortisation expenses increased by 8.0% from ₹ 77,000 Mn in the previous year to ₹ 83,161 Mn in the current year. The depreciation charge for the year has increased by 2.1% from ₹ 48,643 Mn in the previous year to ₹ 49,688 Mn in the current year, primarily due to gross block additions. The amortisation charge for the year has increased by 18.0% from ₹ 28,357 Mn in the previous year to ₹ 33,473 Mn in the current year primarily due to increased amortisation on spectrum capitalised during the year.

Finance Charges for the current year increased from ₹ 39,780 Mn in the previous year to ₹ 49,245 Mn in the current year, largely due to higher average net debt, higher forex loss and lower interest capitalisation on spectrum put to use during the year.

Profits/Loss and Taxes

The loss before tax for the year stood at ₹ 72,967 Mn as compared to a loss of ₹ 14,190 Mn in the previous year. The loss after tax for the year stood at ₹ 47,808 Mn. Cash Profit for the year stood at ₹ 9,970 Mn, a decrease of 84.4% over the previous year.

Capital Expenditure

The Company incurred capital expenditure consisting mostly of network equipment (including capital advances) of ₹ 72,848 Mn.

Balance Sheet

The Gross Block and Net Block (including Capital Work in Progress and Intangible assets under development) stood at ₹ 1,050,994 Mn and ₹ 832,932 Mn respectively as at March 31, 2018. Investment in subsidiaries and associates stood at ₹ 18,583 Mn. Other financial assets increased by ₹ 245 Mn from ₹ 58,669 Mn to ₹ 58,914 Mn primarily due to increase in Investment in Units of Liquid Mutual Funds partially offset by decrease in Trade Receivables. Other assets increased by ₹ 8,435 Mn from ₹ 40,147 Mn to ₹ 48,582 Mn primarily due to increase in assets held for sale and advanced tax (including TDS). Deferred Tax asset as at March 31, 2018 stood at ₹ 8,219 Mn as compared to a Deferred Tax liability of ₹ 16,791 Mn as on March 31, 2017.

The paid-up equity share capital of the Company increased by ₹ 7,540 Mn, pursuant to issuance of 326,633,165 equity shares under preferential allotment, 424,242,424 equity shares under qualified institutional placement (QIP) and 3,117,110 equity shares to the employees on exercise of stock options granted under Employee Stock Option Scheme, 2006 and Employee Stock Option Scheme, 2013. Other equity of the Company increased from ₹ 201,184 Mn to ₹ 213,102 Mn mainly due to increase in securities premium by ₹ 59,984 Mn realised on issue of shares by way of preferential allotment and QIP. However the increase in equity due to increase in securities premium is partially offset by current year's losses. As on March 31, 2018, the total equity stood at ₹ 256,695 Mn.

Total borrowings increased by ₹ 29,316 Mn and stood at ₹ 579,851 Mn as on March 31, 2018. Other financial liabilities decreased by ₹ 23,170 Mn and stood at ₹ 95,260 Mn primarily due to decrease in payables for capital expenditure. Other Liabilities and Provisions increased by ₹ 794 Mn from ₹ 34,630 Mn to ₹ 35,424 Mn as on March 31, 2018.

Cash Flow Statement

The cash generated from operating activities of ₹ 51,853 Mn along-with net proceeds from borrowings ₹ 26,935 Mn and proceeds from issue of equity shares of ₹ 67,214 Mn was primarily used for capital expenditure payout of ₹ 86,040 Mn, payment of interest and finance charges ₹ 55,186 Mn and short term investment in Mutual Funds ₹ 4,117 Mn. Consequently the overdraft of cash and cash equivalents as at the year end decreased marginally by ₹ 41 Mn.

CONSOLIDATED FINANCIAL RESULTS

Revenues

Revenue from operations for the financial year ended March 31, 2018 decreased by 20.5% and stood at ₹ 282,789 Mn as compared to ₹ 355,757 Mn for financial year ended March 31, 2017, primarily due to decrease in service revenues. The decrease in the mobility and ILD service revenue as explained above in the Standalone Financial Results section is partially offset by increase in revenue from Passive Infrastructure services by 150.1% to ₹ 2,724 Mn from ₹ 1,089 Mn. Sale of Trading Goods decreased by 77.6% to ₹ 51 Mn from ₹ 228 Mn in the previous year, primarily due to reduction in volume.

Other Income comprising of Interest Income and Gain on investments in mutual fund increased by 15.0% from to ₹ 3,529 Mn in the current year from ₹ 3,069 Mn in the previous year primarily due to interest income related to Income tax refunds.

Operating Expenses

Total operating expenditure for the financial year ended March 31, 2018 decreased by 12% to ₹ 222,314 Mn in the current year from ₹ 253,321 Mn incurred in the previous year, mainly on account of decrease in variable cost in line with dip in revenues and on account of cost optimization initiatives undertaken by the company during the year.

Cost of Trading Goods: Cost of Trading Goods decreased by 73.8% to ₹ 73 Mn in the current year from ₹ 279 Mn incurred in the previous year primarily due to reduction in volume.

Personnel Expenditure: Personnel Expenditure for the financial year ended March 31, 2018 decreased by 14.2% to ₹ 15,430 Mn from ₹ 17,976 Mn incurred during the previous year, primarily as a result of reduction in headcount.

Network Expense and IT Outsourcing Cost: Network Expense and IT Outsourcing Cost decreased by 4.4% from ₹ 101,817 Mn in the previous year to ₹ 97,333 Mn in current year, primarily as a result of cost optimisation.

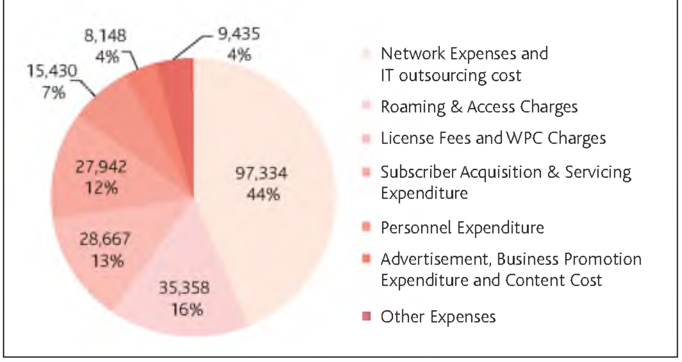
Licence Fees and Spectrum Usage Charges & Roaming and Access Charges: The decrease in these expenses pertains only to the company covered above under the Standalone Financial Results section.

Subscriber Acquisition and Servicing Expenditure: Subscriber Acquisition and Servicing Expenditure, decreased by 7.7% from ₹ 30,282 Mn in the previous year to ₹ 27,942 Mn in the current year, primarily as a result of decrease in gross subscriber additions.

Advertisement, Business Promotion Expenditure and content cost: Advertisement, Business Promotion Expenditure and content cost decreased by 13.4% from ₹ 9,413 Mn in the previous year to ₹ 8,148 Mn in the current year.

Administration and Other Expenses: Administration and Other Expenses decreased by 9.0% from ₹ 10,284 Mn in the previous year to ₹ 9,362 Mn in the current year, primarily due to the decrease in expenses as covered above under the Standalone Financial Results section.

The composition of total operating expenses (amount and %age to total operating expenses) is as follows:



Profit before Finance charges, Depreciation, Amortisation and Taxes (EBITDA)

The decrease in revenues being higher than decrease in operating expenditure has resulted in the decrease of EBITDA by 39.3% from ₹ 105,506 Mn for the previous year to ₹ 64,005 Mn for the current year. EBITDA as a percentage of total Income decreased to 22.4% compared to 29.5% for the previous year.

Depreciation, Amortisation and Finance Charges

Depreciation and Amortisation expenses increased by 7.4% from ₹ 78,272 Mn in the previous year to ₹ 84,091 Mn in the current year. The depreciation charge for the year has increased by 1.4% from ₹ 49,914 Mn in the previous year to ₹ 50,630 Mn in the current year, primarily due to gross block additions. The amortisation charge for the year has increased by 18.0% from ₹ 28,358 Mn in the previous year to ₹ 33,461 Mn in the current year, primarily due to the increased amortisation on spectrum capitalised during the year.

Finance Charges for the current year increased from ₹ 40,085 Mn to ₹ 48,130 Mn, largely due to reasons as explained above in the Standalone Financial Results Section.

Profit/ Loss and Taxes

The loss before tax for the year stood at ₹ 64,992 Mn as compared to a loss of ₹ 18,632 Mn in the previous year. The loss after tax for the year stood at ₹ 41,682 Mn. Cash Profit for the year stood at ₹ 17,636 Mn, a decrease of 74.8% over the previous year.

Capital Expenditure

The capital expenditure (including capital advances) during the year was ₹ 73,031 Mn. consisting mainly of network equipment.

Balance Sheet

The Gross Block and Net Block (including Capital Work in Progress and Intangible assets under development) stood at ₹ 1,050,761 Mn and ₹ 832,711 Mn respectively as at March 31, 2018. Investment in joint venture and associate stood at ₹ 16,601 Mn. Other financial assets increased by ₹ 1,733 Mn from ₹ 68,275 Mn to ₹ 70,007 Mn, primarily due to increase in Investment in Units of Liquid Mutual Funds partially offset by decrease in Trade Receivables. Other Assets increased by ₹13,704 Mn from ₹ 40,635 Mn to ₹ 54,339 Mn primarily due to increase in asset held for sale and Advance tax (including TDS).

The paid-up equity share capital of the Company increased by ₹ 7,540 Mn, pursuant to issuance of 326,633,165 equity shares under preferential allotment, 424,242,424 equity shares under qualified institutional placement (QIP) and 3,117,110 equity shares to the employees on exercise of stock options granted under Employee Stock Option Scheme, 2006 and Employee Stock Option Scheme, 2013. Other equity of the Company increased from ₹ 211,269 Mn to ₹ 229,031 Mn mainly due to increase in securities premium by ₹ 59,984 Mn realised on issue of shares by way of preferential allotment and QIP. However the increase in equity due to increase in securities premium is partially offset by current year's losses. As on March 31, 2018, the total equity stood at ₹ 272,625 Mn.

Total borrowings increased by ₹ 29,306 Mn and stood at ₹ 579,851 Mn as on March 31, 2018. Other financial liabilities decreased by ₹ 24,764 Mn and stood at ₹ 95,134 Mn primarily due to decrease in payables for capital expenditure. Other Liabilities and Provisions decreased by ₹ 164 Mn from ₹ 35,693 Mn to ₹ 35,529 Mn as on March 31, 2018. Deferred Tax Liabilities as at March 31, 2018 stood at ₹ 659 Mn as compared to ₹ 13, 587 Mn as on March 31, 2017.

Cash Flow Statement

The cash generated from operations of ₹ 53,324 Mn, net proceeds from borrowings of ₹ 26,935 Mn, proceeds from issue of equity shares of ₹ 67,214 Mn and dividend from joint venture of ₹ 2,657 Mn along with opening cash and cash equivalents of ₹ 435 Mn was primarily used for capital expenditure of ₹ 86,508 Mn, payment of interest and finance charges ₹ 54,900 Mn and short term investment in mutual funds ₹ 8,385 Mn. Consequently cash and cash equivalents stood decreased at the year end at an overdraft of ₹ 24 Mn.

Human Resources

Your Company continues to be an Employer of Choice and has been recognized as being amongst the "Top 25 Best Companies to Work For" conducted by Business Today. Your Company's standing here continues to be a reflection of not just its employees' view but also of the larger Indian workforce which responded. Your Company's robust philosophy and strategy of attracting and retaining the best talent, focus on development and effective retention, and of creating a holistic workplace environment, wherein employees get opportunities to realize their potential, has enabled it in achieving this accolade.

Considering the long term business goals, your Company has ensured that the Human Resources strategy is in line with and complementary to the business strategy. During the financial year, your Company has continued to maintain already high employee engagement scores and has re-kindled its focus on diversity, by taking various steps to make Idea a more women friendly workplace. All these initiatives have resulted in increasing women net additions by more than 5 times compared to last year. Your Company has fostered a culture of continuous learning and development, creating future leaders, building capability in digital space and ensuring continued high employee engagement along with effective and efficient talent development and deployment. The efforts in consistently using training, learning & development as a source of competitive advantage was recognized across industries when your company was awarded Runners Up at the prestigious BML Munjal Awards for "Business Excellence through Learning and Development in Private Sector – Services Category"

Your Company continues to focus on constant process improvement through driving Six Sigma and Lean methodologies, and was able to generate cost reductions by applying crowd sourcing through employees. These HR strategies have continued to have strong alignment with your Company's vision to successfully build and sustain Company's standing as one of India's most admired and valuable corporations despite unrelenting competitive pressures.

During the Financial Year 2017-18, your Company invested Rs. 199.43 Mn towards various CSR activities. Your Company reached out to around 11 lakh people including children across 20 States. Your Company's key objective is to make a difference to the lives of the underprivileged and help bring them to a self-sustaining level. Your Company began a program Vidya Har Beti Ka Adhikar that addresses the need of KHEL, KITAB and KHANA in government schools with a focus on girl schools. Your Company also supplemented the Government of India's initiative to enhance cleanliness across India's rich heritage sites through Swachh Iconic Place, Somnath temple project.

As a socially responsible caring Company, we are committed to play a larger role in India's sustainable development and make a difference, and our projects have been recognized. The Company has received accolades from Gujarat Corporate Social Responsibility Authority, ET2Good4Good-Economic Times and ABG HR Excellence Awards 2017 for Employee Engagement-CSR/ER.

Risk Management

The Risk Management framework of your Company ensures regular review by management to proactively identify the emerging risks, to do risk evaluation and risk prioritization along with development of risk mitigation plans and action taken to minimize the impact of the risk. The framework requires that the Risk Management Committee be periodically informed about risk minimization procedures adopted by your Company. These processes are also periodically reviewed by management. The various risks, including the risks related to the economy, regulation, competition, technology etc., are documented, monitored and managed efficiently.

Internal Control Systems

Your Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The internal controls cover operations, financial reporting, compliance with applicable laws and regulations, safeguarding assets from unauthorised use and ensure compliance of corporate policies. Internal controls are reviewed periodically by the internal auditors, and are subject to management reviews with significant audit observations and follow up actions reported to the Audit Committee. The Audit Committee actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them in accordance with the changes in the business dynamics, if required.

Regulatory

Major regulatory developments for the period are:

1. **DoT license amendments:**

   DoT amends the license agreement from time to time. Some key amendments this year, were as under:

   - Vide amendment dated 23.06.2017, DoT has inter alia, permitted the licensee to deploy equipment anywhere in India subject to interconnection points being located in respective service areas for inter operator, inter service area, NLD & ILD calls.
   - Based on recommendations of Inter-Ministerial Group recommendations & post TRAI & Telecom Commission recommendations & Cabinet approval, the DoT amended the license conditions on 19.03.2018, as under :

     Restructure deferred payment liability of TSPs on spectrum – one time opportunity

     - Option for increasing current 10 year period to 14, 15 & 16 years (based on year of auction - 2012/2013, 2014 & 2015/16 respectively).
     - Proposed increase in installment based on the principle that NPV of "payment due" is protected as enumerated in NIA.

     Revision of spectrum caps

     - Overall spectrum cap revised from current limit of 25% to 35%.
     - Current intra band cap removed. Instead a cap of 50% on combined spectrum holding in sub 1 GHz band (700 MHz, 800 MHz & 900 MHz bands)
     - Principles applied in NIA 2016 to be continued while calculating revised overall cap as well as sub 1 GHz band.
     - The above changes have been subsequently incorporated in our licenses, vide DoT amendment dated 19th March 2018.
   - Vide amendment dated 19.06.2018, DoT has amended the CMTS/UAS/Unified License on Internet telephony. DoT has also clarified that the said service is un-tethered from the underlying access network and hence Internet Telephony Services can be provided by an access service provider to the customers using internet services of the other service providers. Hence, Internet Telephony can be offered only under an Access Service license.

     The salient features of the amendment are as follows:

     - Calls originated outside the country using internet telephony shall be routed through ILD gateway like any other international calls.
     - Mobile number series to be used for providing internet telephony. TSPs are allowed to allocate the same number to the subscriber both for CMTS and Internet telephony services.
     - The licensee providing internet telephony is required to comply with all the interception and monitoring related requirements.
     - Licensee must inform QoS parameters supported by them for internet telephony to their subscribers.

2. **TRAI Directions on Non-Discriminatory tariffs**

   TRAI on 25.05.2017 issued Directions to all Access Service Providers regarding filing of tariff offers.

   TRAI vide its said Directions asked all the Access Service Providers "to ensure that all the tariffs offered to the consumers shall be in accordance with the provisions of Telecommunication Tariff Order, 1999 and shall not be discriminatory between the subscribers of the same class and to ensure that every tariff that is offered to a customer is invariably reported to the Authority as per reporting framework under the forbearance regime unless an express exemption has been provided in the Telecommunication Tariff Order, 1999 (as amended from time to time)."

3. **TRAI Amendment to IUC Regulation**

   TRAI vide its Regulation dated 21.09.2017, amended the Domestic IUC Regulations as under:

   - For mobile to mobile calls, domestic termination charges have been reduced from 14 paise per minute to 6 paise per minute wef 1st October 2017.
   - For all other type of calls (wireline to wireline, wireline to mobile and mobile to wireline) domestic termination charges remain unchanged at zero.
   - From 1st January 2020 onwards the termination charges for all type of domestic calls shall be zero.
   - Subsequently, on 12th January 2018, TRAI revised the International Termination charges (ITC) from ₹0.53/min to ₹0.30 / min (to be effective from 1st February 2018)

   The above both amendments on IUC regulation have been challenged by your Company at Bombay High Court.

4. **TRAI amendment to QoS Regulations**

TRAI vide its amendment dated 18th August, 2017, revised the methodology of assessment of Drop Call Rate (DCR) based on percentile basis instead of existing methodology of average of call drop of all BTSs. The key highlights are:-

- The revised methodology has measures for spatial Distribution (area variations) of DCR and Temporal Distribution (day to day variations) of DCR.
- New parameter for DCR Network_QSD(90,90), to be known as DCR spatial distribution measure, networks meeting benchmark of 2% will, give confidence that at-least 90% of cells in the network performed better than specified 2% benchmark on atleast 90% of days. Financial disincentive from ₹1-5 lacs on degradation of parameter.
- New parameter for DCR Network_QTD(97,90), known as DCR temporal distribution measure, networks meeting benchmark of 3% will, give confidence than at-least 90% of Days, network performed better than specified 3% benchmark on at least 97% of the calls. Financial disincentive from ₹1-5 lacs on degradation of parameter.
- DCR benchmark assessment to be done for all technologies GSM, CDMA, WCDMA, LTE etc. as a whole.
- Network QoS parameters and benchmarks for VoLTE services have been defined on the similar lines as of Circuit Switch Voice services.

5. **TRAI Regulation on Interconnection**

TRAI released the new Interconnect Regulation on 1st January, 2018 to come into effect from 1st February, 2018. The regulation laid down the rules on issues such as the timeline for entering into an interconnection agreement, type and quantum of bank guarantee required, maximum time allowed for issuance of ports, etc. The key features are as under:

- The Interconnection Agreement needs to be entered into within 30 days of receipt of request from a service provider.
- The maximum time period prescribed from the date of receipt of the request till the date of AT and issuance of final letter of commissioning of ports is 21 working days.
- If any service provider contravenes the provisions of these regulations, it will be liable to pay an amount, by way of financial disincentive not exceeding rupees one lakh per day per licensed service area.

6. **TRAI Amendment to IUC Regulation – International Termination Charge**

TRAI vide its Regulation dated 12th January, 2018, amended the Telecommunications IUC Regulations, 2003 to bring down the International Termination Charges (ITC) to ₹ 0.30/min from ₹ 0.53/min with effect from 1st February, 2018.

7. **TRAI amendment on Mobile Number Portability Regulation**

TRAI vide its amendment dated 31st January, 2018 reduced the Per port transaction charges for Mobile Number Portability, from ₹ 19/- to ₹ 4/- for each successful porting. The same was based on reasons such as (i) Upsurge in number of porting requests; and (ii) Financial results of MNP service providers

8. **TRAI amendment to Telecom Tariff Order**

TRAI vide its 63rd amendment to TTO, dated 31st January, 2018, introduced the following changes:

- <u>Modified the definition of Significant Market Power (SMP)</u> – only 30% of total activity (revenue or subscriber share) to be SMP indicator & removed erstwhile additional indicators like turnover, switching capacity & volume of traffic.
- <u>Revised the definition of "non-discriminatory"</u> by stating that any classification of subscribers should be based on intelligent criteria, where classification has nexus with purpose of classification.
- <u>Re-defined predatory pricing</u> as provision of distinct telecom service in relevant market at a price which is below average variable cost, with a view to reduce or eliminate competition.
- <u>Revision in definition of reporting requirement -</u> removed IUC compliance as cardinal principle for tariffs, included promotional tariffs in reporting requirements.
- <u>Enunciated guiding principles for transparency-</u> accessible, accurate, comparable, complete, distinct, & identifiable, explicit & non-misleading, simple & unambiguous.
- Introduction of snap audits for Metering & Billing done by TSPs.

Considering the likely impact on acquisition/retention of subscribers & our existing segmented offerings, your Company challenged the above tariff amendment.

9. **TRAI Amendment on Interconnection Regulation**

TRAI issued the amendment to the Interconnect Regulation on 05.07.2018. Through this amendment, the key changes introduced were as under:

- The time frame for provisioning of ports for initial interconnection and augmentation of ports is increased to 42 working days.
- Every service provider shall provide to the interconnecting service provider, at interval of every six months, its forecast of busy hour outgoing traffic, for the succeeding six months, at each POI and the first such forecast shall be provided within sixty days of the commencement of the Telecommunication Interconnection (Amendment) Regulations, 2018 and thereafter on the 1st April and 1st October every year.

Opportunities, Risks, Concerns and Threats

Financial Year 2017-18 can be best defined as period of tariff disruption and consolidation for Indian wireless Industry. The Indian mobile industry has rapidly consolidated among few large and well capitalized operators, who have been making significant investments towards expanding broadband network across the country, laying a robust foundation for the government's "Digital India" program.

The massive network rollout of high speed broadband services by large operators, like Idea this year, coupled with falling entry prices for smartphone as well mobile data rates, has led to multifold increase in broadband data demand within a very short span of time. Despite the steep rise in demand for data, broadband penetration in India continues to be low at 32.4%, well below the global average. As users have started to explore range of content consumption options, through both video and audio apps, the demand for high speed internet is expected to further rise. Further, given that the fixed line penetration continues to remain negligible at 1.9% in India, internet adoption through wireless remains the obvious option for the subscriber to experience internet services. India is thus on the cusp of a major wireless broadband adoption cycle across all demographic segments of population. Your company is fully equipped to reap benefits out of these changing trends as it has pan India broadband spectrum and has been aggressively expanding its broadband network across the length and breadth of country. Further, the rural penetration is still at a relative low level of 58.7%, indicating nearly 300-400 million Indians, primarily in the rural hinterland, are yet to adopt mobile telephony services. Your company with its strong GSM and broadband network footprint across the length and breadth of the country is well poised to be a beneficiary of this trend as well.

The introduction of heavily discounted unlimited bundled plans has impacted the industry revenue growth negatively despite massive explosion in volumes. The financials of the industry are heavily stressed as most of the telecom operators are highly leveraged due to high commitment in spectrum auctions and extensive network roll out in past 2-3 years. Further, the continuing need for large capital investments to remain competitive in the market, has expedited the process of industry consolidation. The stronger operators in long run are expected to see a return of growth in revenue and hence an uplift in profitability.

Your Company has several ongoing litigations and any adverse determination of these remains a risk. Your Company believes in sound corporate governance practices and believes that these litigations would be settled in due course in the best interest of all stakeholders. Your Company works with various local, state and central government agencies for specific permissions to operate its mobile licenses and is required to meet various regulatory/ policy guidelines of the DoT and may be subjected to various regulatory demands, penalties/fines or increased cost of compliance. Your Company makes best effort to adhere to all such requirements.

The telecom sector is characterized by technological changes and competition from new technologies is an inherent threat. However, your Company, with a portfolio of spectrum in 900/1800/2100/2300/2500 MHz has an attractive spectrum footprint to adapt to any future technological changes.

The Company's business is dependent on key Network and IT equipment suppliers for management and continuity of its Network, IT and business processes. Further, these networks may be vulnerable to technical failures or any natural calamity. Your Company is in partnership with global leaders in Network equipment and IT services and enjoys very long standing healthy relations with all its suppliers. The Company has a robust network & IT security processes and disaster recovery plans.

Outlook

After the announcement of merger between the Company and Vodafone India operations on 20th March 2017, your company has made significant progress towards completion of merger during the year 2017-18. Your company has successfully received approvals from Competition Commission of India (CCI), the stock exchanges as well as from the National Company Law Tribunal (NCLT), bench of Ahmedabad and Mumbai. The Merger of the company with Vodafone India is now in the final leg of regulatory approvals and is expected to complete soon.

The proposed new leadership team of merged entity has already been announced on 22nd March 2018. Both the companies, have set up respective project management teams, preparing for the merger and have initiated detailed planning for identified capex and opex synergies. Post-merger, the combined entity will have deepest 2G network presence covering an expanse of over 1.1 billion Indians around 490,000 towns and villages. The merged entity would also have one of the highest overall spectrum holding of 1,850 MHz across multiple spectrum bands.

Following the industry consolidation this year, hyper competition is expected to reduce once the market settles and industry profitability is poised to gradually improve. The low rural penetration and increasing broadband expansion provide tremendous long term opportunities for the surviving operators. The country is thus well poised to add another 400 to 500 million wireless broadband users in next 3-4 years with increasing smartphone penetration as device affordability further improves. With strong subscriber base, superior network footprint and massive ongoing infrastructure investments, your company is best positioned to be the biggest beneficiary of this growth post-merger.

Cautionary Statement

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