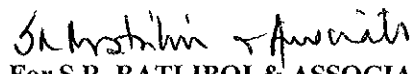


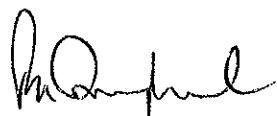
Bharti Airtel (Canada) Limited

Audit for the year ended March 31, 2011

Auditors' Report**To the Board of Directors of
Bharti Airtel (Canada) Limited**

1. We have audited the accompanying balance sheet of Bharti Airtel (Canada) Limited ('the Company') at March 31, 2011 and the statement of profit and loss and cash flows for the year then ended, prepared in conformity with the accounting principles generally accepted in India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.


For S.R. BATLIBOI & ASSOCIATES
Firm Registration No.: 101049W
Chartered Accountants


per Prashant Singhal
Partner
Membership No.: 93823

Place: Gurgaon
Date: May 02, 2011

Bharti Airtel (Canada) Limited

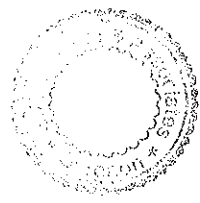
BALANCE SHEET AS AT March 31, 2011

	Schedules	As at March 31, 2011 (in Rupees) (Unaudited)	As at March 31, 2011 (in CAD) (Audited)	As at March 31, 2010 (in CAD) (Audited)
SOURCES OF FUNDS				
Shareholders' funds				
Share capital	1	3,455,142	75,100	75,100
Loan funds				
Unsecured loans	2	28,248,083	613,992	287,622
Total		31,703,225	689,092	362,722
APPLICATION OF FUNDS				
Fixed assets	3			
Gross block		29,017	631	631
Less: Accumulated depreciation		28,992	630	416
Net block		25	1	215
Current assets, loans and advances				
Sundry debtors	4	141,361	3,073	4,498
Cash and bank balances	5	8,048,221	174,934	13,688
Other current assets, loans and advances	6	450,281	9,787	20,217
		8,639,863	187,794	38,403
Less: Current liabilities and provisions				
Current liabilities	7	32,852,736	714,078	537,461
		32,852,736	714,078	537,461
Net current liabilities		(24,212,873)	(526,284)	(499,058)
Profit and loss account	8	55,916,073	1,215,375	861,565
Total		31,703,225	689,092	362,722
Statement of significant accounting policies	15			
Notes to accounts	16			

The schedules referred to above, significant accounting policies and notes to account form an integral part of the balance sheet
As per our report of even date

S. R. Batliboi & Associates
For S. R. BATLIBOI & ASSOCIATES
Firm Registration No: 101049W
Chartered Accountants

Prashant Singhal
per Prashant Singhal
Partner
Membership No: 93283



Place: Gurgaon
Date: May 2, 2011

For and on behalf of the Board of Directors

Sankha Mukherjee
Sankha Mukherjee
Director

Bharti Airtel (Canada) Limited

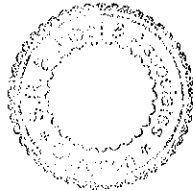
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Schedules	For the year ended March 31, 2011 (in Rupees) (Unaudited)	For the year ended March 31, 2011 (in CAD) (Audited)	For the year ended March 31, 2010 (in CAD) (Audited)
INCOME				
Service revenue		9,243,117	200,906	280,106
Other income	9	260,855	5,670	1,142
Total		9,503,972	206,576	281,248
EXPENDITURE				
Access charges		8,002,152	173,933	248,871
Network operating expenses	10	3,751,664	81,545	74,656
Personnel expenses	11	5,070,616	110,214	109,533
Sales and marketing expenses	12	4,253,334	92,449	10,395
Administrative and other expenses	13	4,162,866	90,483	100,205
Finance expenses (net)	14	531,311	11,548	(6,590)
Depreciation	3	9,834	214	315
Total		25,781,777	560,386	537,385
Loss before tax, extraordinary and prior period items		16,277,805	353,810	256,137
Provision for tax		-	-	-
Loss after tax and before extraordinary and prior period items		16,277,805	353,810	256,137
Loss per share				
Basic & diluted [nominal value of shares CAD 1 per share (previous year - CAD 1 per share)]		262	6	4
(refer note 5 of schedule 16)				
Statement of significant accounting policies	15			
Notes to accounts	16			

The schedules referred to above, significant accounting policies and notes to account form an integral part of the profit and loss account
As per our report of even date

Sa Batliboi & Associates
For S. R. BATLIBOI & ASSOCIATES
Firm Registration No: 101049W
Chartered Accountants

Prashant Singh
per Prashant Singh
Partner
Membership No: 93283



Place: Gurgaon
Date: May 2, 2011

For and on behalf of the Board of Directors

S. Mukherjee
Sankha Mukherjee
Director

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Bharti Airtel (Canada) Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	For the year ended March 31, 2011 (in Rupees) (Unaudited)	For the year ended March 31, 2011 (in CAD) (Audited)	For the year ended March 31, 2010 (in CAD) (Audited)
A. Cash flow from operating activities:			
Net loss before tax and extraordinary items	(16,277,805)	(353,810)	(256,137)
Adjustments for:			
Depreciation	9,834	214	315
Bad debts	4,019	87	93
Foreign exchange gain	(845,589)	(18,379)	(30,150)
Interest expenses	1,213,266	26,371	19,645
Operating loss before working capital changes	(15,896,275)	(345,517)	(266,234)
Adjustments for changes in working capital :			
(Increase)/ decrease in trade and other payables	7,571,343	164,569	271,034
Increase / (decrease) in receivables & advances	1,941,230	42,194	(124,795)
Net cash used in operating activities	(6,383,702)	(138,754)	(119,995)
B. Cash flow from investing activities:			
(Purchase)/ sale of fixed assets	-	-	-
Net cash from investing activities	-	-	-
C. Cash flow from financing activities:			
Proceeds from long term borrowings	13,802,164	300,000	-
Net cash from financing activities	13,802,164	300,000	-
Net Increase/ (decrease) in cash and cash equivalents (A+B+C)	7,418,462	161,246	(119,995)
Cash and cash equivalents at the beginning of the year	629,759	13,688	133,683
Cash and cash equivalents at the end of the year	8,048,221	174,934	13,688
Components of cash and cash equivalents			
Cash on hand	4,601	100	100
Balances with banks			
On current accounts	8,043,620	174,834	13,588
Cash and bank balances as schedule 6	8,048,221	174,934	13,688

Notes :

- The above cash flow statement has been prepared under the indirect method set out in AS-3.
 - Figures in brackets indicate cash outgo.
 - Previous period figures have been regrouped and recast wherever necessary to conform to the current period classification.
- As per our report of even date

S.R. Batliboi & Associates
 For S. R. BATLIBOI & ASSOCIATES
 Firm Registration No: 101049W
 Chartered Accountants

Prashant Singh
 per Prashant Singh
 Partner
 Membership No: 93283



Place: Gurgaon
 Date: May 2, 2011

For and on behalf of the Board of Directors

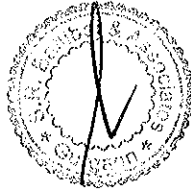
S. Mukherjee
 Sankha Mukherjee
 Director

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Bharti Airtel (Canada) Limited

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at March 31, 2011 (In CAD)	As at March 31, 2010 (In CAD)
SCHEDULE 1 : Share capital		
Authorised		
Unlimited numbers of common voting share without any par value		
Issued, subscribed and paid up		
75100 (previous year-- 100 shares) equity shares of CAD 1 each fully paid up	75,100	75,100
	<u>75,100</u>	<u>75,100</u>
Of the above:		
75,100 (Previous year-- 75,100) equity shares are held by Bharti Airtel Limited, the holding company		
SCHEDULE 2 : Unsecured loan		
Long Term Loan		
From Bharti Airtel Holdings (Singapore) Pte. Ltd,	551,000	251,000
Interest accrued and due	62,992	36,622
	<u>613,992</u>	<u>287,622</u>
Due within one year is NIL (previous year-- Nil)		



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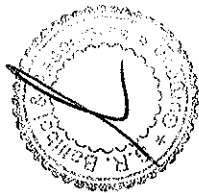
Bharti Airtel (Canada) Limited

SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS

SCHEDULE 3 : FIXED ASSETS

(Amount in CAD)

Particulars	Gross block			Depreciation			Net block		
	As at April 1, 2010	Additions during the year	Sale / adjustment during the year	As at March 31, 2011	As at April 1, 2010	For the year	Sale / adjustment during the year	As at March 31, 2011	As at March 31, 2010
Mobile phones	631	-	-	631	416	214	-	630	215
GRAND TOTAL	631	-	-	631	416	214	-	630	215
Previous year	631	-	-	631	101	315	-	416	530

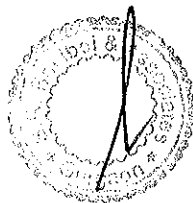


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Bharti Airtel (Canada) Limited

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	As at March 31, 2011 (In CAD)	As at March 31, 2010 (In CAD)
SCHEDULE 4 : Sundry debtors		
Debts outstanding for a period exceeding six months		
Other debts:		
Unsecured, considered good	3,073	4,498
	<u>3,073</u>	<u>4,498</u>
SCHEDULE 6 : Cash and bank balances		
Cash on hand	100	100
Balances with banks		
On current accounts	174,834	13,588
	<u>174,934</u>	<u>13,688</u>
SCHEDULE 6 : Other current assets, loans and advances		
Unsecured, considered good	9,314	18,725
Advances recoverable in cash or in kind or for value to be received	473	1,492
VAT recoverable	9,787	20,217
	<u>9,787</u>	<u>20,217</u>
SCHEDULE 7 : Current liabilities		
Sundry creditors	692,070	488,021
Advance received from customer	2,607	4,257
Advance billing revenue	17,600	41,903
Other liabilities	1,801	3,280
	<u>714,078</u>	<u>537,461</u>
Included in current liabilities are:		
Dues to companies under the same management:		
Bharti Airtel Limited	409,058	258,931
Bharti Airtel (USA) Limited	147,386	144,077
SCHEDULE 8 : Profit and loss account		
Opening balance Loss	861,565	605,428
Loss for the year	353,810	256,137
	<u>1,215,375</u>	<u>861,565</u>

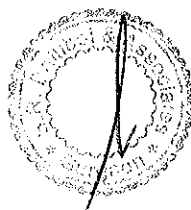


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Bharti Airtel (Canada) Limited

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS

	For the Year ended March 31, 2011 (In CAD)	For the Year ended March 31, 2010 (In CAD)
SCHEDULE 9 : Other Income		
Miscellaneous provision written back	5,118	-
Miscellaneous Income	552	1,142
	<u>5,670</u>	<u>1,142</u>
SCHEDULE 10 : Network operating expenses		
Network support charges	81,545	74,656
	<u>81,545</u>	<u>74,656</u>
SCHEDULE 11 : Personnel expenses		
Salaries and bonus	110,055	108,143
Staff welfare	159	1,390
	<u>110,214</u>	<u>109,533</u>
SCHEDULE 12 : Sales and marketing expenses		
Advertisement and marketing expenses	92,449	10,395
	<u>92,449</u>	<u>10,395</u>
SCHEDULE 13 : Administrative expenses		
Legal and professional charges	56,093	50,448
Manpower support charges	10,043	18,195
Printing and stationery	217	54
Travelling and conveyance	1,841	5,053
Telephone, telex and postage	1,333	2,320
Bad debts written off	87	93
Collection and recovery charges	20,800	24,042
Miscellaneous expenses	69	-
	<u>90,483</u>	<u>100,205</u>
SCHEDULE 14 : Finance expense		
Interest expense	26,371	19,645
Bank charges	3,557	3,915
Exchange gain	(18,380)	(30,150)
	<u>11,548</u>	<u>(6,590)</u>



SCHEDULE: 15

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

These financial statements have been prepared to comply in all material respects with the recognition and measurement principles of notified Accounting Standards issued under Companies (Accounting Standards) Rules, 2006, ('as amended') and the relevant provisions of the Companies Act, 1956, to the extent applicable. The financials statements have been prepared under the historical cost convention on the accrual basis. The Accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

Further, the financials statements are presented in the general format specified by Schedule VI of the Companies Act 1956 ('The Act'). However, as these financial statements are not statutory financial statements, full compliance with the above Act, is not required and so they do not reflect all the disclosures requirement of the Act.

The Company's functional currency is Canadian Dollars ('CAD' or 'CA\$') and the reporting currency is Indian National Rupees ('Rupee(s)' or 'Rs.' or 'INR')

The translation of Canadian Dollars to Rupee amounts is unaudited and is included solely for readers in India and has been calculated using the rate of CAD (CA\$) 1 = Rs. 46.0072, the RBI reference rate as announced by the Reserve Bank of India (RBI) on March 31, 2011. Such translations should not be construed as representations that the Rupee amounts represent, or have been or could be converted into, Canadian Dollars at that or any other rate.

2. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

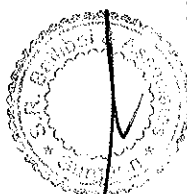
3. FIXED ASSETS

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes, duties, freight and other incidental expenses related to acquisition and installation.

4. DEPRECIATION

Depreciation is provided on straight-line method to write off the cost of the fixed assets over their estimated useful lives as below:

	Useful Lives
Office Equipment	5 Years
Mobile Phones	2 years



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BHARTI AIRTEL (CANADA) LIMITED

Schedule annexed to and forming part of Accounts

5. REVENUE RECOGNITION

Calling Card Services: Service revenue is recognised on completion of provision of services and is net of discounts and waivers. Discounts on account of free airtime provided to customers are recognised as a reduction from revenue at the time of sale of these cards. Revenue is recognized when no significant uncertainty exists regarding realisation of the consideration.

Co-location Income: Income on Co-location is recognised on an accrual basis.

6. INVESTMENT

Current Investments are valued at lower of cost and fair market value.

Long term Investments are valued at cost. Provision is made for diminution in value to recognise a decline, if any, other than that of temporary nature.

7. TRANSLATION OF ITEMS IN FOREIGN CURRENCY

Transactions are recorded in the local currency of the Company. The translation of local currencies into Indian Rupee is performed for all assets and liabilities (including share capital and opening reserves and surplus), using the exchange rate as at the balance sheet date and also for revenues, costs and expenses using closing exchange rate as at the balance sheet date.

8. EMPLOYEE BENEFITS

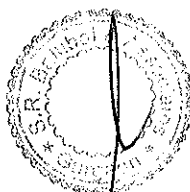
Contributions to specific schemes are charged to the profit and loss account of the year.

9. TAXATION

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit/ (loss) for the year.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised 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 realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Unrecognised deferred tax assets of earlier periods/years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available which such deferred tax assets can be realized.

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BHARTI AIRTEL (CANADA) LIMITED

Schedule annexed to and forming part of Accounts

10. IMPAIRMENT OF ASSETS

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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).

11. PROVISIONS

Provisions are recognised when the Company has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

12. OPERATING LEASES

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

13. EARNINGS/ (LOSS) PER SHARE

The earnings/ (loss) considered in ascertaining the Company's Earnings per share (EPS) comprise the net profit/ (loss) after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS after adjusting for the effects of potential dilutive equity shares unless impact is anti dilutive.

14. SEGMENTAL REPORTING

a. Primary segment :

The Company operates only in one business segment viz. telecom services, which is the only reportable segment.

b. Secondary Segment

The Company has operations only in Canada.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the balance sheet comprises of cash in hand and at bank.



BHARTI AIRTEL (CANADA) LIMITED
Schedule annexed to and forming part of Accounts

SCHEDULE: 16

NOTES TO ACCOUNTS

1. Bharti Airtel (Canada) Limited ('the Company'), incorporated on October 26, 2006 is registered in British Columbia having its registered office at 2800, Park Place, 666, Burrard Street, Vancouver, BC V6C 2Z7, Canada.

The Company is a wholly owned subsidiary of Bharti Airtel Limited, a Company incorporated under the laws of India.

During 2008-09 the Company had commenced its operation for provision of calling card services in Canada.

2. **Going Concern**

During the year, the Company has incurred losses of CAD 353,810 resulting its net worth as at March 31, 2011 being fully eroded. The holding Company, Bharti Airtel Limited, has given its commitment to fund the operating and capital requirements of the Company until it starts generating positive cash flows. Accordingly, these financial statements have been prepared on a going concern basis.

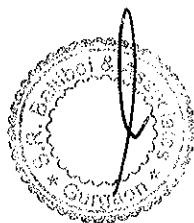
3. **Related Party Disclosures**

In accordance with the requirements of Accounting Standards (AS) -18 on Related Party Disclosures, the names of the related parties where control exists and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are:

Name of the Related Party	Relationship
Bharti Airtel Limited	Holding Company
Bharti Airtel Holdings (Singapore) Pte Limited	Fellow Subsidiary
Bharti Airtel USA Limited	Fellow Subsidiary

Related Party Balances as at March 31, 2011 and March 31, 2010 (Amount in CAD)

Outstanding Balances as at year end	March 31, 2011	March 31, 2010
Bharti Airtel Limited	(421,636)	(271,508)
Bharti Airtel Holdings (Singapore) Pte. Ltd.	(601,415)	(275,044)
Amount Payable to Bharti Airtel (USA) Ltd.	(147,386)	(147,320)



BHARTI AIRTEL (CANADA) LIMITED

Schedule annexed to and forming part of Accounts

Related Party Transactions for FY 2010-11 (Amount in CAD)

Nature of Transactions	Bharti Airtel Limited	Bharti Airtel Holdings (Singapore) Pte. Limited	Bharti Airtel (USA) Limited
Purchase of Services	(83,794)	-	-
Access Charges	(77,839)	-	-
Expenses Incurred by related party on our behalf	-	-	(7,730)
Loan taken during the year		(3,00,000)	
Interest Expense payable to related party	-	(26,371)	-

Related Party Transactions for FY 2009-10 (Amount in CAD)

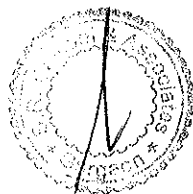
Nature of Transactions	Bharti Airtel Limited	Bharti Airtel Holdings (Singapore) Pte. Limited	Bharti Airtel (USA) Limited
Purchase of Services	(81,515)	-	-
Access Charges	(101,496)	-	-
Expenses Incurred by related party on our behalf	-	-	(99,733)
Interest Expense payable to related party	(994)	(18,651)	-

4. Remuneration to Auditors

(Included in Legal and Professional Expenses)

(Amount in CAD)

	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Audit Fees	5,928	5,400



BHARTI AIRTEL (CANADA) LIMITED

Schedule annexed to and forming part of Accounts

5 Computation of Earnings/ (Loss) per Share (Basic and Diluted)

Sr #	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
a)	Profit/ (Loss) attributable to Equity Shareholders (i) (in CAD)	(353,810)	(256,137)
b)	Weighted average number of equity shares outstanding during the year [For Basic and Diluted] (ii)	62,084	62,084
c)	Total No. of shares outstanding at the end of the year	75,100	75,100
d)	Nominal value of equity shares (in CAD)	1	1
e)	Basic and Diluted Profit/ (Loss) per share (i)/(ii) (in CAD)	(6)	(4)

6. The Company is in the process of finalising Transfer Pricing Study for transactions with related parties. Post completion of the study, the measurement of income and expense transactions with related parties in future period might revise. The management of the Company believes, impact if any of such revisions will not be significant.
7. Previous year figures have been regrouped where necessary to conform to this year's classification.

