Quarterly report on the results for the third quarter and nine months ended December 31, 2007

Bharti Airtel Limited
(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
Qutab Ambience, H-5/12, Mehrauli Road, New Delhi 110030, India

January 30, 2008

Sunil B Mittal
Chairman & Managing Director

Manoj Kohli
President & Chief Executive Officer

Akhil Gupta
Joint Managing Director

Sarvjit S. Dhillon
Chief Financial Officer & Director Strategy

The financial statements included in this quarterly report fairly presents in all material respects the financial condition, results of operations, cash flows of the company as of, and for the periods presented in this report.

Mobile Services I Enterprise Services
Telemedia Services

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 bases underlying the forward-looking statement. We have chosen these assumptions or bases 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 involve a degree of risk and investors should not invest any funds in this Company unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of Bharti Airtel including the risks involved.

Convenience translation: - We publish our financial statements in Indian Rupees. All references herein to "Indian Rupees" and "Rs." are to Indian Rupees and all references herein to "US dollars" and "US$" are to United States dollars. All translations from Indian Rupees to United States dollars were made (unless otherwise indicated) using the rate of Rs.39.41 = US $1.00, the noon buying rate as announced by the Federal Reserve Bank of New York on December 31, 2007. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off. Information contained on our websites www.bhartiairtel.in, www.airtel.in, www.airteltelephone.com, www.airtel-broadband.com, www.airtellongdistance.com and www.airtelenterprise.com is not part of this Quarterly Report.

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 United States Generally Accepted Accounting Principles (US GAAP), but are not in themselves US GAAP measures. They should not be viewed in isolation as alternatives to the equivalent US GAAP measures and should be read in conjunction with the equivalent US GAAP measures. **<u>Further, disclosures are also provided under "Use of Non - GAAP financial information" on page 20.</u>**

Others: - In this report, the terms "we", "us", "our", "Bharti", or "the Company", unless otherwise specified or the context otherwise implies, refer to Bharti Airtel Limited ("Bharti Airtel") and its subsidiaries, Bharti Hexacom Limited ("Bharti Hexacom"), Bharti Airtel Services Limited (erstwhile Bharti Comtel), Bharti Aquanet Limited ("Bharti Aquanet"), Bharti Infratel Limited (Bharti Infratel), Bharti Telemedia Limited (Bharti Telemedia), Bharti Airtel (USA) Limited, Bharti Airtel (UK) Limited, Bharti Airtel (Canada) Limited, Bharti Airtel (Hong Kong) Limited, Bharti Airtel Lanka (Private) Limited, Bharti Airtel (Singapore) Private Ltd., Network i2i Limited and Bharti Airtel Holdings (Singapore) Pte Ltd.

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 AIRTEL – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended March 31,				Quarter Ended		
		2004	2005	2006	2007	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007
Total Customer Base	**000's.**	**7,141**	**11,842**	**20,926**	**39,013**	**44,676**	**50,951**	**57,341**
Mobile Services	000's.	6,504	10,984	19,579	37,141	42,704	48,876	55,163
Telemedia Services	000's.	637	857	1,347	1,871	1,972	2,075	2,178
Consolidated financials as per US GAAP								
Revenue	INR Mn.	48,320	80,028	116,215	185,196	59,046	63,374	69,639
EBITDA	INR Mn.	15,968	30,128	43,374	74,508	24,466	27,097	29,634
Cash profit from operations	INR Mn.	13,588	28,132	40,862	73,070	26,218	25,971	28,824
Income before income taxes	INR Mn.	5,976	16,604	25,366	48,860	18,901	17,472	19,032
Net income	INR Mn.	5,076	14,978	22,567	42,571	15,116	16,139	17,224
Consolidated financials as per US GAAP								
Revenue	US$ Mn.	1,113	1,835	2,613	4,297	1,455	1,594	1,767
EBITDA	US$ Mn.	368	691	975	1,729	603	682	752
Cash profit from operations	US$ Mn.	313	645	919	1,695	646	653	731
Income before income taxes	US$ Mn.	138	381	570	1,134	466	440	483
Net income	US$ Mn.	117	343	507	988	372	406	437
Key Ratios								
EBITDA Margin	%	33.0%	37.6%	37.3%	40.2%	41.4%	42.8%	42.6%
Net Profit Margin	%	10.5%	18.7%	19.4%	23.0%	25.6%	25.5%	24.7%
Net Debt to funded equity ratio	Times	0.89	0.66	0.45	0.31	0.22	0.24	0.24
Return on Stockholders Equity	%	11.7%	28.0%	29.5%	37.4%	40.8%	41.8%	41.0%
Return on Capital employed	%	9.7%	18.0%	21.3%	28.2%	29.3%	31.5%	32.9%

1. *Annual financial highlights for the year ended March 31, 2004, 2005, 2006 and 2007 are based on consolidated audited results as per United States Generally Accepted Accounting Principles (US GAAP).*
2. *Financial highlights for the quarter ended June 30, 2007, September 30, 2007 and December 31, 2007 are audited and are based on the consolidated results as per United States Generally Accepted Accounting Principles (US GAAP).*
3. *Income before income taxes for the full year ended March 31, 2006 and March 31, 2007 as well as quarter ended June 30, 2007, September 30, 2007 and December 31, 2007 are after fringe benefit tax.*
4. *Exchange rate for Rupee conversion to US$ is (a) Rs. 43.40 for the financial year ended March 31, 2004 (b) Rs. 43.62 for the financial year ended March 31, 2005 (c) Rs. 44.48 for the financial year ended March 31, 2006 (d) Rs. 43.10 for the financial year ended March 31, 2007 (e) Rs.40.58 for the quarter ended June 30,2007 (f) Rs. 39.75 for the quarter ended September 30, 2007 and (g) Rs. 39.41 for the quarter ended December 31, 2007 being the noon buying rate as announced by The Federal Reserve Bank of New York at the end of the respective periods.*

Section 2

AN OVERVIEW

2.1 Introduction

We are one of India's leading providers of telecommunication services with a nationwide presence in all the 23 licensed jurisdictions (also known as Telecom Circles). We served an aggregate of 57,341,119 customers as of December 31, 2007; of whom 55,162,944 subscribe to our GSM services and 2,178,175 use our Telemedia Services either for voice and/or broadband access delivered through DSL. We are the largest wireless service provider in the country, based on the number of customers reported by the TRAI as of December 31, 2007. We also offer an integrated suite of telecom solutions to our enterprise customers, in addition to providing long distance connectivity both nationally and internationally. All these services are rendered under a unified brand "Airtel".

2.2 Business Divisions

Mobile Services - We offer mobile and fixed wireless services (FWP) using GSM technology on 900MHz and 1800MHz bands, and are the largest wireless service provider in the country, based on the number of customers. Our 55,162,944 mobile customers accounted for a market share of 23.6% of wireless market, as on December 31, 2007.

We offer postpaid, prepaid, roaming and value added services through our extensive sales and distribution channel covering 768,594 outlets.

Our network is present in 4,902 census towns and 320,623 non-census towns & villages in India, thus covering approximately 68.0% of the country's population. Our network operating centers, which monitor the health of our mobile network are located in Gurgaon, near Delhi, and Chennai.

Telemedia Services – During the quarter, we renamed our Broadband & Telephone Services business to Telemedia Services in line with our growing focus on new media solutions and foray into IPTV and DTH businesses. Currently, we provide broadband (DSL) & telephone services (fixed line) in 94 cities. We had 2,178,175 customers as on December 31, 2007 of which 34.5% were subscribing to broadband / internet services.

The strategy of our Telemedia business is to focus on the cities with high revenue potential, excepting for DTH which will be an all India offering. Our product offering in this segment includes supply & installation of fixed-line telephones providing local, national & international long distance voice connectivity and broadband Internet access through DSL. The business also provides value added services such as intelligent network based advanced management services, viz. toll free numbers, virtual private automatic branch exchange networks, ring back tones and call forwarding among others.

- **Enterprise Services** - Our Enterprise Services division comprises of the Carriers and Corporates business units.

Carriers – This business unit is India's first private long distance communications service provider, offering a portfolio of wholesale services in data and voice domain. This business segment includes the pan India network infrastructure including the optical transport network, national and international voice-switching network, multi protocol label switches (MPLS), asynchronous transfer modes (ATM) and frame relays (FR) among others. It offers extensive coverage through 67,138 km long optical transport network connected with our two international submarine cable landing stations in Chennai for Network i2i (wholly owned subsidiary of Bharti Airtel Limited) and SMW 4 (owned by a consortium of 16 telecom operators including Bharti Airtel). The cable stations provide international connectivity across transatlantic and transpacific routes with resilience and restorability.

Corporates – This business unit serves as the single point of contact for all data and telecommunication needs for corporates and small and medium enterprises (SMEs) and provides end-to-end telecom solutions. It combines owned media and technologies with those of alliance partners to provide solutions. The group focuses on the following industry verticals: BFSI, IT, ITES, manufacturing & distribution, media & services, government & PSUs, education, telecom, and retail among others. Services provided include mobile services, voice services, satellite services (BIT internet, VPNs, satellite based IPLCs for redundancy reasons), managed data & Internet services, managed e–business services and managed customized integrated solutions.

2.3 Partners

Strategic Equity Partners - We have a strategic alliance with SingTel, which has enabled us to further enhance and expand our telecommunications networks in India to provide quality service to our customers. The investment made by SingTel in Bharti is one of their largest investments made in the world outside Singapore.

Equipment & Technology Partners - We believe in deploying the finest technology and operating state-of-the-art networks. Equipment suppliers for our mobile networks include Ericsson, Nokia and Huawei. In case of the telephone services and long distance networks, equipment suppliers include Siemens, Nortel, Corning, CISCO, WIPRO among others. We have an information technology alliance with IBM for our group - wide information technology requirements. We also have a technology alliance with Nortel for call center technology requirements.

Section 3

FINANCIAL HIGHLIGHTS

This section presents the (1) un-audited financial results for the third quarter and audited results for the nine months ended December 31, 2006 and (2) audited financial results for the third quarter and nine months ended December 31, 2007 as per United States Generally Accepted Accounting Principles (USGAAP).

Detailed financial statements, analysis and other related information is attached to this report as Annexure (page 27). Also, kindly refer to Section 7 (use of Non - GAAP financial information on page 20) and Glossary (page 38) for detailed definitions.

3.1 Consolidated - Summary of Consolidated Financial Statements

3.1.1 Consolidated Summarized Statement of Operations (net of inter segment eliminations)

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2007	Dec. 2006	Y-on-Y Growth	Dec. 2007	Dec. 2006	Y-on-Y Growth
Total revenues	69,639	49,129	42%	192,059	131,264	46%
EBITDA	29,634	20,055	48%	81,197	52,100	56%
Cash profit from operations before Derivative and Exchange Fluctuation	28,800	19,180	50%	78,954	49,443	60%
Cash profit from operations after Derivative and Exchange Fluctuation	28,824	21,372	35%	81,013	51,139	58%
Income before Income taxes	19,032	14,412	32%	55,404	33,793	64%
Current tax expense	1,748	1,273	37%	6,116	3,562	72%
Income after current tax expense	17,284	13,139	32%	49,288	30,231	63%
Deferred tax expense / (Income)	(184)	866		177	907	
Net income	17,224	12,151	42%	48,479	29,040	67%
EBITDA / Total revenues	42.6%	40.8%		42.3%	39.7%	

3.1.2 Consolidated Summarized Balance Sheet

Amount in Rs. Million

Particulars	As at December 31, 2007
ASSETS	
Total current assets	60,868
Total non current assets	339,167
Total assets	**400,035**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	153,311
Total non current liabilities	60,501
Total liabilities	**213,812**
Minority Interests	**2,494**
Total stockholders' equity	**183,729**
Total liabilities and stockholders' equity	**400,035**

3.2 Segment - wise Summarized Statement of Operations

3.2.1 Mobile Services - comprises of consolidated statement of operations of Mobile Services.

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2007	Dec. 2006	Y-on-Y Growth	Dec. 2007	Dec. 2006	Y-on-Y Growth
Total revenues	56,105	37,579	49%	153,660	99,011	55%
EBITDA	22,887	14,129	62%	62,701	36,649	71%
EBIT	15,345	9,184	67%	42,724	24,231	76%
EBITDA / Total revenues	40.8%	37.6%		40.8%	37.0%	

3.2.2 Non-mobile Services – comprises of the Telemedia Services and Enterprise Services (Carriers and Corporates).

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2007	Dec. 2006	Y-on-Y Growth	Dec. 2007	Dec. 2006	Y-on-Y Growth
Total revenues	21,943	17,712	24%	60,890	47,680	28%
EBITDA	8,202	6,707	22%	22,317	16,929	32%
EBIT	5,644	4,570	23%	15,882	11,853	34%
EBITDA / Total revenues	37.4%	37.9%		36.7%	35.5%	

3.2.3 Telemedia Services - comprises of consolidated statement of operations of Telemedia Services.

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2007	Dec. 2006	Y-on-Y Growth	Dec. 2007	Dec. 2006	Y-on-Y Growth
Total revenues	7,307	5,984	22%	20,843	16,409	27%
EBITDA	3,173	1,613	97%	8,063	3,875	108%
EBIT	1,592	328		4,215	907	
EBITDA / Total revenues	43.4%	27.0%		38.7%	23.6%	

3.2.4 Enterprise Services – comprises of the Enterprise Services – Carriers (Long distance services) and Enterprise Services – Corporates

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2007	Dec. 2006	Y-on-Y Growth	Dec. 2007	Dec. 2006	Y-on-Y Growth
Total revenues	14,636	11,728	25%	40,047	31,270	28%
EBITDA	5,029	5,094	-1%	14,254	13,054	9%
EBIT	4,052	4,243	-4%	11,667	10,946	7%
EBITDA / Total revenues	34.4%	43.4%		35.6%	41.7%	

3.2.4.1 Enterprise Services – Carriers - comprises of the domestic, international long distance operations and landing station (at Chennai).

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2007	Dec. 2006	Y-on-Y Growth	Dec. 2007	Dec. 2006	Y-on-Y Growth
Total revenues	11,346	9,306	22%	30,604	24,732	24%
EBITDA	3,652	4,002	-9%	10,283	10,119	2%
EBIT	2,837	3,388	-16%	8,332	8,529	-2%
EBITDA / Total revenues	32.2%	43.0%		33.6%	40.9%	

3.2.4.2 Enterprise Services – Corporates

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2007	Dec. 2006	Y-on-Y Growth	Dec. 2007	Dec. 2006	Y-on-Y Growth
Total revenues	3,290	2,422	36%	9,443	6,538	44%
EBITDA	1,377	1,092	26%	3,971	2,935	35%
EBIT	1,215	855	42%	3,335	2,418	38%
EBITDA / Total revenues	41.9%	45.1%		42.1%	44.9%	

3.2.5 Others – comprises of Bharti corporate offices and new projects

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2007	Dec. 2006	Y-on-Y Growth	Dec. 2007	Dec. 2006	Y-on-Y Growth
Total revenues	655	261	-	1,627	510	-
EBITDA	(982)	(615)	-	(2,517)	(1,080)	-
Depreciation & Others	119	(2)	-	292	143	-
EBIT	(1,101)	(613)	-	(2,809)	(1,223)	-

3.3 Segment-wise Investments and Contribution

3.3.1 Investments in projects

Amount in Rs. Million, except ratios

Segment	As at December 31, 2007	
	Rs. Million	% of Total
Mobile Services	320,472	74%
Telemedia Services	51,590	12%
Enterprise Services - Carriers	52,566	12%
Enterprise Services - Corporates	6,281	1%
Others	1,791	0%
Total	**432,700**	**100%**
Less:- Accumulated Depreciation & Amortisation	98,543	
Net Fixed Assets & Other Project Investment	**334,157**	

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3.3.2 Segment-wise contribution to Revenue, EBITDA and Capex incurred during the period [1]

Segment	Quarter Ended December 2007					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	56,105	81%	22,887	77%	27,538	83%
Telemedia Services	7,307	10%	3,173	11%	2,157	6%
Enterprise Services - Carriers	11,346	16%	3,652	12%	3,012	9%
Enterprise Services - Corporates	3,290	5%	1,377	5%	91	0%
Others	655	1%	(982)	-3%	496	1%
Sub Total	**78,703**	**113%**	**30,107**	**102%**	**33,294**	**100%**
Eliminations	(9,064)	-13%	(473)	-2%	-	
Total	**69,639**	**100%**	**29,634**	**100%**	**33,294**	**100%**

Note1: Revenue and EBITDA eliminations are on account of inter-segment transactions. Capex is net of eliminations

Segment	Nine Months Ended December 2007					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	153,660	80%	62,701	77%	89,005	81%
Telemedia Services	20,843	11%	8,063	10%	5,280	5%
Enterprise Services - Carriers	30,604	16%	10,283	13%	14,112	13%
Enterprise Services - Corporates	9,443	5%	3,971	5%	1,136	1%
Others	1,627	1%	(2,517)	-3%	729	1%
Sub Total	**216,177**	**113%**	**82,501**	**102%**	**110,262**	**100%**
Eliminations	(24,118)	-13%	(1,304)	-2%	-	-
Total	**192,059**	**100%**	**81,197**	**100%**	**110,262**	**100%**

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SECTION 4

OPERATING HIGHLIGHTS

The financial figures used for computing ARPU, Non Voice revenue, SMS revenue, gross revenue per employee per month are based on United States Generally Accepted Accounting Principles (US GAAP).

4.1 Bharti Airtel Consolidated

Parameters	Unit	Dec. 31, 2007	Sept. 30, 2007	Q-on-Q Growth	Dec. 31, 2006	Y-on-Y Growth
Customers on our Network						
Mobile Services	000's.	55,163	48,876	13%	31,974	73%
Telemedia Services	000's.	2,178	2,075	5%	1,738	25%
Total	**000's.**	**57,341**	**50,951**	**13%**	**33,712**	**70%**
Non Voice Revenue as a % of Total Revenues	%	14.1%	13.9%		14.8%	
Total On-Roll Employees	No.	24,703	23,264	6%	18,213	36%

4.2 Mobile Services

Parameters	Unit	Dec. 31, 2007	Sept. 30, 2007	Q-on-Q Growth	Dec. 31, 2006	Y-on-Y Growth
Subscriber Base[2]						
All India Mobile Subscribers	000's.	233,625	209,084	12%	146,541	59%
Mobile Customers on Bharti's Network	000's.	55,163	48,876	13%	31,974	73%
Net Additions						
All India Mobile Subscribers	000's.	24,541	23,953	2%	19,929	23%
Mobile Customers on Bharti's Network	000's.	6,287	6,172	2%	4,913	28%
Market Share						
Bharti's Mobile Market Share	%	23.6%	23.4%		21.8%	
Bharti's Market Share of Net Additions	%	25.6%	25.8%		24.7%	
Pre-Paid Customers						
Total Customer Base	%	91.0%	90.4%		87.1%	
Total Net Additions	%	95.4%	95.4%		96.2%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs.	358	366	-2%	427	-16%
Average Revenue Per User (ARPU)	US$	9.1	9.3	-2%	10.8	-16%
Average Minutes of Use Per User	Minutes	474	469	1%	467	1%
Monthly Churn						
Post-paid Voluntary Churn	%	0.9%	1.1%		1.2%	
Post-paid Company Initiated Churn	%	1.8%	2.1%		2.3%	
Prepaid	%	3.9%	3.8%		4.8%	
Non Voice Revenue						
SMS Revenue as a % of Mobile Revenues	%	4.4%	4.6%		6.2%	
Non Voice Revenue as a % of Mobile Revenues	%	9.3%	9.8%		10.4%	

Note 2: All India Mobile Subscribers based on the report published by TRAI for quarter ended September 2007 and December 2007.

4.3 Telemedia Services

Parameters	Unit	Dec. 31, 2007	Sept. 30, 2007	Q-on-Q Growth	Dec. 31, 2006	Y-on-Y Growth
Telemedia Customers	000's.	2,178	2,075	5%	1,738	25%
Net additions	000's.	103	103	0%	107	-3%
Average Revenue Per User (ARPU)	Rs	1,140	1,150	-1%	1,198	-5%
Average Revenue Per User (ARPU)	US$	28.9	29.2	-1%	30.4	-5%

4.4 Traffic Details - Gross of inter-segment eliminations

Parameters	Unit	Dec. 31, 2007	Sept. 30, 2007	Q-on-Q Growth	Dec. 31, 2006	Y-on-Y Growth
Mobile Services	Mn Min	73,840	64,375	15%	41,305	79%
Telemedia Services	Mn Min	4,604	4,596	0%	4,055	14%
National Long Distance Services	Mn Min	7,898	6,774	17%	4,429	78%
International Long Distance Services	Mn Min	1,591	1,345	18%	1,059	50%
Total Minutes on Network	**Mn Min**	**87,933**	**77,089**	**14%**	**50,847**	**73%**

4.5 Network and Coverage

Parameters	Unit	Dec. 31, 2007	Sept. 30, 2007	Q-on-Q Growth	Dec. 31, 2006	Y-on-Y Growth
Mobile Services						
Census Towns	No.	4,902	4,876	26	4,581	321
Non-Census Towns & Villages	No.	320,623	290,000	30,623	176,593	144,030
Population Coverage	%	68%	65%		54%	
Network Sites	No.	60,299	52,826	7,473	34,307	25,992
Telemedia Services						
No. of cities covered	No.	94	94	-	94	-
Carriers (National Long Distance)						
Optic Fibre Network[3]	Rkms	67,138	55,574	11,564	39,330	27,808

Note 3: With effect from quarter ended September 2007, Optic Fibre Network is inclusive of owned fibre and swapped fibre , previously reported as only owned fibre. With effect from quarter ended December 2007, Optic Fibre Network is inclusive of intra city fibre of 6,938 route kms, previously reported as only inter- city

4.6 Human Resource Analysis

Parameters	Unit	Dec. 31, 2007	Sept. 30, 2007	Q-on-Q Growth	Dec. 31, 2006	Y-on-Y Growth
Consolidated						
Total On-Roll Employees	No.	24,703	23,264	6%	18,213	36%
Number of Customers per employee	No.	2,321	2,190	6%	1,851	25%
Mobile Services						
Number of Customers per employee	No.	6,590	6,010	10%	4,658	41%
Gross Revenue per employee per month	Rs.	2,317,748	2,073,226	12%	1,824,921	27%
Telemedia Services						
Number of Customers per employee	No.	184	186	-1%	199	-7%
Gross Revenue per employee per month	Rs.	206,014	209,456	-2%	228,265	-10%
Enterprise Services - Carriers						
Gross Revenue per employee per month	Rs.	2,292,121	2,167,918	6%	3,535,050	-35%
Enterprise Services - Corporates						
Gross Revenue per employee per month	Rs.	584,575	631,123	-7%	608,593	-4%

SECTION 5

MANAGEMENT DISCUSSION & ANALYSIS

5.1 Key Industry and Company Developments

5.1.1 Industry

Spectrum Issue

On August 28, 2007, in its recommendations on "Review of Key Licence Conditions and Capping of Number of Access Providers", TRAI proposed a stringent subscriber linked criteria for allocation of additional 2G spectrum to GSM and CDMA players. TRAI also recommended that an operator shall be allowed to use the alternate technology under the same licence, subject to payment of entry fee at least as prescribed for obtaining a new UASL Agreement.

On October 19, 2007 DoT issued a press release wherein:-

- Licensees were allowed to use alternate technology under the same licence upon payment of entry fee applicable for a UASL.
- Government accepted TRAI's recommendations of enhanced subscriber linked criteria for allocation of additional spectrum and had decided to set up a special committee under Telecom Engineering Centre (TEC), a wing of the DoT.
- Government clarified that for calculation of spectrum charges, both technologies will be treated separately. This is not in line with TRAI's recommendation and existing practice of charging on the basis of combined spectrum.
- In addition to annual spectrum charges, operator will be liable to pay one time "Spectrum Enhancement Charge" for each additional 1 MHz or part thereof @ Rs 160 million, 80 million, 30 million for Metro/ Category 'A', Category 'B', Category 'C' service areas beyond 10MHz for GSM and 5MHz for CDMA respectively

On October 22, 2007, all the leading GSM players filed a petition through COAI before the Hon'ble TDSAT. The petition seeks enforcement of legal and contracted rights of existing operators over spectrum. The petition primarily prays for (i) setting aside the enhanced subscriber linked criteria for grant of additional spectrum (ii) setting aside the decision of permitting cross-over of spectrum allocation (iii) grant of spectrum on the same criteria of what has been applied in case of BSNL/MTNL and (iv) various other issues in relation to allocation of spectrum.

On October 31, 2007, TEC issued its "Spectrum Efficiency Report" wherein the subscriber linked criteria was further enhanced as compared to TRAI's recommended criteria.

On November 6, 2007, the Government decided to set up a Committee in DoT to recommend the revision of present "Spectrum Allocation Criterion", which is dated March 29, 2006.

On December 12, 2007, the Hon'ble TDSAT rejected the plea of COAI on its petition dated October 22, 2007 for stay in allocation of spectrum and as a result, the leading GSM operators moved the writ petition before the Hon'ble High Court of India.

On December 18, 2007, the DoT's committee constituted for spectrum has given its report, brief highlights of which are as under:-

- Panel has favored auctioning of spectrum beyond the start-up trenches
- Allocation of incremental quantum of spectrum should be reduced from 1.8 - 2.4MHz to 1MHz for GSM Players
- The decision of interim measure i.e. whether to follow TRAI's recommended criteria or TEC's spectrum efficiency report, has been left to the Government
- Recommendations for setting up of technical committee to arrive at the right method of distributing additional spectrum to existing operators

On January 3, 2008, the Hon'ble High Court observed that any cross-over allocation of spectrum shall be subject to the outcome of the writ petition. It was also mentioned that on the next date of hearing before the Hon'ble TDSAT, no adjournment shall be sought by any party. The Hon'ble High Court at Delhi is continuing with the hearing in the matter.

On January 9, 2008, the Hon'ble TDSAT granted one week time to the respondents i.e. DoT & others to file their reply and one week thereafter, for filing the rejoinders by the petitioners. Thereafter, on January 24, 2008, the Hon'ble TDSAT has deferred the matter to February 14, 2008 in the light of proceedings pending before the Hon'ble High Court.

On January 17, 2008, DoT had revised its subscriber eligibility criteria for allocation of additional spectrum. Brief highlights of the same are as under:-

Subscriber base* (In Lakh) supported by GSM spectrum in MHz. (eligibility for allotment of next step)									
2 X 4.4	2 X 6.2	2 X 7.2	2 X 8.2	2 X 9.2	2 X 10.2	2X 11.2	2 X 12.2	2 X 13.2	2X 14.2
5	15	18	21	26	32	40	48	57	65
8	30	41	53	68	82	90	98	107	116
6	20	31	42	52	62	70	78	87	96

Consultation Paper on Access Deficit Charge (ADC)

On January 21, 2008, TRAI has issued a Consultation Paper on ADC. Highlights are:

- TRAI has reiterated its earlier decision of phasing out ADC by March 31, 2008.
- TRAI has proposed that in case BSNL requires further assistance in sustaining their non-remunerative rural operations, they can be supported from the USO fund.
- TRAI has reiterated that reduction in ADC amount should be passed on to the customers.
- TRAI has sought opinion of stakeholders as to whether it should mandate reduction of entry level charges applicable for mobile subscribers in rural areas, consequent upon abolition of ADC.
- Stakeholders may give other proposals for making mobile services more affordable for rural subscribers.

Guidelines on Code of Conduct for Outsourced Agencies

On November 16, 2007 TRAI issued guidelines to all Telecom Service Providers emphasizing the need for a transparent policy on mode of recovery of dues from subscribers. These guidelines lay broad parameters and a code of conduct to be adhered to by the service providers in respect of outsourced agencies engaged by them for collection of dues, without affecting the rights of consumer.

Mobile Number Portability

On November 12, 2007 the DoT issued a Press Release announcing its decision to introduce MNP in Phase-I in the four Metros cities i.e. Delhi, Mumbai, Kolkata and Chennai by the fourth quarter of 2008. Introduction of Mobile Number Portability for Category 'A' circles will be reviewed in April, 2008. The TRAI has accordingly set up a Steering Committee comprising Operators, Industry Association and TEC to chart out the roadmap by addressing the issues involved in implementation of MNP. TRAI is expected to release a Consultation Paper on specific issues concerning implementation.

Guidelines for 3G services

On November 12, 2007, the DoT announced the following guidelines for 3G services

- 3G spectrum will be permitted in the 2.1 Ghz band
- The 3G licenses would be granted through a controlled, simultaneous ascending e-auction by a specialized agency to ensure transparency in the selection process.
- Besides the initial spectrum charges, the successful service provider would pay additional spectrum charge 0.5% of their total adjusted gross revenue (AGR), as the recurring annual spectrum charge. This additional revenue share is proposed to be 1% of AGR after 3 years from the date of spectrum assignment.
- Mergers will not be allowed during the initial 5 years. No trading/ reselling of spectrum is allowed.

Final Recommendations on Mobile Television Service

On January 23, 2008, TRAI released final recommendation on issues relating to Mobile TV Service. Highlights are:

- CMSPs/UASPs may offer Mobile TV service using their telecom network and the already allocated spectrum without needing any other license/permission.
- But any entity (including CMSPs/UASPs) who intends to offer Mobile TV service using broadcast mode will require a separate license, which will be granted by Ministry of Information & Broadcasting (I&B). Presently, the Ministry of I&B will grant licenses only for terrestrial broadcast transmission.
- This license may be granted through Closed Tender System on the basis of One Time Entry Fee ("OTEF") quoted by bidders. The OTEF will include the initial cost of spectrum (i.e. 1 slot of 8MHz in UHF band V). Spectrum will be allocated automatically to the successful bidders.
- The annual spectrum charge payable by the licensees will be determined by WPC wing of DoT.
- Choice of technology may be left to operators so long as it is digital and based on ITU/ETSI/TEC standards. If licensee also provides handsets, it should ensure that customer is able to migrate to another operator using same standards and technology.
- Infrastructure sharing with Doordarshan may be permitted subject to mutual agreement on non-discriminatory basis.
- Eligibility criteria to participate in the bidding may be the same as used during phase 2 of FM bidding.
- Term of license may be 10 years, service area may be a State and minimum Net Worth may be Rs.30 mn per State.
- Licensee should be obliged to roll-out in any 1 city with over 1 mn population within 18 months of launch and cover all cities with over 1 mn population within 4 years.
- PBG @ Rs.20 mn and FBG @ Rs.20 mn per service area may be imposed
- Foreign equity may be capped at 74% within which foreign investments upto 49% may be permitted under automatic route and beyond 49% FIPB approval will be required.
- Annual license fee @ 4% of Gross Revenue or 10% of OTEF whichever is higher may be imposed.
- CMSPs/UASPs offering Mobile TV using their telecom network and existing spectrum will pay license fee as applicable under the telecom license.

Ceiling of 20% on cross-holding with a Broadcast company may be imposed but no restriction on cross-holding with a DTH / HITS licensee or MSO/Cable Operator Company.

TRAI Recommendation on IPTV service

On January 04, 2008 TRAI submitted its recommendations on IPTV service to the DoT and Ministry of I&B. TRAI has framed its recommendations on the premise that IPTV service is technically distinguishable from Cable TV service and therefore provisions of The Cable TV Networks (Regulation) Act of 1995 are not applicable to IPTV service provided by Telecom Service Licensees viz. Unified Access Service Licensees (UASLs),Cellular Mobile Telephone Service (CMTS) Licensees and certain Internet Service Providers(ISPs).Highlights of TRAI's recommendations are:

- UASLs and CMTS Licensees can offer IPTV under their existing licenses. In addition, ISPs whose net worth exceeds Rs.100 crores and to whom DoT has granted a permission to offer IPTV service, can also offer IPTV service without requiring any additional license.
- UASLs and CMTS Licensees will pay annual License Fee @ 6%, 8% and 10% in Category A, B and C circles respectively while ISPs will pay License Fee @ 6% p.a.
- Incase any telecom service provider registers itself as a Cable Operator and provides IPTV service using its telecom resources, it shall be considered as IPTV under Telecom License and will attract relevant License Fee.
- Cable TV Networks (Regulation) Act 1995 would not apply to IPTV service delivered through telecom network.
- As the Bureau of Indian Standards (BIS) has not yet standardized an STB for IPTV service, Cable Operators may offer IPTV service using existing STBs. However, BIS may also be requested to expedite standardization of STBs to help Cable Operators design their networks. No STB standardization is required for Telecom Licensees offering IPTV service.
- The above Telecom Service Licensees can transmit TV channels which they receive from Broadcasters who have Uplink/Downlink permission provided the TV channel is transmitted exactly as received from the Broadcaster (i.e. unaltered). In such case, responsibility for content vests with the Broadcaster.
- For any other content transmitted by Telecom Licensees, they shall be responsible for observing the Advertisement Code & Programming Code under Cable TV (Regulation) Act, 1995.
- DoT may take feedback from various Ministries and formulate guidelines for issues like period of preservation of content shown on IPTV, monitoring etc.
- Any violation of any prevailing Act/Rules/Guidelines pertaining to content should be reported by the administering Ministry to the DoT. DoT may take suggestions of the relevant Ministry for imposing

appropriate penalty to maintain uniformity amongst all providers of IPTV service.

- Telecom Licensees should transmit only those news channels which are registered with Ministry of I&B.
- Downlink Policy should be amended to allow Broadcasters to provide feed to IP TV & HITS service providers in addition to COs/MSOs/DTH operators.

Recommendations on "Growth of Broadband"

On January 2, 2008, TRAI made recommendations on the growth of Broadband. Highlights are:

- BSNL and MTNL should be encouraged to appoint franchisees for providing broadband services to supplement their efforts. There should be total flexibility in developing a commercial model. Close monitoring be prescribed to ensure effective utilization of the local loop. Any procedural restrictions/ limitations to be addressed immediately.
- Streamlining RoW procedures
  a. Central Government may take-up with the state governments to adopt uniform Right of Way (RoW) procedures and streamline / rationalize RoW cost, which may primarily be limited to cost of re-instatement only. RoW costs should be non-discriminatory, reasonable. RoW procedure should be transparent and publicly available.
  b. A district level committee may be formed to study RoW requirement and to take measures to encourage service providers to share ducts. Expenditure of laying ducts may be shared among the operators. Alternatively, IP-I can be encouraged to build ducts in the district after obtaining firm demands from service providers.
- Utilize Universal Service Obligation (USO) fund to provide subsidy for providing broadband services through satellite in remote and hilly areas. The amount of subsidy may be limited to the difference of cost of providing broadband through satellite and through other prevailing technologies. Public private partnership need to be encouraged to provide advantage of such facilities to rural masses by encouraging various value added applications.
- Utilize USO fund to subsidize backhaul charges initially for a period of 3 years to support the broadband rollout efforts.
- Encourage Municipal committees to include a clause for making Multiple Dwelling Units/ buildings broadband ready by adopting suitable internal wiring while giving clearance for the construction of all such buildings in future.

TDSAT order on Revenue Share on Roaming Call

On September 11, 2007, TDSAT upheld TRAI Directive dated September 11, 2006 which stipulated that BSNL is not justified in claiming a share of the revenue earned by private operators from their roaming subscribers. TDSAT held that BSNL is only entitled for Termination Charges for those roaming calls, which are being terminated on its network. However, BSNL refused to refund the amounts so collected by it from the private operators contending that the TDSAT Order did not provide for refund and that the said Order has been challenged by it before the Supreme Court. On November 28, 2007, in an execution application filed by private operators, TDSAT ordered BSNL to refund the excess amounts so collected w.e.f. date of the TRAI Directive.

In BSNL's appeal, the Supreme Court has only issued notices and there is no stay upon the TDSAT Order till date. COAI has also filed an Appeal praying for extension of relief in the TDSAT Order dated September 11, 2007 with retrospective effect. The matter was listed for hearing on January 15, 2008 and the Hon'ble Supreme Court was placed to issue notice and have tagged the matter with BSNL's appeal. No date of hearing has been notified so far.

5.1.2 Company

Key developments

- **Airtel renamed** its **Broadband & Telephone Services business to Telemedia Services** in line with Airtel's growing focus on new media solutions and its foray into IPTV and DTH businesses. With the world increasingly moving towards convergence with an amalgamation of voice, data and video, it provides an immense opportunity for Airtel to further reinforce its undisputed position as India's largest integrated telecom services provider and thereby, significantly enhance the momentum of break-free growth.

- **Bharti Infratel Limited** – wholly owned subsidiary of Bharti Airtel Limited - has entered into a joint venture agreement on December 8, 2007 with Vodafone Essar Limited and Idea Cellular Limited to form an independent tower company ("Tower Co") to provide passive infrastructure services in 16 circles of India. Bharti Infratel Ltd and Vodafone Essar Limited will hold approximately 42% each in the Tower Co and the balance 16% will be held by Idea Cellular Limited. For this purpose Bharti Infratel Ventures Limited has been incorporated as a wholly owned subsidiary of Bharti Infratel Ltd wherein the relevant assets are to be transferred for ultimate merger in the Tower Co. Pursuant to the aforesaid agreement, Bharti Infratel Limited has acquired 50,000 equity shares of Rs. 10/- each on December 17, 2007 for an aggregate value of Rs.5,00,000.

  Bharti Infratel will operate the passive infrastructure in the remaining 7 circles of Assam, Bihar, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, North East and Orissa. Bharti Infratel Limited will be managed and run independently and shall offer passive infrastructure services to all telecom operators and wireless service providers on a non-discriminatory basis. It will own approximately 20,000 sites at inception.

- **Eight leading international investors** comprising of Temasek, The Investment Corporation of Dubai (ICD), Goldman Sachs, Macquarie, AIF Capital, Citigroup & India Equity Partners (IEP) **agreed to invest USD 1 Billion in Bharti Infratel Limited.** The enterprise valuation has been agreed to be in the range of USD 10 to 12.5 Billion, and the final valuation will be determined on the basis of Bharti Infratel Limited's actual operating performance in FY 2008-09.

- Bharti Airtel was **ranked 2nd most Respected Company in India by the Business World** (BW) Magazine in their survey of India's Most Respected Companies 2007. The BW-IMRB list of India's Most Respected Companies is a prestigious annual ranking of companies across India, judging them on their performance and standing in the marketplace, bourses & society.

- **Airtel** adjudged as the **'Best Mobile Operator' and 'Best Brand' in the World Communication Awards, 2007**, which aims to recognize companies and individuals responsible for innovations, achievements and great new services in the global communication industry. The win reinforces our commitment to enhance customer delight and be benchmarked by more businesses to emerge as India's most admired brand by 2010.

- **Airtel wins the Indian MAKE** (Most Admired Knowledge Enterprises) **Award 2007**. This is the second year in a row that Airtel has been recognized as an Indian MAKE winner. The annual Indian MAKE study serves as a benchmark to recognize those Indian companies which are leaders in effectively transforming enterprise knowledge into wealth-creating ideas, products and solutions.
- **Bharti Airtel and Western Union** decided to jointly develop and **pilot a Mobile Money Transfer service** in India. This pioneering agreement marks Indian telecom sector's foray into international remittances over the mobile phone. This will create new opportunities to extend the benefits of financial services to many Indian families, with the extensive reach and accessibility of the Airtel mobile network.
- **Airtel pioneers** the ease of **booking rail tickets on the mobile** and getting them delivered to customers doorstep. After bringing the convenience of 'Make My Trip' on Airtel, this is yet another step forward towards making Airtel mobile a one stop solution for all travel plans.
- **Airtel Signs with VeriSign** to **Bring Next-Gen Internet Infrastructure** and Identity Services to India - Partnership also improves Airtel's internal security posture by utilising VeriSign Identity Protection (VIP) service to protect employees, partners and customers.
- Airtel launches the '**India with Airtel' Partnership Program** at the PTC '08 in Hawaii - Carriers offered the options of simple models for starting services to India or working jointly with Airtel to develop new services and offering services from the Airtel portfolio.

5.2 Results of Operations

The company has reported its audited financial results for the quarter ended December 31, 2007. The financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP).

Key Highlights - *For the quarter ended December 31, 2007*

- **Total Revenues of Rs. 69.64 billion (up 42% Y-o-Y).**
- **EBITDA of Rs. 29.63 billion (up 48%Y-o-Y).**
- **Cash profit from operations of Rs. 28.82 billion (up 35%Y-o-Y).**
- **Highest ever-net addition of 6.39 million of total customers on its network.**
- **Market leader with a market share of all India mobile subscribers at 23.6%**

Bharti Airtel Consolidated

Customer Base
As on December 31, 2007, the company had an aggregate of 57,341,119 customers, consisting of 55,162,944 GSM mobile and 2,178,175 Telemedia customers. Its total customer base as on December 31, 2007 increased by 70% compared to the customer base as on December 31, 2006.

Revenues/Turnover
During the quarter ended December 31, 2007, the company had revenues of Rs.69,639 million; a growth of 42% compared to the quarter ended December 31, 2006. Revenues from mobile services represented 81% of the total revenues for the quarter ended December 31, 2007. Non-voice revenue contributed to approximately 14.1% of the total revenues for the quarter.

Operating Expenses (ex-revenue share license and spectrum fee) During the quarter ended December 31, 2007; the company incurred an opex of Rs. 22,590 million representing 32.4% of the total revenues. The operating expense comprises:

- Rs. 8,851 million towards network operations costs (~12.7%of turnover)
- Rs. 3,789 million towards employee costs, (~5.4%of turnover)
- Rs. 183 million towards equipments costs, and
- Rs. 9,767 million towards selling general and administrative costs (~14.0% of turnover)

The operating expenses grew by 38.9% compared to the quarter ended December 31, 2006. The increase in the operating expenses is associated to the costs pertaining to the expansion of operations.

EBITDA, Finance Cost and Cash Profit from Operations
During the quarter ended December 31, 2007, the company had an EBITDA of Rs. 29,634 million; a growth of 48% compared to the quarter ended December 31, 2006. The EBITDA margin for the quarter was 42.6%.

The net finance expense for the quarter ended December 31, 2007 was Rs. 810 million. The interest on borrowings during the quarter was Rs. 853 million and the finance income (primarily related to income on marketable securities) was Rs. 193 million. The balance amount was other finance costs, effect of exchange fluctuation and the effect of derivative accounting.

The cash profit from operations after derivative and exchange fluctuations for the quarter was Rs. 28,824 million, an increase of 35%, as compared to the quarter ended December 31, 2006. During the quarter ended December 31, 2007, the company had depreciation & amortization expenses of Rs. 10,377 million.

Income Before Income Taxes (PBT)
The income before income tax for the quarter was Rs. 19,032 million, an increase of 32%, as compared to the quarter ended December 31, 2006.
The current tax for the quarter ended December 31, 2007 was Rs.1,748 million and deferred tax expense / (income) of Rs. (184) million.

Net income
The net income for the quarter ended December 31, 2007, was Rs 17,224 million.

Balance Sheet
As on December 31, 2007, the company had total assets of Rs. 400,035 million and total liabilities of Rs. 213,812 million respectively. The difference of Rs. 186,223 million was on account of stockholder equity and minority interest.

The company had a net debt of Rs. 44,885 million (US$ 1,139 million) as on December 31, 2007, resulting in a net debt to EBITDA (LTM) of 0.43 times.

Capital Expenditure
During the quarter ended December 31, 2007, the company incurred capital expenditure of Rs. 33,294 million (US$ 845 million).

Human Resources
As on December 31, 2007, the company had a total of 24,703 employees consisting of 8,371 in mobile services, 15,745 in non-mobile services and 587 in corporate office (as common pool).

Mobile Services

Customer Base, Churn, ARPU and MoU
As at the end of the quarter the company had 55,162,944 GSM mobile customers on its network, which accounted for a market share of 23.6% of the all India mobile market.

Of its 55,162,944 GSM mobile customers as of December 31, 2007, postpaid customer contributed 9.0% to the overall customer base while pre-paid customers contributed the balance 91.0%. During the quarter, Bharti's share of 6,287,280 net additions was 25.6% of all India wireless subscriber net additions.

The average monthly churn for the quarter ended December 31, 2007 was 2.7% (0.9% voluntary churn and 1.8% company initiated churn) for its post-paid segment, and 3.9% for the pre-paid segment.

During the quarter, blended ARPU was Rs. 358 (US$ 9.1) per month as compared to Rs 366 per month in the quarter ended September 30, 2007. The blended monthly usage per customer, during the quarter, was at 474 minutes. The non-voice revenue, which includes Short Messaging Service (SMS), voice mail service, call management and other value added services like Hello Tunes, Music on Demand and Airtel Live contributed to approximately 9.3% of the total revenues of the segment. The Short Messaging Services (SMS) revenue, which is primarily text messaging, accounted for 4.4% of the total revenue of the segment, for the quarter ended December 31, 2007.

Revenues, EBITDA and EBIT

The revenues for the quarter ended December 31, 2007 for mobile services stood at Rs 56,105 million, an increase of 49% over the corresponding quarter last year. The revenue from this segment contributed to 81% of the total consolidated revenues. The EBITDA during the quarter ended December 31, 2007 was Rs. 22,887 million representing growth of 62% over the quarter ended December 31, 2006. The EBITDA margin for the quarter ended December 31, 2007 was 40.8%. The EBIT for the quarter ended December 31, 2007 was Rs 15,345 million as compared to Rs 9,184 million for the quarter ended December 31, 2006, an improvement of 67%.

Capital Expenditure

During the quarter ended December 31, 2007, the company incurred a capital expenditure of Rs 27,538 million (US$ 699 million) on its mobile services.

Telemedia Services

Customer Base and ARPU

At the end of the quarter ended December 31, 2007, the company had its Telemedia operations in 94 cities. During the quarter, the company added 103,139 customers on its Telemedia networks with 2,178,175 customers as on December 31, 2007. The company had approximately 7.51 lakh customers (~34.5% of the total customer base) subscribing to broadband (DSL) services.

The ARPU for the quarter was Rs. 1,140 (US$ 28.9) per month.

Revenues, EBITDA and EBIT

For the quarter ended December 31, 2007, the revenues from its Telemedia operations of Rs 7,307 million, represented a growth of 22% over the corresponding quarter last year. The EBITDA for the quarter was Rs. 3,173 million compared to Rs. 1,613 million in the corresponding prior year quarter, an increase of 97% respectively. The EBITDA margin for this segment was 43.4% for the quarter ended December 31, 2007. The EBIT for the quarter ended December 31, 2007 was Rs 1,592 million.

Capital Expenditure

During the quarter ended December 31, 2007, the company incurred a capital expenditure of Rs. 2,157 million (US$ 55 million) on its B&T services.

Enterprise Services – Carriers

Revenues, EBITDA and EBIT

For the quarter ended December 31, 2007, the revenues from its long distance services were Rs.11,346 million, representing a growth of 22% over the corresponding quarter last year. The EBITDA from this segment during the quarter was Rs 3,652 million, a decline of 9% over the corresponding quarter last year. The EBITDA margin for the quarter, was 32.2%**.** The EBIT of this segment was Rs. 2,837 million representing a decline of 16% over the corresponding quarter last year.

Enterprise Services - Corporates

Revenues, EBITDA and EBIT

For the quarter ended December 31, 2007, the revenue from this segment was Rs. 3,290 million, a growth of 36% over the corresponding quarter last year. The EBITDA for this segment for the quarter ended December 31, 2007 was Rs. 1,377 million. The EBITDA margin for this segment in the quarter ended December 31, 2007 was 41.9%. The EBIT of this segment was Rs. 1,215 million representing a growth of 42% over the corresponding quarter last year.

SECTION 6

STOCK MARKET HIGHLIGHTS

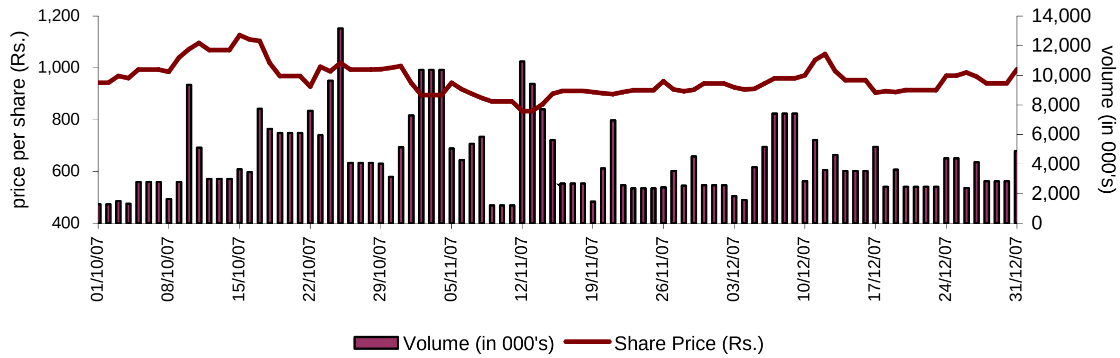
6.1 General Information

Shareholding & Financial Data		
Code/Exchange		532454/BSE
Bloomberg/Reuters		BHARTI IN/BRTI.BO
No. of Shares Outstanding (31/12/07)	Million Nos.	1,897.84
Closing Market Price - BSE (31/12/07)	Rs./Share	994.55
Combined Volume (NSE & BSE) (01/10/07-31/12/07)	No. in Mn/day	4.36
Combined Value (NSE & BSE) (01/10/07-31/12/07)	Rs. Mn./day	4,356.50
Market Capitalisation	Rs. bn	1,887
Market Capitalisation	US$ bn	47.89
Book Value Per Share	Rs./share	96.81
Market Price/Book Value	Times	10.27
Net Debt to EBITDA (LTM)	Times	0.43
Enterprise Value	Rs. bn	1,932
Enterprise Value	US$ bn	49.03
Enterprise Value/ Annualised Q3 Revenue	Times	6.94
Enterprise Value/ Annualised Q3 EBITDA	Times	16.30

6.2 Summarized Shareholding pattern as of December 31, 2007

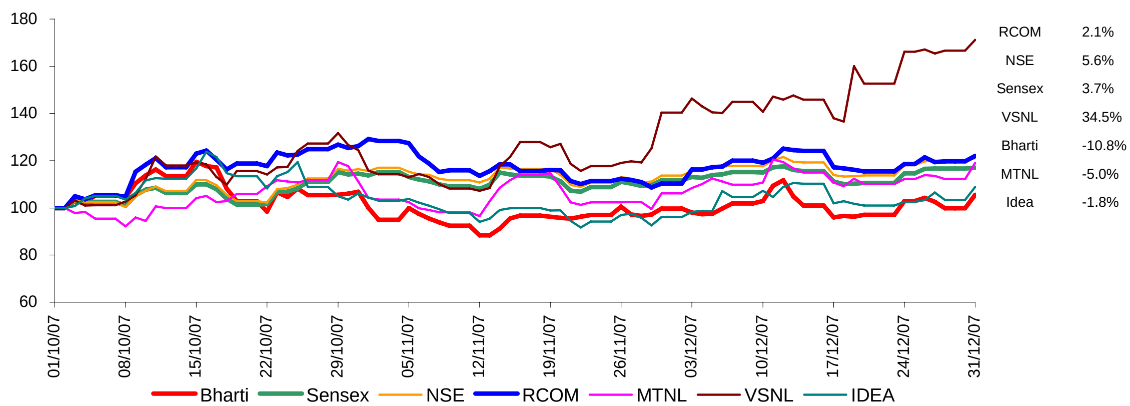
Category	Number of Shares	%
Promoter & Promoter Group		
Indian	859,986,028	45.31%
Foreign	390,363,150	20.57%
Sub total	**1,250,349,178**	**65.88%**
Public Shareholding		
Institutions	561,377,818	29.58%
Non-institutions	86,109,600	4.54%
Sub total	**647,487,418**	**34.12%**
Total	**1,897,836,596**	**100.00%**

6.3 Bharti Airtel Daily Stock price (BSE) & Volume (Combined of BSE & NSE) Movement



Source: Bloomberg

6.4 Comparison of Domestic Telecom stock movement with Sensex and Nifty



Source: Bloomberg

SECTION 7

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 US GAAP, 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, together with details where additional information and reconciliation to the nearest equivalent GAAP measure can be found, is shown below.

Non - GAAP measure	Equivalent GAAP measure for USGAAP	Location in this results announcement of reconciliation and further information
Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA)	Operating Income	Consolidated Page 21, Mobile Services: - Page 22, Non Mobile Services: - Page 23, Telemedia Services : - Page 23, Enterprise Services (Carriers): - Page 23, Enterprise Services (Corporates): - Page 24, Others: - Page 24.
Earnings before Interest and Taxation (EBIT)	Operating Income	Consolidated Page 21, Mobile Services: - Page 22, Non Mobile Services: - Page 23, Telemedia Services: - Page 23, Enterprise Services (Carriers): - Page 23, Enterprise Services (Corporates): - Page 24, Others: - Page 24
Cash Profit from Operations after Derivative and Exchange Fluctuations	Operating Income	Page 21
Income after current tax expenses	Income before taxation	Page 21
Net Revenues	Total revenues	Page 21
Total Non Current Assets	N.A	Page 22
Total Non Current Liabilities	N.A	Page 22
Earnings before Interest & Taxes [for Non-mobile Services]	N.A.	Page 23
Total Revenues [for Non-mobile Services]	N.A.	Page 23
Schedule of Cost of services	N.A	Page 25
Schedule of Operating expenses	N.A	Page 25
Schedule of Depreciation and Amortization	N.A	Page 25
Schedule of Net debt	N.A	Page 25
Schedule of Finance cost (net)	N.A	Page 26
Schedule of Income tax	N.A	Page 26

7.1 Reconciliation of Non-GAAP financial information based on USGAAP

7.1.1 Consolidated

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Operating Income To EBITDA		
Operating Income	**19,257**	**53,639**
Depreciation & Amortisation	10,377	27,558
EBITDA	**29,634**	**81,197**
Operating Income to Cash Profit from Operations		
Operating Income	**19,257**	**53,639**
Depreciation & Amortisation	10,377	27,558
Interest income	179	5,397
Interest expense	(989)	(5,581)
Cash Profit from Operations	**28,824**	**81,013**
Operating Income to EBIT		
Operating Income	**19,257**	**53,639**
Less:		
Share of profits in associates/ joint ventures	1	(1)
Non operating expenses	57	109
Add:		
Other income	643	2,057
EBIT	**19,842**	**55,588**
Total Revenue to Net Revenue		
Total Revenue	**69,639**	**192,059**
Less:-		
Access charges	10,424	28,813
Net Revenue	**59,215**	**163,246**
Income before Income taxes to Income after current tax expense		
Income before Income taxes	19,032	55,404
Less:-		
Current tax expense	1,748	6,116
Income after current tax expense	**17,284**	**49,288**

7.1.1 Consolidated (cont.)

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Property and equipment, net	294,215	294,215
Acquired intangible assets, net	12,799	12,799
Goodwill	27,043	27,043
Investment in associates and joint ventures	100	100
Restricted cash, non-current	54	54
Deferred taxes on income	228	228
Other assets	4,728	4,728
Total Non Current Assets	**339,167**	**339,167**

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Long-term debt, net of current portion	44,687	44,687
Deferred taxes on income	5,983	5,983
Unearned income- Indefeasible right to use sales	3,548	3,548
Other liabilities	6,283	6,283
Total Non Current Liabilities	**60,501**	**60,501**

7.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Operating Income To EBITDA		
Operating Income	**14,853**	**41,525**
Depreciation & Amortisation	8,034	21,176
EBITDA	**22,887**	**62,701**
Operating Income to EBIT		
Operating Income	**14,853**	**41,525**
Less:		
Share of profits in associates/ joint ventures	1	2
Add:		
Other income	493	1201
EBIT	**15,345**	**42,724**

7.1.3 Non-mobile Services

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Revenues For Non-mobile Services		
Revenues from Telemedia Services	7,307	20,843
Revenues from Enterprise Services	14,636	40,047
Revenues For Non-mobile Services	**21,943**	**60,890**
EBITDA For Non-mobile Services		
EBITDA from Telemedia Services	3,173	8,063
EBITDA from Enterprise Services	5,029	14,254
EBITDA For Non-mobile Services	**8,202**	**22,317**
EBIT For Non-mobile Services		
EBIT from Telemedia Services	1,592	4,215
EBIT from Enterprise Services	4,052	11,667
EBIT For Non-mobile Services	**5,644**	**15,882**

7.1.4 Telemedia Services

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Operating Income To EBITDA		
Operating Income	**1,578**	**4,037**
Depreciation & Amortisation	1,595	4,026
EBITDA	**3,173**	**8,063**
Operating Income to EBIT		
Operating Income	**1,578**	**4037**
Add:		
Other income	14	178
EBIT	**1,592**	**4215**

7.1.5 Enterprise Services – Carriers (Long Distance Services)

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Operating Income To EBITDA		
Operating Income	**2,781**	**7,763**
Depreciation & Amortisation	871	2,520
EBITDA	**3,652**	**10,283**
Operating Income to EBIT		
Operating Income	**2,781**	**7763**
Less:		
Share of profits in associates/ joint ventures	0	(4)
Add:		
Other income	56	565
EBIT	**2,837**	**8,332**

7.1.6 Enterprise Services - Corporates

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Operating Income To EBITDA		
Operating Income	**1,155**	**3,255**
Depreciation & Amortisation	222	716
EBITDA	**1,377**	**3,971**
Operating Income to EBIT		
Operating Income	**1,155**	**3,255**
Add:		
Other income	60	80
EBIT	**1,215**	**3,335**

7.1.7 Others

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Operating Income To EBITDA		
Operating Income	**(1,064)**	**(2,735)**
Depreciation & Amortisation	82	218
EBITDA	**(982)**	**(2,517)**
Operating Income To EBIT		
Operating Income	**(1,064)**	**(2,735)**
Less:		
Non operating expenses	57	109
Add:		
Other Income	20	35
EBIT	**(1,101)**	**(2,809)**

7.2 Schedule to Financial Statements

7.2.1 Schedule of Cost of services

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Access charges	10,424	28,813
Licence fees, revenue share & spectrum charges	6,991	19,099
Network operations costs	8,851	23,194
Employee costs	3,789	11,046
Depreciation & amortisation	10,231	27,169
Cost of Services	**40,286**	**109,321**

7.2.2 Schedule of Operating expenses

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Network operations costs	8,851	23,194
Equipment costs	183	572
Employee costs	3,789	11,046
Selling general and administrative costs	9,767	28,138
Operating Expenses	**22,590**	**62,950**

7.2.3 Schedule of Depreciation and Amortization

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Fixed Assets	9,974	26,112
Licence Fees	158	468
ESOP	98	282
Intangibles	147	696
Depreciation and Amortisation	**10,377**	**27,558**

7.2.4 Schedule of Net debt

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Long term debt, net of current portion	44,687	44,687
Short-term borrowings and current portion of long-term debt	11,373	11,373
Less:		
Cash and cash equivalents	2,339	2,339
Restricted cash	78	78
Restricted cash, non-current	54	54
Short term investments	8,704	8,704
Net Debt	**44,885**	**44,885**

7.2.5 Schedule of Finance cost (net)

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Interest on borrowings	853	2,371
Finance charges	174	423
Finance income	(193)	(551)
Derivatives & exchange fluctuation	(24)	(2,059)
Finance cost (net)	**810**	**184**

7.2.6 Schedule of Income tax

Amount in Rs million

Particulars	Quarter Ended December 2007	Nine Months Ended December 2007
Current tax expense	1,748	6,116
Deferred tax expense / income	(184)	177
Income tax expense	**1,564**	**6,293**

ANNEXURE – DETAILED FINANCIAL AND RELATED INFORMATION

A.1 FINANCIAL STATEMENTS AS PER UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP)

A.1.1 Consolidated Statement of Operations (as per USGAAP)

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Nine Months Ended		
	Dec. 2007	Dec. 2006	Y-on-Y Growth	Dec. 2007	Dec. 2006	Y-on-Y Growth
	Audited	Un-audited		Audited	Audited	
Revenues						
Services	69,308	48,929	42%	191,042	130,534	46%
Indefeasible right ot use sales	109	109		327	327	
Equipment	222	91		690	403	
Total Revenues	**69,639**	**49,129**	**42%**	**192,059**	**131,264**	**46%**
Operating Expenses						
Cost of Services	(40,286)	(28,976)	39%	(109,321)	(75,966)	44%
(Inclusive of depreciation and amortisation)						
Costs of equipment sales	(183)	48		(572)	(239)	
Selling, general & administrative expenses	(9,913)	(7,218)	37%	(28,527)	(20,929)	36%
(Inclusive of depreciation and amortisation)						
Pre-operating cost	0	0		0	(11)	
Total Operating Expense	**(50,382)**	**(36,146)**	**39%**	**(138,420)**	**(97,144)**	**42%**
Operating Income	**19,257**	**12,983**	**48%**	**53,639**	**34,120**	**57%**
Interest expense	(989)	711		(5,581)	(2,356)	
Interest income	179	607		5,397	1,395	
Share of profits in associates / joint ventures	(1)	(6)		1	(2)	
Other income	643	118	446%	2,057	688	199%
Non operating expenses	(57)	(1)		(109)	(53)	
Income before Income Taxes	**19,032**	**14,412**	**32%**	**55,404**	**33,793**	**64%**
Income tax expense	(1,564)	(2,139)		(6,293)	(4,469)	
Minority interest	(244)	(121)		(632)	(283)	
Net income	**17,224**	**12,151**	**42%**	**48,479**	**29,041**	**67%**
Earnings per share for profit attributable to common shareholders						
Basic	9.09	6.42		25.59	15.35	
Diluted	9.08	6.41		25.54	15.33	
Weighted average number of shares used in computing earnings per share						
Weighted average number of common shares (in millions)	1,895	1,894		1,895	1,892	
Weighted average number of diluted shares (in millions)	1,898	1,896		1,898	1,894	

A.1.2 Consolidated Balance Sheet (as per USGAAP)

Amount in Rs. Million

Particulars	As at December 31, 2007
	Audited
ASSETS	
Cash and cash equivalents	2,339
Accounts receivable, net of allowances for doubtful debts	14,337
Unbilled receivables	10,298
Inventories	1,251
Short term investments	8,704
Deferred taxes on income	3,011
Derivative financial instruments	507
Restricted cash	78
Prepaid expenses and other current assets	19,586
Due from related parties	757
Total Current Assets	**60,868**
Property and equipment, net	294,215
Acquired intangible assets, net	12,799
Goodwill	27,043
Investment in associates and joint ventures	100
Restricted cash, non-current	54
Deferred taxes on income	228
Other assets	4,728
Total Assets	**400,035**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	11,373
Trade payables	24,227
Equipment supply payables	63,444
Accrued expenses	19,274
Unearned income	21,466
Unearned income- Indefeasible right to use sales	336
Derivative financial instruments	4,257
Due to related parties	14
Other current liabilites	8,920
Total current liabilities	**153,311**
Long-term debt, net of current portion	44,687
Deferred taxes on income	5,983
Unearned income- Indefeasible right to use sales	3,548
Other liabilities	6,283
Total liabilities	**213,812**
Minority interest	2,494
Stockholders' equity	
Common stock, par value Rs.10 per share	18,978
Advances against equity	25
Additional paid in capital	57,420
Treasury stock	(127)
Retained earnings	107,435
Accumulated other comprehensive income (loss)	(2)
Total stockholders' equity	**183,729**
Total liabilities and stockholders' equity	**400,035**

A.1.3 Consolidated Statement of Cash Flows (as per USGAAP)

Amount in Rs. Million

Particulars		Quarter Ended December 31, 2007	Nine months ended December 31, 2007
		Audited	Audited
Cash flows from operating activities			
Net income	**a**	**17,224**	**48,479**
Add: Non Cash items	**b**		
Depreciation and amortisation		10,377	27,558
Tax expense / (income)		1,564	6,293
Impact of fair valuation of financial instruments		(39)	2,643
Cash generated from operations before working capital changes	**c=a+b**	**29,126**	**84,973**
(Increase)/decrease in working capital		1,809	31,709
(Increase)/decrease in non-current assets		(3,550)	(10,292)
Increase/(decrease) in non-current liabilities		(94)	3,464
Net cash provided/(used) by/in operating activities	**d**	**(1,835)**	**24,881**
Cash flows from investing activities			
Purchase of property, plant and equipment		(33,294)	(110,262)
Investment / loss in associate		(24)	82
Net cash provided/(used) by/in investing activities	**e**	**(33,318)**	**(110,180)**
Cash flows from financing activities			
Increase/(decrease) in borrowings		350	955
Stockholders Equity		435	391
Net cash provided/(used) by/in financing activities	**f**	**785**	**1,346**
Cash and cash equivalents[4]			
Beginning of the period	**g**	16,417	10,155
End of the period	**h=c+d+e+f +g**	11,175	11,175

Note 4: Includes short-term investments, restricted cash, restricted cash, non-current.

A.2 Trend and Ratio Analysis

The financial figures used in the quarterly trends are based on US GAAP financial statements

A.2.1 Based on Statement of Operations

Amount in Rs. Million

Parameters	For the Quarter Ended				
	Dec-07	Sep-07	Jun-07	Mar-07	Dec-06
Total Revenues	69,639	63,374	59,046	53,932	49,129
Access and interconnection charges	10,424	9,317	9,071	9,335	8,242
Operating Expenses	22,590	20,679	19,681	17,091	16,260
Licence Fee	6,991	6,281	5,827	5,098	4,574
EBITDA	29,634	27,097	24,466	22,408	20,055
Cash profit from operations after Derivative and Exchange Fluctuations	28,824	25,971	26,218	21,930	21,372
Income before income taxes	19,032	17,472	18,901	15,068	14,412
Net income	17,224	16,139	15,116	13,531	12,151

	Dec-07	Sep-07	Jun-07	Mar-07	Dec-06
As a % of Total Revenues					
Access and interconnection charges	15.0%	14.7%	15.4%	17.3%	16.8%
Operating Expenses	32.4%	32.6%	33.3%	31.7%	33.1%
Licence Fee	10.0%	9.9%	9.9%	9.5%	9.3%
EBITDA	42.6%	42.8%	41.4%	41.5%	40.8%
Cash profit from operations after Derivative and Exchange Fluctuations	41.4%	41.0%	44.4%	40.7%	43.5%
Income before income taxes	27.3%	27.6%	32.0%	27.9%	29.3%
Net income	24.7%	25.5%	25.6%	25.1%	24.7%

A.2.2 Based on Balance Sheet

Amount in Rs. Million

Parameters	As at				
	Dec-07	Sep-07	Jun-07	Mar-07	Dec-06
Stockholders Equity	183,729	166,315	149,913	135,553	121,848
Net Debt	44,885	39,333	32,761	42,306	41,050
Capital Employed = Stockholder's equity + Net Debt	228,614	205,648	182,674	177,859	162,898

Parameters	Dec-07	Sep-07	Jun-07	Mar-07	Dec-06
Return on Stockholder's equity (LTM)	41.0%	41.8%	40.8%	38.2%	35.5%
Return on Capital Employed (LTM)	32.9%	31.5%	29.3%	28.6%	26.3%
Net Debt to EBITDA (LTM)	0.43	0.42	0.39	0.57	0.63
Assets turnover ratio (LTM)	117.5%	117.2%	115.7%	112.4%	108.3%
Interest Coverage ratio (times)	34.74	34.93	32.95	28.48	24.84
Book Value Per Equity Share (in Rs)	96.8	87.6	79.0	71.5	64.3
Net debt to Stockholders' Equity (Times)	0.24	0.24	0.22	0.31	0.34
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)	9.09	8.52	7.98	7.14	6.42
Net profit/(loss) per diluted share (in Rs)	9.08	8.51	7.96	7.14	6.41
Market Capitalisation (Rs. bn)	1,887	1,786	1,586	1,447	1,192
Enterprise Value (Rs. bn)	1,932	1,825	1,619	1,489	1,233

A.2.3 Bharti's Three Line Graph

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

The parameters considered for the three-line graph are:

1. Gross Revenues i.e. absolute turnover/sales

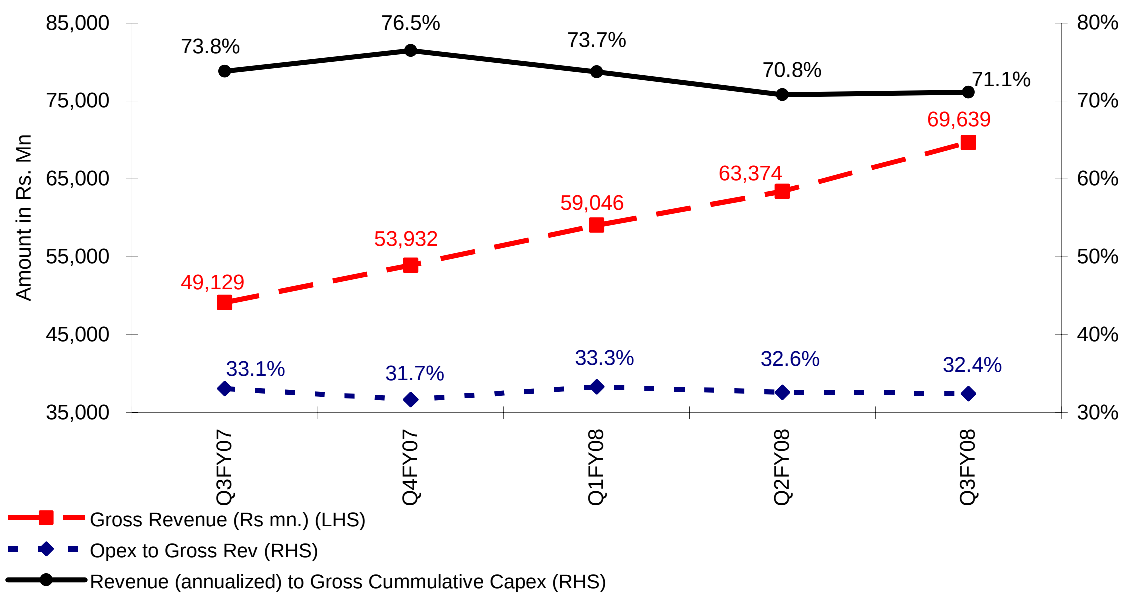
2. Opex Productivity – operating expenses divided by the gross revenues for the respective period. Operating expenses is the sum of (i) equipment costs (ii) employee costs (iii) network operations costs & (iv) selling, general and administrative costs. This ratio depicts the operational efficiencies in the company.

3. Capital Productivity – this is computed by dividing revenue for the quarter (annualized) by gross cumulative capex (gross fixed assets, capital work in progress and intangibles) till date i.e. the physical investments made in the assets creation of the company.

This ratio depicts the productivity of assets of the company.

The company believes that as long as the absolute revenues keep increasing periodically, opex productivity stabilizes or keeps coming down and capital productivity keeps improving, the company's overall financial health can be tracked.

Given below is the graph for the last five quarters of the company:



A.2.4 Operational Performance

Parameters	Unit	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006
Consolidated						
Customers	000's	57,341	50,951	44,676	39,013	33,712
Employees (On-roll)	No.	24,703	23,264	22,955	20,314	18,213
Mobile services						
Customers	000's	55,163	48,876	42,704	37,141	31,974
Prepaid customers as a % of total customers	%	91.0%	90.4%	89.7%	88.5%	87.1%
Postpaid customers as a % of total customers	%	9.0%	9.6%	10.3%	11.5%	12.9%
Bharti's mobile subscribers market share	%	23.6%	23.4%	23.1%	22.4%	21.8%
Average Revenue Per User (ARPU)	Rs.	358	366	390	406	427
Average Minutes of Use Per User	Minutes	474	469	478	475	467
Post-paid Voluntary Churn	%	0.9%	1.1%	1.1%	1.0%	1.2%
Post-paid Company Initiated Churn	%	1.8%	2.1%	2.5%	2.2%	2.3%
Prepaid Churn	%	3.9%	3.8%	4.0%	3.6%	4.8%
SMS Revenue as a % of Total Mobile Revenues	%	4.4%	4.6%	5.0%	6.0%	6.2%
Employees (On-roll)	No.	8,371	8,132	7,595	7,034	6,864
Telemedia Services						
Customers	000's	2,178	2,075	1,972	1,871	1,738
Average Revenue Per User (ARPU)	Rs.	1,140	1,150	1,121	1,112	1,198
Non-mobile Services						
Employees (On-roll)	No.	15,745	14,530	14,773	12,789	10,942
Others (Corporate Office)						
Employees (On-roll)	No.	587	602	587	491	407

A.2.5 Traffic, Coverage & Network Trends

Parameters	Unit	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006
Mobile Services	Mn Min	73,840	64,375	57,125	49,240	41,305
Telemedia Services	Mn Min	4,604	4,596	4,454	4,241	4,055
National Long Distance Services	Mn Min	7,898	6,774	5,856	5,004	4,429
International Long Distance Services	Mn Min	1,591	1,345	1,243	1,194	1,059
Total Minutes on Network[5]	**Mn Min**	**87,933**	**77,089**	**68,678**	**59,679**	**50,847**

Note 5 : The minutes are gross of intersegment eliminations

Parameters	Unit	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006
Mobile Services						
Census Towns	No.	4,902	4,876	4,855	4,676	4,581
Non-Census Towns & Villages	No.	320,623	290,000	243,584	207,327	176,593
Population Coverage	%	68%	65%	62%	59%	54%
Network Sites	No.	60,299	52,826	45,784	39,224	34,307
Telemedia Services						
No. of cities covered	No.	94	94	94	94	94
Carriers (National Long Distance)						
Optic Fibre Network[6]	RKms	67,138	55,574	43,658	40,484	39,330

Note 6: With effect from quarter ended September 2007, Optic Fibre Network is inclusive of owned fibre and swapped fibre , previously reported as only owned fibre. With effect from quarter ended December 2007, Optic Fibre Network is inclusive of intra city fibre of 6,938 route kms, previously reported as only inter-city.

A.3 Key Accounting Policies as per USGAAP

1. Joint Ventures

The Group's interest in Joint ventures in which the Group has a majority interest, but does not control due to significant participatory rights of the minority stockholders are accounted for under the equity method of accounting and is initially recognized at cost. Under this method, the Group's share of the post-acquisition profits or losses of the joint venture is recognized in the consolidated statement of income and its share of post-acquisition movements in equity is recognized in equity. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealized gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture; unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in joint venture includes goodwill identified on acquisition.

The Group's interest in jointly controlled entities is accounted for by the equity method of accounting and is initially recognized at cost.

2. Property and equipment

Property and equipment are stated at historical cost, net of accumulated depreciation and amortization. All direct costs relating to the acquisition and installation of property and equipment are capitalized.

Depreciation and amortization is recorded on a straight-line basis over the estimated useful lives of the assets.

Assets	Years
Building	20
Network Equipment	3-20
Computer equipment	3
Office, furniture and equipment	2/5
Vehicles	5
Leasehold improvements	Remaining period of Lease or 10 years whichever is less
Assets individually costing Rs. 5 thousand or less	1

Land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses arising from retirement or disposal of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income on the date of retirement and disposal.

Costs of additions and substantial improvements to property and equipment are capitalized. The costs of maintenance and repairs of property and equipment are charged to operating expenses.

During the quarter ended December 31, 2007, the Group has reassessed the economic lives of certain fixed assets, and based theron changed the depreciable lives of these assets effective October 1, 2007. Such change in estimate did not have a material impact on depreciation and amortization for the three and nine month periods ended December 31, 2007.

3. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of net identifiable assets of the acquired subsidiary or jointly controlled entity at the date of acquisition. Goodwill on acquisition of subsidiaries is disclosed separately. Goodwill arising on accounting for jointly controlled entities or entities in which the Group exercises significant influence is included in investments in the related associates/jointly controlled entities.

The Group adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," which sets forth the accounting for goodwill and intangible assets subsequent to their acquisition. SFAS 142 requires that goodwill and indefinite-lived intangible assets be allocated to the reporting unit level, which the Group defines as each circle. FAS 142 also prohibits the amortization of goodwill and indefinite-lived intangible assets, but requires that they be tested for impairment at least annually, or more frequently as warranted, at the reporting unit level. Goodwill of a reporting unit is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

The goodwill impairment test under FAS 142 is performed in two phases. The first step of the impairment test, used to identify potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, goodwill of the reporting unit is considered impaired, and step two of the impairment test must be performed. The second step of the impairment test quantifies the amount of the impairment loss by comparing the carrying amount of goodwill to the implied fair value. An impairment loss is recorded to the extent the carrying amount of goodwill exceeds its implied fair value.

4. Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are expressed in the functional currency Indian Rupees at the rates of exchange in effect at the balance sheet date. Transactions in foreign currencies are recorded at rates ruling on the transaction dates. Gains or losses resulting from foreign currency transactions are included in the consolidated statement of income.

The balance sheets and statements of operations of the Group's foreign operations are measured using the local currency as the functional currency. Assets and liabilities of these foreign operations are translated to Rupees at period end exchange rate and revenue and expense amounts are translated to Rupees at the average rates of exchange prevailing during the period. The resulting foreign currency translation adjustments are accumulated as a component of other comprehensive income.

5. Capital leases

Lessee accounting

Assets acquired under capital lease are capitalized as assets by the Group at the lower of fair value of the leased property or the present value of the related lease payments or where applicable, estimated fair value of such assets. Amortization of leased assets is computed on straight line basis over the shorter of useful life of the assets or remaining lease period. Amortization charge for capital leases is included in depreciation expense for the period.

Lessor accounting

Assets leased to others under capital leases are recognized as receivables at an amount equal to the net investment in the leased assets. The finance income is recognized based on periodic rate of return on the net investment of the lessor outstanding in respect of the capital lease.

6. Impairment of long – lived assets and intangible assets

The Group reviews its long-lived assets, including identifiable intangibles with finite lives, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic climate. For assets that the Group intends to hold for use, if the total of the expected future undiscounted cash flows produced by the asset or asset Group is less than the carrying amount of the assets, a loss is recognized for the difference between the fair value and carrying value of the assets. For assets the Group intends to dispose of by sale, a loss is recognized for the amount by which the estimated fair value, less cost to sell, is less than the carrying value of the assets. Fair value is determined based on quoted market prices, if available, or other valuation techniques including discounted future net cash flows.

7. Revenue recognition

(i) Service revenues

Service revenues include amounts invoiced for usage charges, fixed monthly subscription charges and VSAT/ internet usage charges, roaming charges, activation fees, processing fees and fees for value added services ('VAS'). Service revenues also include revenues associated with access and interconnection for usage of the telephone network of the other operator for local, domestic long distance and international calls.

Service revenues are recognized as the services are rendered and are stated net of discounts and taxes. Revenues from pre-paid cards are recognized based on actual usage. Activation revenue and related activation costs, not exceeding the activation revenue, are deferred and amortized over their estimated useful life, which is consistent with the estimated churn of customers. Excess of activation costs over activation revenue, if any, are expensed as incurred. Subscriber acquisition costs are expensed as incurred. On introduction of new prepaid products, processing fee on recharge coupon is being recognized over the estimated customer relationship period or coupon validity period, whichever is lower.

Service revenues from the internet and VSAT business comprise revenues from registration, installation and provision of internet and satellite services. Registration fee and installation charges are deferred and amortized over their expected customer relationship period of 12 months. Service revenue is recognized from the date of satisfactory installation of equipment and software at the customer site and provisioning of internet and satellite services. Revenue from prepaid dialup packs is recognized on an actual usage basis and is net of sales returns and discounts.

Revenues from national and international long distance operations comprise revenue from provision of voice services, which are recognized on completion of services while revenue from provision of bandwidth services is recognized over the period of use. Revenue is stated net of discounts and waivers.

Unbilled receivables represent revenues recognized from the bill cycle date to the end of each month. These are billed in subsequent periods as per the terms of the billing plans.

Unearned revenue includes amounts received in advance on pre-paid cards and advance monthly rentals on post paid. The related services are expected to be performed within the next operating cycle.

(ii) Equipment sales

Equipment sales consist primarily of revenues from sale of VSAT and internet equipment (hardware) and related accessories to subscribers. Equipment sales are treated as activation revenue and are deferred and amortized over the customer relationship period.

(iii) Multiple element arrangements

The Group enters into certain multiple-element revenue arrangements which involve the delivery or performance of multiple products, services or rights to use assets including VSAT and internet equipment, internet and satellite services, indefeasible right to use and hardware and equipment maintenance. The Group evaluates all deliverables in an arrangement to determine whether they represent separate units of accounting at the inception of the arrangement in accordance with EITF 00-21 "Revenue Arrangements with Multiple Deliverables".

The Group has determined that objective and reliable evidence of fair value does not exist for undelivered items in arrangements involving the bundling of sales of VSAT and internet equipment with provision of internet and satellite services. Accordingly, equipment sales for these arrangements are deferred and amortized over the customer relationship period. The arrangement consideration allocated to delivered items that do not qualify as separate units of accounting are combined with the other applicable undelivered items within the arrangement. The Group then recognizes revenue for those combined deliverables as a single unit of accounting over the term of the arrangement.

For other arrangements, the Group has established that objective and reliable evidence of fair value for all units of accounting in the arrangement exists. Accordingly, the arrangement consideration is allocated to the separate units of accounting based on their relative fair values. Revenue recognized by the Group on a delivered item is limited to the amount that is not contingent upon the delivery of additional items or conditional on meeting other specified performance criteria.

8. License fees

Licenses signed prior to NTP - 99

Annual license fees incurred by the Group under the old license fee regime until the date of migration to the NTP - 99, i.e. July 31, 1999 and revenue-share fees from the date of migration to NTP – 99 were expensed as incurred. However, the Group’s share of licenses acquired under business combinations during the old license regime, prior to July 31, 1999, were accounted for at their respective fair values as at the date of acquisition and are amortized on a straight-line basis over the remaining period of the license from the date of acquisition of respective circles. Upon the migration to the NTP - 99, the remaining unamortized cost of such licenses acquired had been carried over and forms a part of the new cost basis for the license signed under NTP - 99. Amortization of licenses is recorded as a component of depreciation and amortization.

Licenses signed under NTP - 99

License agreements signed/awarded under NTP - 99 stipulate the payment of: 1) one time fee termed as ‘license entry fee’ to obtain the right to operate services and 2) annual usage charge on the basis of the percentage of revenues i.e. ‘revenue share’.

License entry fees were recognized as an intangible asset and were measured initially at cost. After initial recognition, license entry fees are measured at cost less accumulated amortization and any impairment losses that have been recognised. License entry fees are amortized on a straight-line basis over the period of the license from the date of commencement of commercial operations in the respective circles. The Group’s share of licenses acquired under business combinations arising after the ‘applicability’ of NTP - 99 were accounted for at their respective fair values as at the date of acquisition and are amortized on a straight line basis over the remaining period of the license. Amortization of license entry fees is recorded as a component of depreciation and amortization. The revenue-share fee is computed on the basis of Adjusted Gross Revenue (‘AGR’) and is expensed as incurred.

UASL Licenses & license fees

The Group has migrated its cellular mobile licenses in 15 circles to Unified Access Service Licenses (UASL) after obtaining the necessary approvals from DoT. UASL permits the licensee to provide basic and / or cellular services using any technology in a defined service area.

UASL entry fees were recognized as an intangible asset and were measured initially at cost. After initial recognition, license entry fees are measured at cost less accumulated amortization and any impairment losses that have been recognised. License entry fees are amortized on a straight-line basis over the period of the license from the date of commencement of commercial operations in the respective circles.

9. Other intangible assets

Other intangible assets comprising enterprise resource planning software, bandwidth capacities, brands, customer relationships, distribution networks, licenses and noncompete clauses, are capitalized at the Group’s share of respective fair values on the date of an acquisition. The methodologies used for valuation of these intangibles is as follows:

- Software is capitalized at the amounts paid to acquire the respective license for use and is amortized over the period of such license, not exceeding three years.
- Bandwidth capacities are capitalized at the amounts paid to acquire the capacities and are amortized over the period of the agreement subject to a maximum of 15 years.
- Brands are valued using the Royalty Relief approach and are amortized on a straight-line basis over the period of expected benefit, not exceeding the life of the licenses and are written off in their entirety when no longer in use.
- Customer relationships reflect the estimated fair value of the customer accounts acquired from which the Group can expect to derive future benefits over the estimated life.
- Distribution networks reflect the fair value of the estimated benefit and are amortized over an estimated useful life of three years.
- The fair value of licenses are valued using the Market Value Approach. The licenses are amortized over the remaining license period
- Noncompete clauses are fair valued based on the actual and projected business plans and are amortized on a straight-line basis over the remaining period of license.

Amortization of intangible assets is disclosed as part of cost of services and selling, general and administrative expenses in the consolidated statement of income.

10. Income-taxes

In accordance with the provisions of FAS 109, “Accounting for Income Taxes”, income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases and operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of income in the period in which the change is enacted. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

11. Pre operating costs

Pre operating costs represent certain marketing and administrative expenses incurred prior to the commencement of commercial operations of the new circles. These costs are expensed as incurred.

12. Derivative financial instruments

The Group enters into derivative instruments, including interest rate swaps and foreign currency forward contracts, to manage interest rate movements of its debt obligations and foreign currency exposures related to the import of equipment used in operations and its foreign currency denominated debt instruments.

FAS No. 133, ''Accounting for Derivative Instruments and Hedging Activities'', requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or in other comprehensive income, depending on whether a derivative is designated as part of a hedging relationship and, if it is, depending on the type of hedging relationship.

13. Asset Retirement Obligations

Asset retirement obligations associated with the Group's wireless and wireline services cell sites, switch sites, retail, and administrative location operating leases are subject to the provisions of FAS No. 143 "Accounting for Asset Retirement Obligations". The lease agreements entered into by the Group may contain clauses requiring restoration of the leased site at the end of the lease term and therefore create asset retirement obligations. The Group records the fair value of a liability for an asset retirement obligation in the period in which it is incurred and capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, the Group either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

14. Indefeasible right to use (IRU)

Fibre and duct are sold as part of the operations of the Group's Enterprise service carriers business. The Group has determined these as integral equipment. Under the agreements, title is not transferred to the lessee. The transactions are therefore recorded as operating lease agreements. Direct expenditures incurred in connection with agreements are capitalized and expensed off over the term of the agreement. The contracted sales price is primarily paid in advance and is recognized as revenue during the period of the agreement. IRU Sales not recognized in consolidated statements of income, net of amount recognizable within one year is recorded as unearned income in non-current liability and amount recognizable within one year is recorded as unearned income in the current liabilities.

15. Allowance for uncollectible accounts receivable

The allowance for uncollectible accounts receivable reflects management's best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience, net of recoveries. The Group provides for amounts outstanding for more than 90 days in case of active subscribers and for all amounts outstanding from customers who have been deactivated as reduced by security deposits, or in specific cases where management is of the view that the amounts are not recoverable. For receivables due from the other operators on account of their NLD and ILD traffic, IUC and roaming charges, the Group provides for amounts outstanding for more than 120 days from the date of billing net of any amounts payable to the operators pertaining to the same period or in specific cases where management is of the view that the amounts are not recoverable. Amounts due from debtors that have been outstanding, though fully provided, are evaluated on a regular basis by the management and are written off, if as a result of such evaluation, it is determined that these amounts will not be collected.

A.4 Summarized Profit & Loss Statement as per Indian GAAP

Amount in Rs million

Particulars	Quarter Ended December 31, 2007 (Audited)	Nine Months Ended December 31, 2007 (Audited)
Service Revenue	69,286	190,810
Sales of Goods	215	676
Total Income	**69,501**	**191,486**
Profit before Finance Expenses /(Income) (Net), Depreciation, Amortisation, Pre-operative Expenditure,Charity and Donation, Taxation and Other Income	**29,710**	**81,275**
Finance expenses (net)	4,961	2,234
Depreciation & Amortisation	10,463	28,112
Other Income	678	2,133
Charity & Donation	57	109
Profit Before tax	**14,909**	**52,953**
Tax Expenses/ (Income)		
-Current Tax	1,234	6,728
-Fringe Benefit Tax	145	273
-Deferred Tax	(964)	399
Profit After Tax	**14,494**	**45,553**
Minority Interest	208	588
Profit for the period	**14,286**	**44,965**

A.5 Summary of Differences in Net income/ Profit between USGAAP (audited) and Indian GAAP (audited)

Amount in Rs million

Particulars	Quarter Ended December 31, 2007	Nine Months Ended December 31, 2007
Net profit / (loss) as per US GAAP	**17,224**	**48,479**
Add: Differences on account of:		
Minority Interest and loss of Joint Venture	36	48
Deferred Tax expense	1,295	295
Less: Differences on account of:		
Amortisation of Goodwill/ Intangibles	203	371
Being difference in revenue recognition	33	158
License fee amortisation	145	437
Differences in accounting for finance charges	4,170	2,011
Remeasurement of financial instruments not applicable in IGAAP	(18)	37
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	(264)	(283)
Provision for current tax	(0)	1,126
Net profit/(loss) as per Indian GAAP	**14,286**	**44,965**

GLOSSARY

Technical and Industry Terms

Company Related	
ARPU (for Mobile and Telemedia Services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales and the connection fees, during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
Asset Turnover	Asset Turnover is defined as total revenues, for the preceding (last) 12 months from the end of the relevant period, 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 quarterly average for the preceding (last) four quarters from the end of the relevant period.
Access and Interconnect Charges / Total Revenues	Access and interconnect charges for the relevant period divided by total revenues for the relevant period.
Average Customers	Average customers are derived by computing the average of the monthly average customers for the relevant period.
Book Value Per Equity Share	Total stockholder's equity as at the end of the relevant period divided by issued and outstanding equity shares as at the end of the relevant period.
Capital Employed	Capital Employed is defined as sum of stockholder's equity and net debt.
Cash Profit From Operations	It is not a US GAAP measure and is defined as operating income adjusted for depreciation & amortization, pre-operating costs, interest expense and interest income.
Churn	Churn is calculated by dividing the total number of disconnections during the relevant period by the average customers; and dividing the result by the number of months in the relevant period. Postpaid churn has been subdivided into: a) Voluntary: indicating the number of subscribers who opt out of the network at their own behest. b) Company initiated churn: indicating the number of subscribers whose churn is initiated by the company due to non-payment.
Gross Revenue per Employee per month	It is computed by dividing the Gross Revenue (net of inter-segment eliminations) by the closing number of employees in a given business unit and number of months in the relevant period.
EBITDA	Earnings/ (loss) before interest, taxation, depreciation and amortization. It is not a US GAAP measure and is defined as operating income adjusted for depreciation & amortization and pre-operating costs.
EBITDA Margin or EBITDA / Total Revenues	It is computed by dividing EBITDA for the relevant period by total revenues for the relevant period.
EBIT	Earnings / (Loss) before interest and taxation for the relevant period. It is equivalent to Income/ (loss) before interest income, interest expense & taxes.
Telemedia Customers Per Employee	Number of Telemedia customers on our networks as at end of the relevant period divided by number of employees in the Telemedia segment as at end of the relevant period.
Income/(loss) after current tax expense	It is not a US GAAP measure and is defined as Income/ (loss) before taxation adjusted for current tax expense.
Interest Coverage Ratio	EBITDA for the relevant period divided by interest on borrowing for the relevant period.
Investments in projects	The investment in projects comprises gross fixed assets, intangible assets, capital work in progress, gross goodwill, investment in JV's and one-time entry fee paid towards acquisition of licenses.
Market Capitalization	Number of issued and outstanding shares as at end of December 31, 2007 multiplied by closing market price (BSE) as at end of December 31, 2007.
MoU/Sub/Month	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month. Average minutes of usage per subscriber per month is calculated by: dividing the total minutes of usage (incoming, outgoing and in-roaming) on our network during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
Mobile Customers Per Employee	Number of GSM customers on our networks as at end of the relevant period divided by number of employees in the mobile segment as at end of the relevant period.
Network Site	Comprises of Base Transmission System (BTS) which holds the radio transreceivers (TRXs) that define a cell and coordinates the radio links protocols with the mobile device. It includes all the Ground based, Roof top and In Building Solutions as at the end of the period.
Net Debt	It is not a US GAAP measure and is defined as the long-term debt, net of current portion plus short-

	term borrowings and current portion of long-term debt minus cash and cash equivalents, restricted cash, restricted cash non-current, short-term investments and investments as at the end of the relevant period.
Net Debt to EBITDA	It is computed by dividing net debt as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
Net Debt to Stockholder's Equity	It is computed by dividing net debt as at the end of the relevant period by stockholder's equity as at the end of the relevant period.
Earnings Per Common Share.	It is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Earnings Per Diluted Share	The calculation of Net Profit/ (loss) per diluted share adjusts net profit or loss and the weighted average number of ordinary shares outstanding, to give effect to all dilutive potential ordinary shares that were outstanding during the year. Net profit or loss attributable to ordinary shareholders is adjusted for the after-tax effect of the following: (1) dividends on potential ordinary shares (for example, dilutive convertible preferred shares); (2) interest recognized on potential ordinary shares (for example, dilutive convertible debt); and (3) any other changes in income or expense resulting from the conversion of dilutive potential ordinary shares (e.g., an entity's contribution to its non-discretionary employee profit-sharing plan may be revised based on changes in net profit due to the effects of items discussed above).
IPTV	Internet Protocol TV. IPTV is a new method of delivering and viewing television programmes using an IP transmission and service infrastructure, which can deliver digital television to the customers. IPTV when offered using an IP network and high speed broadband technology becomes interactive because of availability of return path and is capable of providing Video on Demand (VOD), time shifted television and many other exciting programmes.
Mobile TV	Mobile Television. Mobile TV service refer to provision of television services to subscribers for viewing on handheld or portable devices. Technically, there are two main ways of delivering television content to mobile devices; via the mobile telecommunications networks or by using broadcasting technologies.
Net Revenues	It is not a US GAAP measure and is defined as total revenues adjusted for access charges for the relevant period.
Non-mobile services	It comprises Telemedia Services and Enterprise Services.
Non Voice Revenue as a % of consolidated revenue	It is computed by dividing the total non-voice revenue of the company (consolidated) by the total revenues for the relevant period. Non-voice revenues include VAS Revenues for Mobile, VAS and Internet Revenues for Telemedia Services, Bandwidth Revenue for Long Distance Services, and Bandwidth and Internet Revenues for Enterprise Services.
Non Voice Revenue as a % of Mobile Revenue	It is computed by dividing the total non-voice revenue of mobile services by the total revenues of mobile services for the relevant period. Non-voice revenue for mobile services includes revenues from value added services (including SMS, GPRS, MMS, Ring Back Tones etc.).
Post-Paid Services	The provision of mobile services, wherein the subscribers pay for usage including airtime, rental value added services, access and interconnection charges and any other applicable charges at the end of the billing period.
Pre-Paid Services	The provision of mobile services wherein subscribers pay a fixed amount, which is valid for a certain period, for usage including airtime, value added services, access and interconnection charges and any other applicable charges prior to commencement of service.
Return On Capital Employed (ROCE)	For the full year ended March 31, 2004, 2005, 2006 & 2007, ROCE is computed by dividing the sum of net profit & finance cost (net) for the period by average (of opening and closing) capital employed. For the quarterly computation, it is computed by dividing the sum of net profit & finance cost (net) for the preceding (last) 12 months from the end of the relevant period by average capital employed. Average capital employed is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Return On Stockholder's Equity	For the full year ended March 31, 2004, 2005, 2006 & 2007, it is computed by dividing net profit for the period by the average (of opening and closing) Stockholder's equity. For the quarterly computations, it is computed by dividing net profit for the preceding (last) 12 months from the end of the relevant period by the average Stockholder's equity for the preceding (last) 12 months. Average Stockholder's equity is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Total Operating Expenses / Total Revenues	Total operative expenses for the relevant period divided by total revenues for the relevant period.
Total Operating Expenses	It is defined as sum of equipment costs, employee costs, network operations costs and selling, general & administrative cost for the relevant period.
Operating Income	Operating Income is defined as total revenues less total operating expenses for the relevant period.

Regulatory	
AGR	Adjusted Gross Revenues. Used for computing the License Fees and WPC charges payable by an Access Provider and have been provisionally defined as gross revenue of the Access Provider net of access charges actually paid to other telecom service providers, roaming revenues passed on to other telecom service providers and service tax and sales tax actually paid to the Government, if the same had been included in the Gross Income.
AUSPI	Association of Unified Telecom Service Providers of India. It is the representative industry body for private Basic Service Operators which interacts on policy and regulatory issues with various Government bodies such as Department of Telecommunications (DoT), Telecom Regulatory Authority of India (TRAI), apex industry organizations like ASSOCHAM, Confederation of Indian Industry (CII), and Federation of Indian Chambers of Commerce & Industry (FICCI), analysts and other institutions of world repute.
COAI	The Cellular Operators Association of India (COAI) was constituted in 1995 as a registered, non - profit, non - governmental society dedicated to the advancement of communication in India, in particular of modern communication through Cellular Mobile Telephone Services. The main objective of the COAI is to protect, promote and upgrade cellular operations in India and also to look after the common and collective interests of its members.
CMSP	Cellular Mobile Service Provider. CMSP is another term for Cellular Operators or Cellular Mobile Telephone Service Licensees.
DoT	Department of Telecommunications. DoT is a department under the Ministry of Telecommunications, Government of India. The Department of Telecommunications is responsible for the policy formulation, licensing, wireless spectrum management etc. The department allocates frequency and manages radio communications in close coordination with the International bodies and is responsible for enforcing wireless regulatory measures and monitoring the wireless transmission of all users in the country.
IUC	Interconnection Usage Charges. IUC are the charges prescribed by TRAI vide IUC Regulations including amendments issued from time to time, which are payable by one service provider to another for usage of the network elements for origination, transit or termination of the calls.
SACFA	Standing Advisory Committee for Frequency Allocation. SACFA is a high owner committee comprising representatives from all Ministries and Administrative Departments of the Government of India which are major users of wireless spectrum. All wireless installations in the country (including cell sites set up by mobile operators) require prior clearance from SACFA.
TDSAT	Telecom Disputes Settlement & Appellate Tribunal. TDSAT has been set up under Section 14 of the Telecom Regulatory Authority of India Act, 1997 by TRAI (Amendment) Act, 2000 to adjudicate disputes and dispose of appeals with a view to protect the interests of service providers and consumers of the telecom sector and to promote and ensure orderly growth of the telecom sector.
TEC	Telecom Engineering Centre. TEC is a core technical wing of DoT, Ministry of Communications and Information Technology, Government of India. It is responsible for specification of common standards and formulation of Fundamental Technical Plans with regard to telecom network equipment, services and interoperability in India. It interacts with multilateral agencies like APT, ETSI and ITU etc. for standardization. It issues interface approvals and Service Approvals. TEC provides technical support to DOT and technical advice to TRAI & TDSAT.
TRAI	Telecom Regulatory Authority of India. TRAI is a statutory body established under the Telecom Regulatory Authority of India Act, 1997 in January 1997, as an autonomous body with quasi-judicial powers to regulate telecommunication services in India.
UASP	Unified Access Service Provider. UASPs are licensed by DoT for providing access services viz wireline and wireless including full mobility, limited mobility and fixed wireless using any technology.
WiMAX	Worldwide Interoperability for Microwave Access. WiMAX is a telecommunications technology aimed at providing wireless data over long distances in a variety of ways, from point-to-point links to full mobile cellular type access.
Others (Industry)	
BSE	The Stock Exchange, Mumbai
GSM	Global System for Mobile Communications. This is a second generation digital technology originally developed for Europe. Initially developed in the 900 MHz band and subsequently modified for the 850, 1800 and 1900MHz bands. Originally stood for Groupe Speciale Mobile. It is an open and non-proprietary system with one of its great strength being the international roaming capability.
IGAAP	Generally Accepted Accounting Principles in India.
NSE	The National Stock Exchange of India Limited.
Sensex	Sensex is a stock index introduced by The Stock Exchange, Mumbai in 1986. It is a basket of 30 constituent stocks representing a sample of large, liquid and representative companies. The base year of Sensex is 1978-79 and the base value is 100. The index is widely reported in national and international markets through print as well as electronic media.
SMS	Short Messaging Service. It is a text message service, which enables the user to send short messages to other users.
US GAAP	United States Generally Accepted Accounting Principles.

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Written correspondence to be sent to:
Bharti Airtel Limited
Investor Relations
ir@bharti.in
http://www.bhartiairtel.in