Quarterly report on the results for the first quarter ended June 30, 2008

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

July 24, 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.

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. 42.93 = US $1.00, the noon buying rate as announced by the Federal Reserve Bank of New York on June 30, 2008. 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. **Further, disclosures are also provided under “Use of Non - GAAP financial information” on page 21.**

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, 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, Bharti Airtel Holdings (Singapore) Pte Ltd, Bharti Infratel Lanka (Private) Limited (subsidiary of Bharti Airtel Lanka (Private) Limited) and Bharti Infratel Ventures Limited (subsidiary of Bharti Infratel).

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.

TABLE OF CONTENTS

Section 1

BHARTI AIRTEL – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended March 31,				Quarter Ended
		2005	2006	2007	2008	June 30, 2008
Total Customer Base	**000's.**	**11,842**	**20,926**	**39,013**	**64,268**	**71,777**
Mobile Services	000's.	10,984	19,579	37,141	61,985	69,384
Telemedia Services	000's.	857	1,347	1,871	2,283	2,394
Consolidated financials as per US GAAP						
Revenue	INR Mn.	80,028	116,215	185,196	270,250	84,833
EBITDA	INR Mn.	30,128	43,374	74,508	113,715	35,221
Cash profit from operations	INR Mn.	28,132	40,862	73,070	111,374	33,389
Income before income taxes	INR Mn.	16,604	25,366	48,860	76,537	23,814
Net income	INR Mn.	14,978	22,567	42,571	67,008	20,250
Consolidated financials as per US GAAP						
Revenue	US$ Mn.	1,835	2,613	4,297	6,753	1,976
EBITDA	US$ Mn.	691	975	1,729	2,841	820
Cash profit from operations	US$ Mn.	645	919	1,695	2,783	778
Income before income taxes	US$ Mn.	381	570	1,134	1,912	555
Net income	US$ Mn.	343	507	988	1,674	472
Key Ratios						
EBITDA Margin	%	37.6%	37.3%	40.2%	42.1%	41.5%
Net Profit Margin	%	18.7%	19.4%	23.0%	24.8%	23.9%
Net Debt to Stockholders Equity	Times	0.66	0.45	0.31	0.19	0.17
Return on Stockholders Equity	%	28.0%	29.5%	37.4%	38.0%	37.9%
Return on Capital employed	%	18.0%	21.3%	28.2%	31.7%	33.8%

1. *Annual financial highlights for the year ended March 31, 2005, 2006, 2007 and 2008 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, 2008 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, 2007 and March 31, 2008 as well as quarter ended June 30, 2008 are after fringe benefit tax.*
4. *Exchange rate for Rupee conversion to US$ is (a) Rs. 43.62 for the financial year ended March 31, 2005 (b) Rs. 44.48 for the financial year ended March 31, 2006 (c) Rs. 43.10 for the financial year ended March 31, 2007 (d) Rs. 40.02 for the financial year ended March 31, 2008 and (e) Rs. 42.93 for the quarter ended June 30, 2008 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 71,777,448 customers as of June 30, 2008; of whom 69,383,716 subscribe to our GSM services and 2,393,732 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 subscribers as of June 30, 2008. 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".

The company also deploys, owns and manages passive infrastructure pertaining to telecom operations under its subsidiary Bharti Infratel Limited. Bharti Infratel owns 42% of Indus Towers Limited.

Bharti Infratel and Indus Towers are the two top providers of passive infrastructure services in India

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 69,383,716 mobile customers accounted for a market share of 24.2% of wireless market, as on June 30, 2008.

We offer post-paid, pre-paid, roaming and value added services through our extensive sales and distribution channel covering 923,472 outlets.

Our network is present in 5,048 census towns and 364,287 non-census towns and villages in India, thus covering approximately 74% 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 – We provide broadband (DSL) & telephone services (fixed line) in 94 cities with growing focus on new media solutions and foray into IPTV and DTH businesses. We had 2,393,732 customers as on June 30, 2008 of which 35.6% 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 and installation of fixed-line telephones providing local, national and 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 - Enterprise Services provides a broad portfolio of services to large Enterprise and Carrier customers. This division comprises of the Carrier and Corporate business unit.

Enterprise Services is regarded as the trusted communications partner to India's leading organizations, helping them to meet the challenges of growth.

Carriers – Carrier business unit provides long distance wholesale voice and data services to carrier customers as well as to other business units of Airtel. It also offers virtual calling card services in the overseas markets.

The business unit owns a state of the art national and international long distance network infrastructure enabling it to provide connectivity services both within India and connecting India to the world.

The national long distance infrastructure comprises of 78,540 Rkms of optical fibre, over 1500 MPLS and SDH POPs and over 900 POIs with the local exchanges, providing a pan India reach.

The international infrastructure includes ownership of the i2i submarine cable system connecting Chennai to Singapore, consortium ownership of the SMW4 submarine cable system and investment in capacities across a number of diverse submarine cable systems across transatlantic and transpacific routes. In recent past it has announced investments in new cable systems such as Asia America Gateway (AAG), India Middle East and Western Europe (IMEWE), Unity North, & EIG (Europe India Gateway).

Corporates – This business unit delivers end to end telecom solutions to India's large corporates as well as small and medium enterprises. It serves as the single point of contact for all telecommunication needs for corporate customers in India by providing full suite of communication services across data, voice and managed services.

It specializes in providing customized solutions to address unique requirements of different industry verticals; BFSI, IT, ITeS, Manufacturing and distribution, media, education, telecom, Government and PSUs and retail among others.

Backed by the alliances with leading technology companies worldwide and state of the art infrastructure, it offers complete range of telecom solutions. These solutions enable corporates to network their offices within India and across the globe, provide them infrastructure to run business critical applications and provide them means to connect with their customers, vendors and employees.

These services include; Internet, MPLS -VPN, domestic and international private leased circuits, Satellite services (VSAT), Audio & Video conferencing, Data centre services, Managed network services, corporate value added services, EPBX, Centrex, Contact centre solutions.

Passive Infrastructure Services – Bharti Infratel provides passive infrastructure services on a non-discriminatory basis to all telecom operators in India. Bharti Infratel deploys, owns and manages passive infrastructure on an all India basis. The company had over 58,000 towers as on June 30, 2008, out of which approx 30,000 towers would be transferred to Indus Towers Ltd (a Joint Venture between Bharti Infratel, Vodafone & Idea Cellular) for 16 circles.

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 and 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) audited financial results for the quarter ended June 30, 2007 and (2) audited financial results for the first quarter ended June 30, 2008 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 28). Also, kindly refer to Section 7 (use of Non - GAAP financial information on page 21) and Glossary (page 40) 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		
	June 2008	June 2007	Y-on-Y Growth
Total revenues	84,833	59,046	44%
EBITDA	35,221	24,466	44%
Cash profit from operations before Derivative and Exchange Fluctuation	34,869	23,824	46%
Cash profit from operations after Derivative and Exchange Fluctuation	33,389	26,218	27%
Income before Income taxes	23,814	18,901	26%
Current tax expense	3,053	2,248	36%
Income after current tax expense	20,761	16,653	25%
Deferred tax expense / (Income)	229	1,346	
Net income	20,250	15,116	34%
EBITDA / Total revenues	41.5%	41.4%	

3.1.2 Consolidated Summarized Balance Sheet

Amount in Rs. Million

Particulars	As at June 30, 2008
ASSETS	
Total current assets	119,941
Total non current assets	392,244
Total assets	**512,185**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	169,395
Total non current liabilities	95,232
Total liabilities	**264,627**
Minority Interest	**9,229**
Total stockholders' equity	**238,329**
Total liabilities and stockholders' equity	**512,185**

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		
	June 2008	June 2007	Y-on-Y Growth
Total revenues	69,150	46,976	47%
EBITDA	21,218	19,087	11%
EBIT	15,720	13,321	18%
EBITDA / Total revenues	30.7%	40.6%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2008	June 2007	Y-on-Y Growth
Total revenues	7,988	6,513	23%
EBITDA	3,367	2,100	60%
EBIT	1,981	943	110%
EBITDA / Total revenues	42.2%	32.2%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2008	June 2007	Y-on-Y Growth
Total revenues	19,572	11,940	64%
EBITDA	8,655	4,328	100%
EBIT	7,383	3,639	103%
EBITDA / Total revenues	44.2%	36.3%	

3.2.3.1 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		
	June 2008	June 2007	Y-on-Y Growth
Total revenues	15,694	9,210	70%
EBITDA	6,884	3,169	117%
EBIT	5,987	2,756	117%
EBITDA / Total revenues	43.9%	34.4%	

3.2.3.2 Enterprise Services – Corporates- comprises of end to end telecom solutions being provided to corporates and small and medium enterprises

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2008	June 2007	Y-on-Y Growth
Total revenues	3,878	2,730	42%
EBITDA	1,771	1,159	53%
EBIT	1,396	883	58%
EBITDA / Total revenues	45.7%	42.5%	

3.2.4 Others – comprises of Bharti corporate offices and new projects

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2008	June 2007	Y-on-Y Growth
Total revenues	826	426	-
EBITDA	(1,244)	(638)	-
Depreciation and Others	(300)	59	-
EBIT	(944)	(697)	-

3.2.5 Passive Infrastructure Services – represents Bharti Infratel Ltd, and comprises of passive infrastructure being provided to telecom operators

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2008	June 2007	Y-on-Y Growth
Total revenues	10,563	-	-
EBITDA	3,870	-	-
EBIT	1,574	-	-
EBITDA / Total revenues	36.6%	-	-

3.3 Segment-wise Investments and Contribution

3.3.1 Investments in projects

Amount in Rs. Million, except ratios

Segment	As at June 30, 2008	
	Rs. Million	% of Total
Mobile Services	250,514	50%
Telemedia Services	57,076	11%
Enterprise Services - Carriers	63,473	13%
Enterprise Services - Corporates	6,995	1%
Passive Infrastructure Services	121,542	24%
Others	2,998	1%
Total	**502,598**	**100%**
Less:- Accumulated Depreciation and Amortization	117,356	
Net Fixed Assets and Other Project Investment	**385,242**	

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

Segment	Quarter Ended June 2008					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	69,150	82%	21,218	60%	16,900	42%
Telemedia Services	7,988	9%	3,367	10%	2,301	6%
Enterprise Services - Carriers	15,694	18%	6,884	20%	5,239	13%
Enterprise Services - Corporates	3,878	5%	1,771	5%	253	1%
Passive Infrastructure Services	10,563	12%	3,870	11%	15,327	38%
Others	826	1%	(1,244)	-4%	651	2%
Sub Total	**108,099**	**127%**	**35,866**	**102%**	**40,671**	**100%**
Eliminations	(23,266)	-27%	(645)	-2%	-	-
Total	**84,833**	**100%**	**35,221**	**100%**	**40,671**	**100%**

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

.

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	June 30, 2008	March 31, 2008	Q-on-Q Growth	June 30, 2007	Y-on-Y Growth
Customers on our Network						
Mobile Services	000's.	69,384	61,985	12%	42,704	62%
Telemedia Services	000's.	2,394	2,283	5%	1,972	21%
Total	**000's.**	**71,777**	**64,268**	**12%**	**44,676**	**61%**
Non Voice Revenue as a % of Total Revenues	%	14.8%	14.9%		13.8%	
Total Employees	No.	26,144	25,543	2%	22,955	14%

4.2 Mobile Services

Parameters	Unit	June 30, 2008	March 31, 2008	Q-on-Q Growth	June 30, 2007	Y-on-Y Growth
Subscriber Base[2]						
All India Mobile Subscribers	000's.	286,868	261,079	10%	185,131	55%
Mobile Customers on Bharti's Network	000's.	69,384	61,985	12%	42,704	62%
Net Additions						
All India Mobile Subscribers	000's.	25,789	27,454	-6%	19,080	35%
Mobile Customers on Bharti's Network	000's.	7,399	6,822	8%	5,563	33%
Market Share						
Bharti's Mobile Market Share	%	24.2%	23.7%		23.1%	
Bharti's Market Share of Net Additions	%	28.7%	24.8%		29.2%	
Pre-Paid Subscribers						
Total Customer Base	%	92.3%	91.6%		89.7%	
Total Net Additions	%	97.9%	96.3%		97.5%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs.	350	357	-2%	390	-10%
Average Revenue Per User (ARPU)	US$	8.1	8.3	-2%	9.1	-10%
Average Minutes of Use Per User	Minutes	534	507	5%	478	12%
Monthly Churn						
Post-paid Voluntary Churn	%	1.0%	1.0%		1.1%	
Post-paid Company Initiated Churn	%	1.4%	1.5%		2.5%	
Pre-paid	%	3.8%	4.3%		4.0%	
Non Voice Revenue						
SMS Revenue as a % of Mobile Revenues	%	4.2%	4.4%		5.0%	
Non Voice Revenue as a % of Mobile Revenues	%	9.7%	9.4%		9.9%	

Note 2: All India mobile subscribers for quarter ended March 2008 have been revised based on TRAI report for March 2008. All India mobile subscribers for the month of April 2008 and May 2008 are as per report published by TRAI. Due to the non publication of TRAI report for June 2008 as on date, all India mobile subscriber net additions for June 2008 are as reported by COAI and AUSPI.

4.3 Telemedia Services

Parameters	Unit	June 30, 2008	March 31, 2008	Q-on-Q Growth	June 30, 2007	Y-on-Y Growth
Telemedia Customers	000's.	2,394	2,283	5%	1,972	21%
Net additions	000's.	110	105	5%	101	9%
Average Revenue Per User (ARPU)	Rs	1,138	1,137	0%	1,121	2%
Average Revenue Per User (ARPU)	US$	26.5	26.5	0%	26.1	2%

4.4 Traffic Details

Parameters	Unit	June 30, 2008	March 31, 2008	Q-on-Q Growth	June 30, 2007	Y-on-Y Growth
Mobile Services	Mn Min	105,217	89,058	18%	57,125	84%
Telemedia Services	Mn Min	4,842	4,736	2%	4,454	9%
National Long Distance Services	Mn Min	10,322	9,398	10%	5,856	76%
International Long Distance Services	Mn Min	2,048	1,850	11%	1,243	65%
Total Minutes on Network	**Mn Min**	**122,428**	**105,042**	**17%**	**68,678**	**78%**

Note : The minutes are gross of Intersegment Elimination

4.5 Network and Coverage

Parameters	Unit	June 30, 2008	March 31, 2008	Q-on-Q Growth	June 30, 2007	Y-on-Y Growth
Mobile Services						
Census Towns	No.	5,048	5,023	25	4,855	193
Non-Census Towns and Villages	No.	364,287	342,623	21,664	243,584	120,703
Population Coverage	%	74%	71%		62%	
Network Sites	No.	75,876	69,141	6,735	45,784	30,092
Telemedia Services						
Cities covered	No.	94	94	-	94	-
Carriers (National Long Distance)						
Optic Fibre Network[3]	Rkms	78,540	73,787	4,753	43,658	34,882

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, previously reported as only inter-city.

4.6 Passive Infrastructure Services

Parameters	Unit	June 30, 2008	March 31, 2008	Q-on-Q Growth	June 30, 2007	Y-on-Y Growth
Towers [4]						
Total Towers	No.	58,013	53,083	9%	-	-
Ground Based Towers	No.	38,845	34,261	13%	-	-
Roof Top Towers and Others	No.	19,168	18,822	2%	-	-
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs.	31,893	30,017	6%	-	-
Sharing Factor	Times	1.22	1.22		-	-

Note 4: Tower numbers as on March 31, 2008 have been revised to reflect the correct count.

4.7 Human Resource Analysis

Parameters	Unit	June 30, 2008	March 31, 2008	Q-on-Q Growth	June 30, 2007	Y-on-Y Growth
Consolidated						
Total Employees	No.	26,144	25,543	2%	22,955	14%
Number of Customers per employee	No.	2,745	2,516	9%	1,946	41%
Mobile Services						
Number of Customers per employee	No.	8,130	7,334	11%	5,623	45%
Gross Revenue per employee per month	Rs.	2,700,981	2,531,985	7%	2,061,701	31%
Telemedia Services						
Number of Customers per employee	No.	208	187	12%	170	22%
Gross Revenue per employee per month	Rs.	231,757	208,054	11%	187,241	24%
Enterprise Services - Carriers						
Gross Revenue per employee per month	Rs.	2,838,810	2,207,217	29%	2,229,412	27%
Enterprise Services - Corporates						
Gross Revenue per employee per month	Rs.	678,217	653,506	4%	504,957	34%

SECTION 5

MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Key Industry and Company Developments

5.1.1 Industry

TRAI's Recommendation on the modifications proposed by DoT on Reserve price and Auction process for 3G services.

On September 27, 2006, TRAI had made a detailed recommendations on "Allocation and pricing of spectrum for 3G and BWA services" to DoT. Subsequently, DoT had proposed certain modifications in the above referred recommendations.

On July 12, 2008, TRAI has made the following recommendations / observations on the proposal of DoT:-

1. The DoT's proposal that spectrum will be allocated in 2.1GHz band already has TRAI's concurrence.
2. In its earlier recommendations, TRAI had made certain recommendations on spectrum allocation in 800MHz and 450MHz band. While, DoT has conveyed non-availability of spectrum in 450MHz and 800MHz band, however, TRAI is not aware of the actions / decisions taken by DoT on its recommendations. In this regard, TRAI has learnt that the DoT has formed a committee to finalize the spectrum allocation policy and the exact availability of spectrum in 800MHz shall be known after the finalization of the spectrum allocation policy.
   After the implementation of spectrum allocation policy, if extra spectrum is available in 800MHz spectrum band, it should be allocated for 3G services at appropriate price through auction.
3. In the 1900MHz band, TRAI had earlier recommended for a mixed band trial. DoT should analyze the results of the trial, as recently conducted in the 1900MHz band and if it is satisfied regarding the feasibility of mixed band operation, then it should explore the possibility of allocating spectrum in this band.
4. The auction price as proposed by DoT may be adopted for a block of 2x5 MHz in the 2.1GHz band, which is as under:-

S. No.	Circle	Reserve Price (Rs. In million) – Earlier recommended by TRAI in its recommendations dated September 27, 2006	Reserve Price now endorsed by TRAI (Rs. In million)
1	Mumbai, Delhi & Category "A"	800	1600
2	Chennai, Kolkata & Category "B"	400	800
3	Category "C"	150	300

TDSAT's dismisses plea challenging tariff hike

On July 15, 2008, Telecom Disputes Settlement and Appellate Tribunal (TDSAT) disposed of two petitions challenging tariff hike by 3 major operators in August 2007 and alleging cartelization.
The Hon'ble TDSAT said that the petition was 'infructuous' since telecom tariffs have come down drastically.

TRAI's Recommendations on 'Allocation and Pricing for 2.3-2.4 GHz, 2.5-2.69 GHz & 3.3-3.6 GHz bands'

On July 11, 2008, TRAI has made recommendations on above issue. Brief highlights of the same are as under:-

1. UASL, CMSPs and Category "A" & "B" ISP shall be allowed to participate in bidding for spectrum bands of 2.3-2.4 GHz, 2.5-2.69 GHz and 3.3-3.4 GHz.
2. The leftover spectrum in 3.3-3.4 MHz band after migration to circle level operation should be auctioned to other service providers in blocks of 2x7 MHz so as to ensure level playing field with the existing service providers. Those service providers who already have 2x7MHz spectrum and are migrating to Circle level operation as required, shall not be eligible for participation in the auction.
3. The existing service providers having less than 2x7MHz spectrum in this band will have the option either to continue with the existing spectrum OR participate in the auction process for 2x7 MHz spectrum after submitting an undertaking to DoT that in case they are successful in the auction, then they will surrender the spectrum already held by them.
4. TRAI has decided not to make any recommendation for 3.4-3.6GHz unless DoT assess the compatibility of satellite based services with the terrestrial BWA services and a detailed analysis is done in a transparent and time bound manner. Once DoT carryout the above study and reaches a conclusion that spectrum in the 3.4-3.6GHz band is possible to be refarmed, then it should refer the matter to TRAI for recommending the allocation methodology.
5. In the 3.3-3.4 GHz band, the mode of operation, i.e. FDD or TDD shall be left to the service provider.
6. A maximum of 15 MHz of spectrum (in 2.3 GHz and 2.5 GHz combined) should be allowed to each service provider in the bands of 2.3-2.4 GHz and 2.5-2.69 GHz. However, the spectrum shall be auctioned in blocks of 5 MHz each.
7. The reserve price for 15 MHz of spectrum in the bands of 2.3-2.4GHz, 2.5-2.69GHz and 3.3-3.4GHz spectrum shall be as under:-

S.No.	Circle	Reserve Price (for 15MHz) (Rs. In million)
1	Metro & Category "A"	600
2	Category "B"	300
3	Category "C"	100

8. The existing operators in the band 3.3-3.4GHz shall also have to pay the same price as will be charged from the

new entrants. For the circles where no spectrum is available due to all spectrum already assigned, the operator of that service area shall have to pay the highest bid price obtained in the other service areas of that category.

9. Simultaneous ascending e-Auction method may be used for auction of spectrum in BWA bands, in the blocks of 5MHz each. Any bidder can bid for one or two or three blocks (i.e. maximum up to 15MHz in block of 5MHz).

DoT's Order on Intra-Service Area Roaming

On June 12, 2008, DoT has issued an amendment in Unified Access Service Licence Agreement (UASL) / Cellular Mobile Telephone Service (CMTS) Licence Agreement wherein:-

- An operator may enter into mutual commercial agreement with another operator in the same service area to provide the roaming facility to each other's subscribers
- TRAI can also prescribe tariffs / charges for the above facility

Consultation Paper on "Growth of Value Added Services (VAS) and Regulatory Issues"

On May 28, 2008, TRAI issued a Consultation Paper on Growth of Value Added Services and Regulatory Issues.

The key issues raised in the consultation paper were:

- Need to bring uniformity or clarity in the licensing conditions of mobile telecom operators/access service providers with regard to provision of value added services.
- Need to bring Content Provider/Aggregators called Value Added Service Providers (VASPs) under the Licensing Regime.
- Scope of the Licence and other terms and conditions for Licensing Mobile Value Added Services including new/enhanced services in 3G, Next Generation Network (NGN) Environment.
- Regulatory framework for Content Regulation.
- Allocation of short codes for VAS, in order to have uniformity amongst all the telecom operators and to enable branding of VAS.
- Revenue share Model in Mobile VAS Value Chain and its transparency.

TRAI Consultation Paper to Review the License Conditions of ISP Licence

On May 12, 2008, TRAI issued a Consultation Paper on Issues Related to Internet Telephony. The Paper discussed, amongst other things, the need and timing to further liberalize present regulatory restriction, applicable to Internet telephony in existing Internet Service Providers (ISPs) licensing regime.
Further, some of the key issues raised for Consultation in this Paper were:

- Permitting ISPs to provide Internet Telephony subscribers within India.
- Numbering issues
- Issues pertaining to National Security.
- Issues related to Interoperability, Standardization and QoS.

Issues related to Interconnection including applicability of present IUC regime.

TRAI Consultation Paper on Carrier Selection

On May 07, 2008, TRAI issued a Consultation Paper on Carrier Selection including possibilities of allowing long distance service providers to issue calling cards.

Earlier, TRAI had issued Directions for implementation of Carrier Selection in July 2002 which was later deferred considering level playing field and huge implementation cost. However, TRAI once again recognized necessity for a fresh consultation on Carrier Selection and related issues due to following reasons:

- Need for discussion whether Carrier Selection would make sense in any form in the changed environment.(recent development)
- Interconnect Usage Charge (IUC) regime had undergone changes in terms of interplay between origination, termination and carriage charges. Impact of Carrier Selection on these charges and vice versa need to be discussed.
- A number of stakeholders still feel that long distance segment is not as competitive as access and implementation of carrier selection in some form would have a sobering effect on the prices.
- Whether NLD Calling Card should be considered as an alternative to Carrier Selection?

TRAI Consultation Paper on Mobile Virtual Network Operator (MVNO)

On May 5, 2008, TRAI issued a Consultation Paper on MVNOs in the Indian market. Various issues raised for Consultation were:

- Concept and Definition of MVNO
- Different MVNO Models
- Need and timing for entry of MVNO
- Regulatory approaches
- Licensing and Regulatory framework covering aspects such as Eligibility, Scope of service, License Fees, Obligations, FDI, Tariff, Quality of Service etc

5.1.2 <u>Company</u>

<u>Key developments</u>

- **Mr. Sunil Bharti Mittal**, Bharti Airtel's Chairman and Managing Director, received **U.S.-India Business Council's 'Global Vision' Award**. The prestigious award recognizes his entrepreneurial zeal and contribution to Indian business.

- Airtel reiterated its commitment to expanding the mobile opportunity with the **launch of its Mobile Services in Lakshadweep**.

- Airtel Spells "**End of Distance**" in India **unprecedented tariff reductions on STD and Roaming** services for its customers. While STD rates came down to Rs. 1.50/ minute from the earlier Rs 2.65/minute, the reductions enabled Airtel customers to receive a call while roaming at Rs. 1/minute, as compared to the earlier Rs. 1.75/minute. Further, while roaming, Airtel customers can make an outgoing local call at Re 1/minute and an STD call at Re 1.50/minute.

- Airtel has signed a deal with **Apple Inc.** to bring the iPhone to India later this year. **iPhone 3G** combines all the revolutionary features of iPhone with 3G networking that is twice as fast as the first generation iPhone.

- Bharti Airtel has launched **Managed MPLS Service** in partnership with **Cisco**®. The launch includes a Tier 1 MSCP certification from Cisco for their network and service capabilities, to provide Managed MPLS VPN services. With this Airtel has become the first service provider in APAC (Asia Pacific American Coalition) to achieve Cisco Powered Managed Multi-Protocol Layer Switching Provider status under CISCO MSCP Program. The certification places it in a league of select global operators that are endorsed for carrier class MPLS networks and enterprise class MPLS service capabilities. Airtel has also obtained a certification from Cisco for their TelePresence Connection capabilities which recognizes Airtel MPLS network for running Hi-Definition video conferencing services which give users real life-like experience.

- Bharti Airtel has entered into a **Network to Network Interface** (**NNI) agreement** with **Pacnet** (region's largest independent telecommunications service provider) to interconnect their respective networks, expanding connections to and from India. Under the agreement, the two companies will directly interconnect their network infrastructure to expand their respective MPLS based IP VPN capabilities and to provide advanced IP solutions to key business customers in the region. The agreement will enable both the companies to deliver greater coverage, seamless user experience and reliable technology to their customers. Airtel and Pacnet have also announced a special “Gateway to India” offering for high capacity International Private Line circuits between the United States and India.

- Bharti Airtel joined hands with **IFFCO** to herald the Second Green Revolution to benefit millions of rural consumers with a Joint venture company, IFFCO Kisan Sanchar Ltd that will harness the power of telecom to add value to the farm sector and empower the rural farmer by giving him access to vital information, which will enhance his livelihood and quality of life. IKSL will offer products and services, specifically designed for farmers, through IFFCO societies in villages across the country. On offer are affordable mobile handsets bundled with Airtel mobile connection and customized value added services.

- Bharti Airtel partnered **15 global telecom majors** to build **Europe India Gateway** (EIG), a cable system from India to United Kingdom. Airtel is the only Indian service provider to be a part of this consortium, and will be operating the cable landing station in Mumbai. The other members of the EIG cable consortium include AT&T, BT, C&W, Djibouti Telecom, Du, Gibtelecom, IAM, Libyan Telecom, MTN Group Ltd., Omantel, PT Comunicações-S.A, Saudi Telecom Company, Telecom Egypt, Telkom SA Ltd, and Verizon Business.

- Bharti Airtel entered into an **exclusive alliance** with the country’s flagship oil company — **Indian Oil Corporation (IOC)** — that will enable Airtel to access 18,000 retail outlets and 5,500 Indane cooking gas distributors of the oil giant to take the mobile opportunity home to more customers.

- Bharti Airtel signed a **three-year outsourcing agreement** with **Firstsource Solutions**, a leading global BPO services provider. Firstsource will provide a suite of BPO services covering both voice and back office in areas such as customer accounting, VAS provisioning, fraud & credit monitoring, customer service, collections, customer retention to Airtel.

- Bharti Airtel was voted as **India’s most innovative company**, in a survey conducted by **The Wall Street Journal**. Bharti Airtel was ranked as the most innovative in responding to customer needs in a survey conducted to determine Asia's 200 most-admired companies.

- Airtel was voted the **2nd Most Trusted Service Brand** in the **Annual Economic Times-Brand Equity, Most Trusted Brands** survey.

- Airtel won the **Platinum Trusted Brand Award** in the Mobile Service provider category in the **Reader’s Digest Asia Trusted Brands Survey**. The survey reflects consumers’ choice of their most trusted and favorite brands among the thousands available in the market. The survey is carried out for Reader’s Digest by The Nielsen Company.

- Bharti Airtel had the distinction of being amongst 20 companies worldwide and the only one in India, to be honoured with the ‘**Gallup Great Workplace Award**’. The award recognizes employee engagement initiatives by organisations that help create the best possible work environment for employees.

- Airtel was honoured with the prestigious ‘**Wireless Service Provider of the Year**’ award at the **2008 Frost & Sullivan Asia Pacific ICT Awards**. The Awards constituted by the global consulting firm - Frost & Sullivan, are presented to companies that demonstrate best practices in their industry, commending the diligence, commitment, and innovative business strategies required to advance in the global marketplace.

- Airtel was voted as the **Best ISP in the PC World Broadband Survey** conducted by **PC World** - one of India’s leading technology magazines published by IDG. Respondents rated their respective internet service providers (ISP) based on parameters such as connection speed, reliability and customer support.

5.2 Results of Operations

The company has reported its audited financial results for the quarter ended June 30, 2008. The financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP).

Key Highlights - *For the quarter ended June 30, 2008*

- **Overall Customer base crosses 71.7 million.**
- **Highest ever-net addition of 7.5 million customers in a single quarter.**
- **Market leader with a market share of all India wireless subscribers at 24.2%**
- **Total Revenues of Rs. 84.8 billion (up 44% Y-o-Y).**
- **EBITDA of Rs. 35.2 billion (up 44% Y-o-Y).**
- **Cash profit from operations of Rs. 33.4 billion (up 27% Y-o-Y).**
- **Net Profit of Rs. 20.3 billion (up 34% Y-o-Y).**

Bharti Airtel Consolidated

Customer Base

As on June 30, 2008, the company hzad an aggregate of 71,777,448 customers, consisting of 69,383,716 GSM mobile and 2,393,732 Telemedia customers. Its total customer base as on June 30, 2008 increased by 61% compared to the customer base as on June 30, 2007.

Revenues/Turnover

During the quarter ended June 30, 2008, the company had revenues of Rs 84,833 million; a growth of 44% compared to the quarter ended June 30, 2007. Revenues from mobile services represented 82% of the total revenues for the quarter ended June 30, 2008. Non-voice revenue contributed to approximately 14.8% of the total revenues for the quarter.

Operating Expenses (ex-revenue share license and spectrum fee) During the quarter ended June 30, 2008; the company incurred an operating expenditure of Rs. 28,654 million representing 33.8% of the total revenues. The operating expense comprises:

- Rs. 12,324 million towards network operations costs (~14.5% of turnover)
- Rs. 3,967 million towards employee costs, (~4.7% of turnover)
- Rs. 185 million towards equipments costs, and
- Rs. 12,178 million towards selling general and administrative costs (~14.4% of turnover)

The operating expenses grew by 45.6% compared to the quarter ended June 30, 2007. 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 June 30, 2008, the company had an EBITDA of Rs. 35,221 million; a growth of 44% compared to the quarter ended June 30, 2007. The EBITDA margin for the quarter was 41.5%.

The net finance expense for the quarter ended June 30, 2008 was Rs. 1,832 million. The interest on borrowings during the quarter was Rs. 801 million and the finance income (primarily related to income on marketable securities) was Rs. (806) 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. 33,389 million, an increase of 27%, as compared to the quarter ended June 30, 2007. During the quarter ended June 30, 2008, the company had depreciation and amortization expenses of Rs. 10,045 million.

Income Before Income Taxes (PBT)

The income before income tax for the quarter was Rs. 23,814 million, an increase of 26%, as compared to the quarter ended June 30, 2007. The current tax for the quarter ended June 30, 2008 was Rs. 3,053 million and deferred tax expense / (income) of Rs. 229 million.

Net income

The net income for the quarter ended June 30, 2008 was Rs 20,250 million.

Balance Sheet

As on June 30, 2008, the company had total assets of Rs. 512,185 million and total liabilities of Rs. 264,627 million respectively. The difference of Rs. 247,558 million was on account of stockholder's equity and minority interest.

The company had a net debt of Rs. 41,562 million (US$ 968 million) as on June 30, 2008, resulting in a net debt to EBITDA (LTM) of 0.33 times.

Capital Expenditure

During the quarter ended June 30, 2008, the company incurred capital expenditure of Rs. 40,671 million (US$ 947 million).

Human Resources

As on June 30, 2008, the company had a total of 26,144 employees consisting of 8,534 in Mobile services, 11,489 in Telemedia services, 3,749 in Enterprise services, 2,132 in Others and 240 in Passive Infrastructure services.

Mobile Services

Customer Base, Churn, ARPU and MoU

As at the end of the quarter the company had 69,383,716 GSM mobile customers on its network, which accounted for a market share of 24.2% of the all India mobile market.

Of its 69,383,716 GSM mobile customers as of June 30, 2008, post-paid customers contributed 7.7% to the overall customer base while pre-paid customers contributed the balance 92.3%. During the quarter, Bharti's share of 7,398,995 net additions was 28.8% of all India wireless subscriber net additions.

The average monthly churn for the quarter ended June 30, 2008 was 2.5% (1.0% voluntary churn and 1.4% company initiated churn) for its post-paid segment, and 3.8% for the pre-paid segment.

During the quarter, blended ARPU was Rs. 350 (US$ 8.1) per month as compared to Rs 357 (US$ 8.3) per month in the quarter ended March 31, 2008. The blended monthly usage per customer, during the quarter, was at 534 minutes. 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 9.7% of the total revenues of the segment. The Short Messaging Services (SMS) revenue, which is primarily text messaging, accounted for 4.2% of the total revenue of the segment, for the quarter ended June 30, 2008.

Revenues, EBITDA and EBIT
The revenues for the quarter ended June 30, 2008 for mobile services stood at Rs 69,150 million, an increase of 47% over the corresponding quarter last year. The revenue from this segment contributed to 82% of the total consolidated revenues. The EBITDA during the quarter ended June 30, 2008 was Rs. 21,218 million representing growth of 11% over the quarter ended June 30, 2007. The EBITDA margin for the quarter ended June 30, 2008 was 30.7%. The EBIT for the quarter ended June 30, 2008 was Rs 15,720 million as compared to Rs 13,321 million for the quarter ended June 30, 2007, an improvement of 18%.

Capital Expenditure
During the quarter ended June 30, 2008, the company incurred a capital expenditure of Rs 16,900 million (US$ 394 million) on its mobile services.

<u>Telemedia Services</u>

Customer Base and ARPU
At the end of the quarter ended June 30, 2008, the company had its Telemedia operations in 94 cities. During the quarter, the company added 110,404 customers on its Telemedia networks with 2,393,732 customers as on June 30, 2008. The company had approximately 8.53 lakh customers (~ 35.6% of the total customer base) subscribing to broadband (DSL) services.

The ARPU for the quarter was Rs. 1,138 (US$ 26.5) per month.

Revenues, EBITDA and EBIT
For the quarter ended June 30, 2008, the revenues from its Telemedia operations of Rs 7,988 million, represented a growth of 23% over the corresponding quarter last year. The EBITDA for the quarter was Rs. 3,367 million compared to Rs. 2,100 million in the corresponding prior year quarter, an increase of 60% respectively. The EBITDA margin for this segment was 42.2% for the quarter ended June 30, 2008. The EBIT for the quarter ended June 30, 2008 was Rs 1,981 million.

Capital Expenditure
During the quarter ended June 30, 2008, the company incurred a capital expenditure of Rs. 2,301 million (US$ 54 million) on its Telemedia services.

<u>Enterprise Services – Carriers</u>

Revenues, EBITDA and EBIT
For the quarter ended June 30, 2008, the revenues from its long distance services were Rs. 15,694 million, representing a growth of 70% over the corresponding quarter last year. The EBITDA from this segment during the quarter was Rs 6,884 million, an increase of 117% over the corresponding quarter last year. The EBITDA margin for the quarter, was 43.9%**.** The EBIT of this segment was Rs. 5,987 million representing an increase of 117% over the corresponding quarter last year.

Capital Expenditure
During the quarter ended June 30, 2008, the company incurred a capital expenditure of Rs. 5,239 million (US$ 122 million) on its Enterprise Services-Carriers.

<u>Enterprise Services - Corporates</u>

Revenues, EBITDA and EBIT
For the quarter ended June 30, 2008, the revenue from this segment was Rs. 3,878 million, a growth of 42% over the corresponding quarter last year. The EBITDA for this segment for the quarter ended June 30, 2008 was Rs. 1,771 million. The EBITDA margin for this segment in the quarter ended June 30, 2008 was 45.7% The EBIT of this segment was Rs. 1,396 million representing a growth of 58% over the corresponding quarter last year.

Capital Expenditure
During the quarter ended June 30, 2008, the company incurred a capital expenditure of Rs. 253 million (US$ 6 million) on its Enterprise Services-Corporates.

<u>Passive Infrastructure Services</u>

Towers and Sharing Operators
As at the end of the quarter, the company had 58,013 towers, out of which 38,845 were ground based and 19,168 were roof top towers and others. Sharing factor for the quarter ended June 30, 2008 was 1.22 times.

Revenues, EBITDA and EBIT
For the quarter ended June 30, 2008, the revenues from its passive infrastructure services were Rs. 10,563 million. The EBITDA from this segment during the quarter was Rs 3,870 million. The EBITDA margin for the quarter, was 36.6%. The EBIT of this segment was Rs. 1,574 million.

Capital Expenditure
During the quarter ended June 30, 2008, the company incurred a capital expenditure of Rs. 15,327 million (US$ 357 million) on its passive infrastructure services.

<u>Disclosure Note</u>

Minority interest and Additional paid in share capital for March 31, 2008 stand corrected to Rs. 8,556 million and Rs. 72,202 million respectively owing to typographical error in the Quarterly Report of March 31, 2008. Related ratios have been corrected accordingly. Amended Quarterly Report for fourth quarter and full year ended March 31, 2008 has also been up loaded on the website.

SECTION 6

STOCK MARKET HIGHLIGHTS

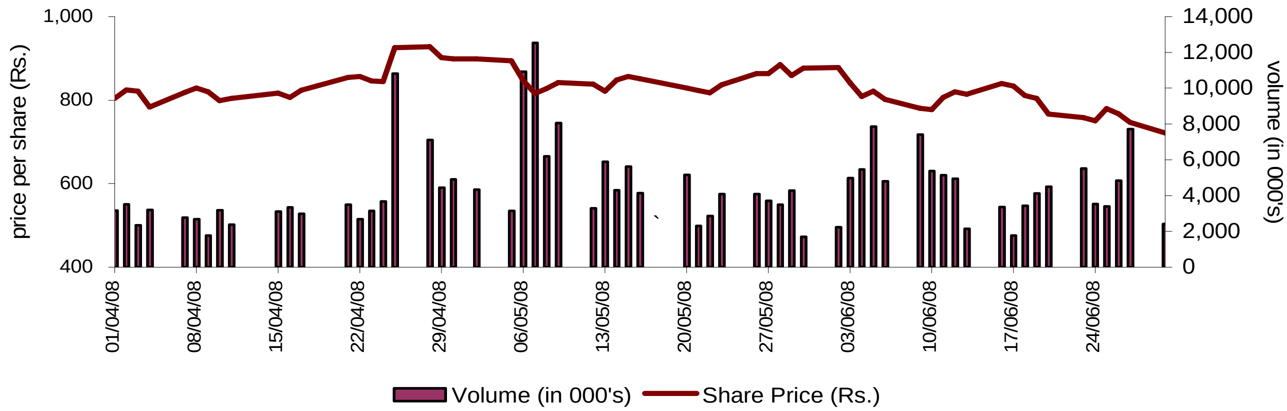
6.1 General Information

Shareholding and Financial Data		
Code/Exchange		532454/BSE
Bloomberg/Reuters		BHARTI IN/BRTI.BO
No. of Shares Outstanding (30/06/08)	Million Nos.	1,898.02
Closing Market Price - BSE (30/06/08)	Rs./Share	721.65
Combined Volume (NSE & BSE) (01/04/08-30/06/08)	No. in Mn/day	4.42
Combined Value (NSE & BSE) (01/04/08-30/06/08)	Rs. bn./day	3.67
Market Capitalization	Rs. bn	1,370
Market Capitalization	US$ bn	31.91
Book Value Per Equity Share	Rs./share	125.57
Market Price/Book Value	Times	5.75
Net Debt to EBITDA (LTM)	Times	0.33
Enterprise Value	Rs. bn	1,411
Enterprise Value	US$ bn	32.87
Enterprise Value/ Annualised Q1 Revenue	Times	4.16
Enterprise Value/ Annualised Q1 EBITDA	Times	10.02

6.2 Summarized Shareholding pattern as of June 30, 2008

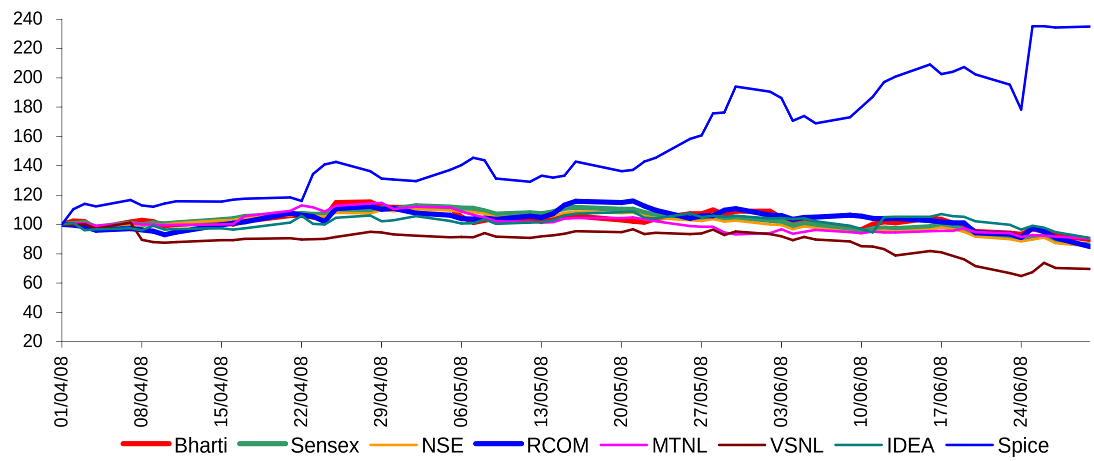
Category	Number of Shares	%
Promoter & Promoter Group		
Indian	859,986,028	45.31%
Foreign	402,129,918	21.19%
Sub total	**1,262,115,946**	**66.50%**
Public Shareholding		
Institutions	556,184,628	29.30%
Non-institutions	79,720,230	4.20%
Sub total	**635,904,858**	**33.50%**
Total	**1,898,020,804**	**100.00%**

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



Bharti	-12.1%
Sensex	-17.1%
NSE	-17.8%
Idea	-15.0%
RCOM	-24.0%
MTNL	-12.4%
VSNL	-28.9%
Spice	135.4%

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 22, Mobile Services : - Page 23, Telemedia Services : - Page 24, Enterprise Services (Carriers): - Page 24, Enterprise Services (Corporates): - Page 24, Others: - Page 25, Passive Infrastructure Services : - Page 25.
Earnings before Interest and Taxation (EBIT)	Operating Income	Consolidated : - Page 22, Mobile Services : - Page 23, Telemedia Services : - Page 24, Enterprise Services (Carriers): - Page 24, Enterprise Services (Corporates): - Page 24, Others: - Page 25, Passive Infrastructure Services : - Page 25.
Cash Profit from Operations after Derivative and Exchange Fluctuations	Operating Income	Page 22
Income after current tax expenses	Income before taxation	Page 22
Net Revenues	Total revenues	Page 22
Total Non Current Assets	N.A	Page 23
Total Non Current Liabilities	N.A	Page 23
Earnings before Interest & Taxes	N.A.	Page 22
Total Revenues	N.A.	Page 22
Schedule of Cost of services	N.A	Page 26
Schedule of Operating expenses	N.A	Page 26
Schedule of Depreciation and Amortization	N.A	Page 26
Schedule of Net debt	N.A	Page 26
Schedule of Finance cost (net)	N.A	Page 27
Schedule of Income tax	N.A	Page 27

7.1 Reconciliation of Non-GAAP financial information based on USGAAP

7.1.1 Consolidated

Amount in Rs million

Particulars	Quarter Ended June 2008
Operating Income To EBITDA	
Operating Income	**25,176**
Depreciation and Amortization	10,045
EBITDA	**35,221**
Operating Income to Cash Profit from Operations	
Operating Income	**25,176**
Depreciation and Amortization	10,045
Interest income	3,384
Interest expense	(5,216)
Cash Profit from Operations	**33,389**
Operating Income to EBIT	
Operating Income	**25,176**
Less:	
Share of profits in associates/ joint ventures	113
Non operating expenses	1
Add:	
Other income	584
EBIT	**25,646**
Total Revenue to Net Revenue	
Total Revenue	**84,833**
Less:-	
Access charges	12,426
Net Revenue	**72,407**
Income before Income taxes to Income after current tax expense	
Income before Income taxes	23,814
Less:-	
Current tax expense	3,053
Income after current tax expense	**20,761**

7.1.1 Consolidated (cont.)

Amount in Rs million

Particulars	Quarter Ended June 2008
Total Non Current Assets	
Property and equipment, net	344,894
Acquired intangible assets, net	13,190
Goodwill	27,043
Investment in associates and joint ventures	115
Restricted cash, non-current	56
Other assets	6,946
Total Non Current Assets	**392,244**

Particulars	Quarter Ended June 2008
Total Non Current Liabilities	
Long-term debt, net of current portion	78,851
Deferred taxes on income	5,947
Unearned income- Indefeasible right to use sales	3,380
Other liabilities	7,054
Total Non Current Liabilities	**95,232**

7.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended June 2008
Operating Income To EBITDA	
Operating Income	**15,574**
Depreciation and Amortization	5,644
EBITDA	**21,218**

Operating Income to EBIT	
Operating Income	**15,574**
Less:	
Share of profits in associates/ joint ventures	(2)
Non operating expenses	1
Add:	
Other income	145
EBIT	**15,720**

7.1.3 Telemedia Services

Amount in Rs million

Particulars	Quarter Ended June 2008
Operating Income To EBITDA	
Operating Income	**1,975**
Depreciation and Amortization	1,392
EBITDA	**3,367**
Operating Income to EBIT	
Operating Income	**1,975**
Add:	
Other income	6
EBIT	**1,981**

7.1.4 Enterprise Services – Carriers

Amount in Rs million

Particulars	Quarter Ended June 2008
Operating Income To EBITDA	
Operating Income	**5,927**
Depreciation and Amortization	957
EBITDA	**6,884**
Operating Income to EBIT	
Operating Income	**5,927**
Add:	
Other income	60
EBIT	**5,987**

7.1.5 Enterprise Services - Corporates

Amount in Rs million

Particulars	Quarter Ended June 2008
Operating Income To EBITDA	
Operating Income	**1,391**
Depreciation and Amortization	380
EBITDA	**1,771**
Operating Income to EBIT	
Operating Income	**1,391**
Add:	
Other income	5
EBIT	**1,396**

7.1.6 Others

Amount in Rs million

Particulars	Quarter Ended June 2008
Operating Income To EBITDA	
Operating Income	**(1,303)**
Depreciation and Amortization	59
EBITDA	**(1,244)**
Operating Income To EBIT	
Operating Income	**(1,303)**
Less:	
Non operating expenses	1
Add:	
Other Income	360
EBIT	**(944)**

7.1.7 Passive Infrastructure Services

Amount in Rs million

Particulars	Quarter Ended June 2008
Operating Income To EBITDA	
Operating Income	**1,678**
Depreciation and Amortization	2,192
EBITDA	**3,870**
Operating Income To EBIT	
Operating Income	**1,678**
Less:	
Share of profits in associates/ joint ventures	115
Add:	
Other Income	11
EBIT	**1,574**

7.2 Schedule to Financial Statements

7.2.1 Schedule of Cost of services

Amount in Rs million

Particulars	Quarter Ended June 2008
Access charges	12,426
Licence fees, revenue share and spectrum charges	8,532
Network operations costs	12,324
Employee costs	3,967
Depreciation and Amortization (excluding intangibles)	9,930
Cost of Services	**47,179**

7.2.2 Schedule of Operating expenses

Amount in Rs million

Particulars	Quarter Ended June 2008
Network operations costs	12,324
Equipment costs	185
Employee costs	3,967
Selling, general and administrative costs	12,178
Operating Expenses	**28,654**

7.2.3 Schedule of Depreciation and Amortization

Amount in Rs million

Particulars	Quarter Ended June 2008
Fixed Assets	9,687
Licence Fees	154
ESOP	80
Intangibles	124
Depreciation and Amortization	**10,045**

7.2.4 Schedule of Net debt

Amount in Rs million

Particulars	Quarter Ended June 2008
Long term debt, net of current portion	78,851
Short-term borrowings and current portion of long-term debt	17,651
Less:	
Cash and cash equivalents	3,723
Restricted cash	80
Restricted cash, non-current	56
Short term investments	51,081
Net Debt	**41,562**

7.2.5 Schedule of Finance cost (net)

Amount in Rs million

Particulars	Quarter Ended June 2008
Interest on borrowings	801
Finance charges	357
Finance income	(806)
Derivatives and exchange fluctuation	1,480
Finance cost (net)	**1,832**

7.2.6 Schedule of Income tax

Amount in Rs million

Particulars	Quarter Ended June 2008
Current tax expense	3,053
Deferred tax expense / (income)	229
Income tax expense	**3,282**

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 US GAAP)

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2008	June 2007	Y-on-Y Growth
Revenues			
Services	84,529	58,675	44%
Indefeasible right ot use sales	109	109	
Equipment	195	262	
Total Revenues	**84,833**	**59,046**	**44%**
Operating Expenses			
Cost of Services	(47,179)	(33,245)	42%
(Inclusive of depreciation and amortization)			
Costs of equipment sales	(185)	(184)	
Selling, general & administrative expenses	(12,293)	(9,271)	33%
(Inclusive of amortization of intangibles)			
Total Operating Expense	**(59,657)**	**(42,699)**	**40%**
Operating Income	**25,176**	**16,347**	**54%**
Interest expense	(5,216)	(3,325)	
Interest income	3,384	5,077	
Share of profits in associates / joint ventures	(113)	(1)	
Other income	584	809	-28%
Non operating expenses	(1)	(6)	
Income before Income Taxes	**23,814**	**18,901**	**26%**
Income tax expense	(3,282)	(3,594)	
Minority interest	(282)	(191)	
Net income	**20,250**	**15,116**	**34%**
Earnings per share for profit attributable to common shareholders			
Basic	10.68	7.98	
Diluted	10.67	7.96	
Weighted average number of shares used in computing earnings per share			
Weighted average number of common shares (in millions)	1,896	1,894	
Weighted average number of diluted shares (in millions)	1,898	1,898	

A.1.2 Consolidated Balance Sheet (as per US GAAP)

Amount in Rs. Million

Particulars	As at June 30, 2008
	Audited
ASSETS	
Cash and cash equivalents	3,723
Accounts receivable, net of allowances for doubtful debts	17,728
Unbilled receivables	11,576
Inventories	934
Short term investments	51,081
Deferred taxes on income	3,187
Derivative financial instruments	2,510
Restricted cash	80
Pre-paid expenses and other current assets	26,439
Due from related parties	2,683
Total Current Assets	**119,941**
Property and equipment, net	344,894
Acquired intangible assets, net	13,190
Goodwill	27,043
Investment in associates and joint ventures	115
Restricted cash, non-current	56
Other assets	6,946
Total Assets	**512,185**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	17,651
Trade payables	27,481
Equipment supply payables	61,313
Accrued expenses	23,075
Unearned income	27,724
Unearned income- Indefeasible right to use sales	336
Derivative financial instruments	256
Due to related parties	109
Other current liabilites	11,450
Total current liabilities	**169,395**
Long-term debt, net of current portion	78,851
Deferred taxes on income	5,947
Unearned income- Indefeasible right to use sales	3,380
Other liabilities	7,054
Total liabilities	**264,627**
Minority interest	9,229
Stockholders' equity	
Common stock, par value Rs.10 per share	18,980
Advances against equity	30
Additional paid in capital	73,135
Treasury stock	(115)
Retained earnings	146,215
Accumulated other comprehensive income (loss)	84
Total stockholders' equity	**238,329**
Total liabilities and stockholders' equity	**512,185**

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

Amount in Rs. Million

Particulars		Quarter Ended June 30, 2008
<u>Cash flows from operating activities</u>		
Net income	**a**	**20,250**
Add: Non Cash items	**b**	
Depreciation and amortization		10,045
Tax expense / (income)		3,282
Impact of fair valuation of financial instruments		1,492
Cash generated from operations before working capital changes	**c=a+b**	**35,069**
(Increase)/decrease in working capital		10,735
(Increase)/decrease in non-current assets		(6,033)
Increase/(decrease) in non-current liabilities		1,185
Net cash provided/(used) by/in operating activities	**d**	**5,887**
Cash flows from investing activities		
Purchase of property, plant and equipment		(40,671)
(Investment) / sale in associate		(7)
Net cash provided/(used) by/in investing activities	**e**	**(40,678)**
Cash flows from financing activities		
Increase/(decrease) in borrowings		(2,054)
Increase/(decrease) in Stockholders Equity		1,710
Net cash provided/(used) by/in financing activities	**f**	**(344)**
Cash and cash equivalents[5]		
Beginning of the period	**g**	55,006
End of the period	**h=c+d+e+f +g**	54,940

Note 5: 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				
	Jun-08	Mar-08	Dec-07	Sep-07	Jun-07
Total Revenues	84,833	78,191	69,639	63,374	59,046
Access and interconnection charges	12,426	12,298	10,424	9,317	9,071
Operating Expenses	28,654	25,574	22,590	20,679	19,681
Licence Fee	8,532	7,801	6,991	6,281	5,827
EBITDA	35,221	32,518	29,634	27,097	24,466
Cash profit from operations after Derivative and Exchange Fluctuations	33,389	30,361	28,824	25,971	26,218
Income before income taxes	23,814	21,132	19,032	17,472	18,901
Net income	20,250	18,529	17,224	16,139	15,116

	Jun-08	Mar-08	Dec-07	Sep-07	Jun-07
As a % of Total Revenues					
Access and interconnection charges	14.6%	15.7%	15.0%	14.7%	15.4%
Operating Expenses	33.8%	32.7%	32.4%	32.6%	33.3%
Licence Fee	10.1%	10.0%	10.0%	9.9%	9.9%
EBITDA	41.5%	41.6%	42.6%	42.8%	41.4%
Cash profit from operations after Derivative and Exchange Fluctuations	39.4%	38.8%	41.4%	41.0%	44.4%
Income before income taxes	28.1%	27.0%	27.3%	27.6%	32.0%
Net income	23.9%	23.7%	24.7%	25.5%	25.6%

A.2.2 Based on Balance Sheet

Amount in Rs. Million

Parameters	For the Quarter Ended				
	Jun-08	Mar-08	Dec-07	Sep-07	Jun-07
Stockholder's Equity	238,329	217,042	183,729	166,315	149,913
Net Debt	41,562	42,057	44,885	39,333	32,761
Capital Employed = Stockholder's equity + Net Debt	279,891	259,099	228,614	205,648	182,674

Parameters	Jun-08	Mar-08	Dec-07	Sep-07	Jun-07
Return on Stockholder's equity (LTM)	37.9%	39.6%	41.0%	41.8%	40.8%
Return on Capital Employed (LTM)	33.8%	33.2%	32.9%	31.5%	29.3%
Net Debt to EBITDA (LTM)	0.33	0.37	0.43	0.42	0.39
Assets Turnover ratio (LTM)	110.8%	115.4%	117.5%	117.2%	115.7%
Interest Coverage ratio (times)	43.97	37.46	34.74	34.93	32.95
Book Value Per Equity Share (in Rs)	125.6	114.4	96.8	87.6	79.0
Net debt to Stockholders' Equity (Times)	0.17	0.19	0.24	0.24	0.22
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)	10.68	9.78	9.09	8.52	7.98
Net profit/(loss) per diluted share (in Rs)	10.67	9.76	9.08	8.51	7.96
Market Capitalization (Rs. bn)	1,370	1,568	1,887	1,786	1,586
Enterprise Value (Rs. bn)	1,411	1,610	1,932	1,825	1,619

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:

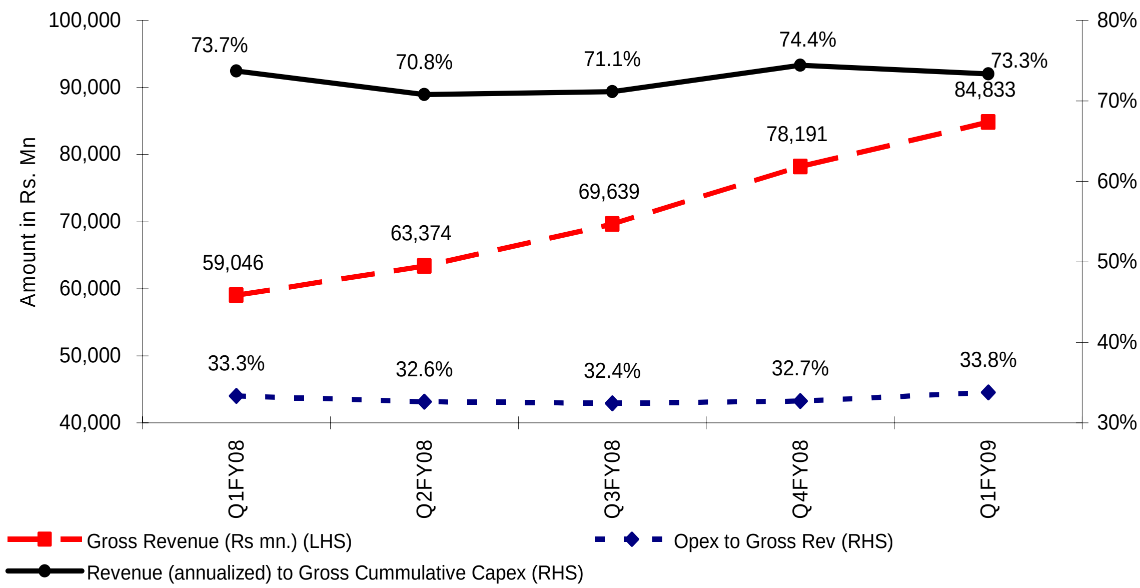
1. Gross Revenues i.e. absolute turnover/sales

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	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Consolidated						
Customers	000's	71,777	64,268	57,341	50,951	44,676
Employees	No.	26,144	25,543	24,703	23,264	22,955
Mobile services						
Customers	000's	69,384	61,985	55,163	48,876	42,704
Pre-paid customers as a % of total customers	%	92.3%	91.6%	91.0%	90.4%	89.7%
Post-paid customers as a % of total customers	%	7.7%	8.4%	9.0%	9.6%	10.3%
Bharti's mobile subscribers market share[6]	%	24.2%	23.7%	23.6%	23.4%	23.1%
Average Revenue Per User (ARPU)	Rs.	350	357	358	366	390
Average Minutes of Use Per User	Minutes	534	507	474	469	478
Post-paid Voluntary Churn	%	1.0%	1.0%	0.9%	1.1%	1.1%
Post-paid Company Initiated Churn	%	1.4%	1.5%	1.8%	2.1%	2.5%
Pre-paid Churn	%	3.8%	4.3%	3.9%	3.8%	4.0%
SMS Revenue as a % of Total Mobile Revenues	%	4.2%	4.4%	4.4%	4.6%	5.0%
Employees	No.	8,534	8,452	8,371	8,132	7,595
Telemedia Services						
Customers	000's	2,394	2,283	2,178	2,075	1,972
Average Revenue Per User (ARPU)	Rs.	1,138	1,137	1,140	1,150	1,121
Employees	No.	11,489	12,242	12,227	11,177	11,594
Enterprise Services Consolidated						
Employees	No.	3,749	3,828	3,518	3,353	3,179
Others						
Employees	No.	2,132	725	587	602	587
Passive Infrastructure Services						
Employees	No.	240	296	-	-	-

Note 6: All India mobile subscribers for quarter ended March 2008 have been revised based on TRAI report for March 2008. All India mobile subscribers for the month of April 2008 and May 2008 are as per report published by TRAI. Due to the non publication of TRAI report for June 2008 as on date, all India mobile subscriber net additions for June 2008 are as reported by COAI and AUSPI.

A.2.5 Traffic, Coverage and Network Trends

Parameters	Unit	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Mobile Services	Mn Min	105,217	89,058	73,840	64,375	57,125
Telemedia Services	Mn Min	4,842	4,736	4,604	4,596	4,454
National Long Distance Services	Mn Min	10,322	9,398	7,898	6,774	5,856
International Long Distance Services	Mn Min	2,048	1,850	1,591	1,345	1,243
Total Minutes on Network[7]	**Mn Min**	**122,428**	**105,042**	**87,933**	**77,089**	**68,678**

Note 7 : The minutes are gross of intersegment eliminations

Parameters	Unit	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007	June 30, 2007
Mobile Services						
Census Towns	No.	5,048	5,023	4,902	4,876	4,855
Non-Census Towns and Villages	No.	364,287	342,623	320,623	290,000	243,584
Population Coverage	%	74%	71%	68%	65%	62%
Network Sites	No.	75,876	69,141	60,299	52,826	45,784
Telemedia Services						
Cities covered	No.	94	94	94	94	94
Carriers (National Long Distance)						
Optic Fibre Network[8]	RKms	78,540	73,787	67,138	55,574	43,658

Note 8: 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 , previously reported as only inter-city.

A.2.6 Passive Infrastructure Services

Parameters	Unit	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept 30, 2007	June 30, 2007
Towers [9]						
Total Towers	No.	58,013	53,083	-	-	-
Ground Based Towers	No.	38,845	34,261	-	-	-
Roof Top Towers and Others	No.	19,168	18,822	-	-	-
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs.	31,893	30,017	-	-	-
Sharing Factor	Times	1.22	1.22	-	-	-

Note 9: Tower numbers as on March 31, 2008 have been revised to reflect the correct count.

A.3 Key Accounting Policies as per US GAAP

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.

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 poriod. 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 or for other arrangements with multiple deliverables. Accordingly, equipment sales for these arrangements are deferred and amortized over the term of the arrangement. 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.

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" and FASB interpretation no. 47 "Accounting for Conditional Asset Retirement Obligation".. 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. Cashless swap of IRU where either the fair value of the equipment relinquished can not be reasonably determined or the group has continuing involvement with the equipment transferred are accounted for at costs.

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.

16. Issuance of Stock by Subsidiaries

At the time a subsidiary sells its stock to unrelated parties at a price less than or in excess of its book value, the Company's investment in that subsidiary's net assets decreases/increases. The Company's policy is to record such changes in its Consolidated Statement of Stockholders' Equity

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

Amount in Rs million

Particulars	Quarter Ended June 30, 2008
Service Revenue	84,490
Sales of Goods	570
Total Income	**85,060**
Profit before Finance Expenses /(Income) (Net), Depreciation, Amortization, Pre-operative Expenditure,Charity and Donation, Taxation and Other Income	**35,265**
Finance expenses (net)	(945)
Depreciation and Amortization	9,972
Amortisation	578
Other Income	616
Charity and Donation	1
Profit Before tax	**26,275**
Tax Expenses/ (Income)	
-Current Tax	3,053
-Fringe Benefit Tax	96
-Deferred Tax	1,026
Profit After Tax	**22,100**
Minority Interest	433
Profit for the period	**21,667**

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

Amount in Rs million

Particulars	Quarter Ended June 30, 2008
Net profit / (loss) as per US GAAP	**20,250**
Add: Differences on account of:	
Minority Interest and loss of Joint Venture	(150)
Deferred Tax expense	(804)
Less: Differences on account of:	
Amortization of Goodwill/ Intangibles	199
Being difference in revenue recognition	(65)
License fee amortization	146
Differences in accounting for finance charges	(3,005)
Remeasurement of financial instruments not applicable in IGAAP	219
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	135
Net profit/(loss) as per Indian GAAP	**21,667**

GLOSSARY

Technical and Industry Terms

Company Related	
Access and Interconnection Charges / Total Revenues	Access and interconnection charges for the relevant period divided by total revenues for the relevant period.
ARPU (for Mobile and Telemedia Services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales and the interconnection 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.
Average Minutes of Use per user	Average minutes of usage per customer 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.
Average Sharing Operators	Average Sharing Operators are derived by computing the average of the monthly average sharing operators for the relevant period
Average Customers	Average customers are derived by computing the average of the monthly average customers for the relevant period.
Average Towers	Average towers are derived by computing the average of the monthly average towers 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 and 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. Post-paid 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.
DTH	Direct to Home broadcast service
Earnings Per Basic 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).
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 and 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 and taxes.

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.
Ground Based Towers	Ground based towers refer to towers erected on ground.
ILD	International Long Distance Services.
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.
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.
LTM	Last twelve months.
Market Capitalization	Number of issued and outstanding shares as at end of June 30, 2008 multiplied by closing market price (BSE) as at end of June 30, 2008.
MoU	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month.
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.
Mobile TV	Mobile Television. Mobile TV service refers 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.
MPLS	MPLS stands for Multi Protocol Label Switching network created on SDH platform. It simplifies the configuration and management of larger networks as point to point connections are not required.
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.
Net Revenues	It is not a US GAAP measure and is defined as total revenues adjusted for access charges for the relevant period.
NLD	National Long Distance 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.).
Operating Income	Operating Income is defined as total revenues less total operating expenses for the relevant period.
POI	The geographical location where two networks interconnect and exchange traffic
POP	Point of Presence. POP means a technical arrangement made by the National Long Distance Service Operator under which it can accept outgoing calls from and deliver terminating calls to the area required to be served from such Point of Presence.

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, 2005, 2006, 2007 and 2008, ROCE is computed by dividing the sum of net profit and 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, 2005, 2006, 2007 and 2008, 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.
Roof Top Towers and Others	Roof top towers refer to towers erected on the roof top, and others include IBS and micro towers.
SDH	Synchronous Digital Hierarchy. It is a standard technology for synchronous data transmission on optical media, andprovide faster and less expensive network interconnection.
Sharing revenue per Sharing Operator per month	It is computed by dividing gross revenue less energy and other pass through, from Passive Infrastructure services by average sharing operators.
Sharing factor	It is computed by dividing average sharing operators by average towers
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.
Total Towers	It is the sum of ground based towers, and roof top towers and Others.
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 and administrative cost 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.

This page has been left blank intentionally.

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