Quarterly report on the results for the first quarter ended June 30, 2009

Bharti Airtel Limited
(Incorporated as a public limited company on July 7, 1995 under the Companies Act, 1956)
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July 23, 2009

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. 47.87 = US $1.00, being the RBI Reference rate as announced by the Reserve Bank of India on June 30, 2009. 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 website www.airtel.in 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 19**

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 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.

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Section 1

BHARTI AIRTEL – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended March 31,				Quarter Ended
		2006	2007	2008	2009	June 30, 2009[5]
Total Customer Base	**000's.**	**20,926**	**39,013**	**64,268**	**96,649**	**105,196**
Mobile Services	000's.	19,579	37,141	61,985	93,923	102,368
Telemedia Services	000's.	1,347	1,871	2,283	2,726	2,828
Consolidated financials as per US GAAP						
Revenue	INR Mn.	116,215	185,196	270,250	369,615	99,416
EBITDA	INR Mn.	43,374	74,508	113,715	151,678	41,518
Cash profit from operations	INR Mn.	40,862	73,070	111,374	140,065	44,123
Income before income taxes	INR Mn.	25,366	48,860	76,537	93,073	30,088
Net income	INR Mn.	22,567	42,571	67,008	84,699	25,167
Consolidated financials as per US GAAP						
Revenue	US$ Mn.	2,613	4,297	6,753	7,254	2,077
EBITDA	US$ Mn.	975	1,729	2,841	2,977	867
Cash profit from operations	US$ Mn.	919	1,695	2,783	2,749	922
Income before income taxes	US$ Mn.	570	1,134	1,912	1,827	629
Net income	US$ Mn.	507	988	1,674	1,662	526
Key Ratios						
EBITDA Margin	%	37.3%	40.2%	42.1%	41.0%	41.8%
Net Profit Margin	%	19.4%	23.0%	24.8%	22.9%	25.3%
Net Debt to Stockholders Equity [5]	Times	0.45	0.31	0.19	0.23	0.14
Return on Stockholders Equity	%	29.5%	37.4%	38.0%	32.5%	31.8%
Return on Capital employed	%	21.3%	28.2%	31.7%	30.4%	28.5%

1. *Annual financial highlights for the year ended March 31, 2006, 2007, 2008 and 2009 are based on consolidated audited results as per United States Generally Accepted Accounting Principles (US GAAP).*
2. *Financial highlights for the quarter ended June 30,2009 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, March 31, 2008 and March 31, 2009 are after fringe benefit tax.*
4. *Exchange rate for Rupee conversion to US$ is (a) Rs. 44.48 for the financial year ended March 31, 2006 (b) Rs. 43.10 for the financial year ended March 31, 2007 (c) Rs. 40.02 for the financial year ended March 31, 2008, being the noon buying rate as announced by The Federal Reserve Bank of New York at the end of the respective periods, (d) Rs.50.95 for the financial year ended March 31, 2009 and, (e) Rs 47.87 for the quarter ended June 30, 2009, being the RBI Reference rate as announced by The Reserve Bank of India at the end of the respective periods.*
5. *Net Debt to Stockholders Equity for the period amounts to 0.05 times exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.*

Section 2

AN OVERVIEW

2.1 Introduction

We are one of Asia's leading providers of telecommunication services with presence in all the 22 licensed jurisdictions (also known as Telecom Circles) in India, and in Srilanka. We served an aggregate of 105,195,762 customers as of June 30, 2009; of whom 102,367,881 subscribe to our GSM services and 2,827,881 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, 2009. We also offer an integrated suite of telecom solutions to our enterprise customers, in addition to providing long distance connectivity both nationally and internationally. We have recently forayed into media by launching our DTH and IPTV Services. 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 services 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 102,367,881 mobile customers accounted for a customer market share of 24% of wireless market, as on June 30, 2009.

We offer post-paid, pre-paid, roaming and value added services through our extensive sales and distribution channel covering 1,272,314 outlets.

Our network is present in 5,067 census towns and 423,149 non-census towns and villages in India, thus covering approximately 82% of the country's population. Our services are now fully operational in Sri Lanka. These services have been launched on a state-of-the-art 3.5G network.

Telemedia Services – We provide broadband (DSL) and telephone services (fixed line) in 95 cities with growing focus on new media and entertainment solutions such as DTH and IPTV. We had 2,827,881 customers as on June 30, 2009 of which 40.3% were subscribing to broadband/ internet services. Our product offerings in this segment include supply and installation of fixed-line telephones providing local, national and international long distance voice connectivity and broadband Internet access through DSL.

We also remain strongly committed to our focus on Small and Medium Business enterprises. We provide a range of customised Telecom/ IT solutions and aim to achieve revenue leadership in this rapidly growing segment of the ICT market.

The strategy of our Telemedia business is to focus on cities with high revenue potential, except for DTH which is an all-India offering. Airtel digital TV is available to customers through more than 45,000 retail points in over 5,000 cities and towns across the country.

Enterprise Services - Enterprise Services provides a broad portfolio of services to large Enterprise and Carrier customers. We are regarded as the trusted communications partner to India's leading organizations, helping them to meet the challenges of growth.

We provide long distance wholesale voice and data services to carrier customers as well as to other business units of Airtel. We own 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. Our national long distance infrastructure comprises of 104,540 Rkms of optical fibre, over 1,500 MPLS and SDH POPs and over 1,500 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 past we have 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) and East Africa Submarine System (EASSy).

We also deliver end to end telecom solutions to India's large corporates. We serve 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.

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

These services include; Internet, MPLS -VPN, domestic and international private leased circuits, Satellite services (VSAT), Audio and Video conferencing, Data centre services, Managed network services, corporate value added services, EPBX, Centrex, Contact centre solutions, Toll free services and Mobile enterprise enablement 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 in 11 circles of India. Infratel also holds 42% share in Indus Towers (a Joint Venture between Bharti Infratel, Vodafone and Idea Cellular). Indus operates in 16 circles (4 circles common with Infratel, 12 circles on exclusive basis).

Bharti Infratel has 28,078 towers in 11 circles, excluding the 35,066 towers in 12 circles for which the right of use has been assigned to Indus with effect from 1st Jan 2009. Indus Towers has a portfolio of 97,925 towers including the towers under right of use.

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 have established strong alliances with equipment and technology partners who share the same drive for the development of innovative solutions. Ericsson, Nokia Siemens and Huawei are equipment partners supporting our aggressive expansion plans by deploying state of the art technology across our networks. IBM has been working closely with us to transform our IT system, key business processes and establishing an enterprise integration platform. Telephone services and long distance networks equipment partners include Siemens, CISCO, WIPRO, Alcatel Lucent and Tellabs among others. Nortel, IBM Daksh, Mphasis, Firstsource, Teleperformance, Aegis and HTMT are associated with us for providing excellent customer experience through dedicated call center operations. We have a strategic partnership with Infosys to provide a suite of products, including devices, application servers and interactive applications to enhance digital lifestyle for our customers. We work with globally renowned organizations such as On Mobile, Comviva, Yahoo, Google and Cellebrum among others to provide each of our customers with a unique experience in the areas of cRBT(caller ring back tone), Music on Demand, Email services and other Airtel Live applications.

Section 3

FINANCIAL HIGHLIGHTS

This section presents the (1) audited financial results for the first quarter ended June 30, 2008, and (2) audited financial results for the first quarter ended June 30, 2009 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 26). Also, kindly refer to Section 7 (use of Non - GAAP financial information on page 19) and Glossary (page 38) for detailed definitions.

3.1 Consolidated - Summary of Consolidated Financial Statements

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2009	June 2008	Y-on-Y Growth
Total revenues	99,416	84,833	17%
EBITDA	41,518	35,221	18%
Cash profit from operations before Derivative and Exchange Fluctuation	41,624	35,068	19%
Cash profit from operations after Derivative and Exchange Fluctuation	44,123	33,389	32%
Income before Income taxes	30,088	23,814	26%
Current tax expense	6,821	3,053	123%
Income after current tax expense	23,267	20,761	12%
Deferred tax expense / (Income)	(2,379)	229	
Net income	25,167	20,250	24%
EBITDA / Total revenues	41.8%	41.5%	

3.1.2 Consolidated Summarized Balance Sheet

Amount in Rs. Million

Particulars	**As at June 30, 2009**
ASSETS	
Total current assets	141,986
Total non current assets	474,098
Total assets	**616,084**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	210,817
Total non current liabilities	64,208
Total liabilities	**275,025**
Non Controlling Interest	**11,183**
Total stockholders' equity	**329,876**
Total liabilities and stockholders' equity	**616,084**

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 2009	June 2008	Y-on-Y Growth
Total revenues	82,285	69,150	19%
EBITDA	27,183	21,218	28%
EBIT	19,262	15,720	23%
EBITDA / Total revenues	33.0%	30.7%	

3.2.2 **Telemedia Services –** comprises of consolidated statement of operations of Telemedia Services.

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2009	June 2008	Y-on-Y Growth
Total revenues	8,550	7,988	7%
EBITDA	3,463	3,367	3%
EBIT	1,787	1,981	-10%
EBITDA / Total revenues	40.5%	42.2%	

3.2.3 **Enterprise Services –** comprises the Carriers and Corporates segments which have been combined based on audited results.

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2009	June 2008	Y-on-Y Growth
Total revenues	21,333	19,572	9%
EBITDA	10,468	8,655	21%
EBIT	8,740	7,383	18%
EBITDA / Total revenues	49.1%	44.2%	

3.2.4 **Others –** comprises of Digital TV operations, Bharti corporate offices and new projects

Amount in Rs. Million, except ratios

Particulars	Quarter Ended		
	June 2009	June 2008	Y-on-Y Growth
Total revenues	1,027	826	24%
EBITDA	(2,136)	(1,244)	-72%
Depreciation and Others	643	(300)	314%
EBIT	(2,779)	(944)	-194%

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 2009	June 2008	Y-on-Y Growth
Total revenues	8,020	10,563	-24%
EBITDA	3,557	3,870	-8%
EBIT	325	1,689	-81%
Share of profits/(loss) in associates/ joint ventures	247	(115)	314%
EBITDA / Total revenues	44.4%	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, 2009	
	Rs. Million	% of Total
Mobile Services	307,806	49%
Telemedia Services	72,962	12%
Enterprise Services	88,253	14%
Passive Infrastructure Services	145,767	23%
Others	15,536	2%
Total	**630,324**	**100%**
Less:- Accumulated Depreciation and Amortization	167,401	
Net Fixed Assets and Other Project Investment	**462,923**	

Note: Enterprise Service comprises of combined audited results of Carrier and Corporate segments.

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

Segment	Quarter Ended June 2009					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	82,285	83%	27,183	65%	9,257	34%
Telemedia Services	8,550	9%	3,463	8%	4,095	15%
Enterprise Services	21,333	21%	10,468	25%	1,804	7%
Passive Infrastructure Services	8,020	8%	3,557	9%	3,780	14%
Others	1,027	1%	(2,136)	-5%	8,155	30%
Sub Total	**121,215**	**122%**	**42,535**	**102%**	**27,091**	**100%**
Eliminations	(21,799)	-22%	(1,017)	-2%		
Total	**99,416**	**100%**	**41,518**	**100%**	**27,091**	**100%**

Note1: Revenue and EBITDA eliminations are on account of inter-segment transactions. Capex is net of eliminations
Note: Enterprise Service comprises of combined audited results of Carrier and Corporate segments.

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, 2009	March 31, 2009	Q-on-Q Growth	June 30, 2008	Y-on-Y Growth
Customers on our Network						
Mobile Services	000's.	102,368	93,923	9%	69,384	48%
Telemedia Services	000's.	2,828	2,726	4%	2,394	18%
Total	**000's.**	**105,196**	**96,649**	**9%**	**71,777**	**47%**
Non Voice Revenue as a % of Total Revenues	%	14.8%	14.1%		14.8%	
Total Employees	No.	23,789	24,538	-3%	26,144	-9%

4.2 Mobile Services

Parameters	Unit	June 30, 2009	March 31, 2009	Q-on-Q Growth	June 30, 2008	Y-on-Y Growth
Subscriber Base[2]						
All India Mobile Subscribers	000's.	426,948	391,761	9%	286,868	49%
Mobile Customers on Bharti's Network	000's.	102,368	93,923	9%	69,384	48%
Net Additions						
All India Mobile Subscribers	000's.	35,187	44,867	-22%	25,789	36%
Mobile Customers on Bharti's Network	000's.	8,445	8,273	2%	7,399	14%
Market Share						
Bharti's Mobile Market Share	%	24.0%	24.0%		24.2%	
Bharti's Market Share of Net Additions	%	24.0%	18.4%		28.7%	
Pre-Paid Subscribers						
Total Customer Base	%	94.7%	94.2%		92.3%	
Total Net Additions	%	101.1%	100.8%		97.9%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs.	278	305	-9%	350	-20%
Average Revenue Per User (ARPU)	US$	5.8	6.4	-9%	7.3	-20%
Average Minutes of Use Per User	Minutes	478	485	-2%	534	-11%
Monthly Churn						
Post-paid Voluntary Churn	%	1.2%	1.2%		1.0%	
Post-paid Company Initiated Churn	%	1.3%	1.4%		1.4%	
Pre-paid	%	3.5%	3.2%		3.8%	
Non Voice Revenue						
SMS Revenue as a % of Mobile Revenues	%	4.3%	3.7%		4.2%	
Non Voice Revenue as a % of Mobile Revenues	%	9.3%	9.3%		9.7%	

Note 2: All India mobile subscribers for the month of April 2009 and May 2009 are as per report published by TRAI. Due to the non publication of TRAI report for June 2009 as on date, all India mobile subscriber net additions for June 2009 are as reported by COAI and AUSPI.

4.3 Telemedia Services

Parameters	Unit	June 30, 2009	March 31, 2009	Q-on-Q Growth	June 30, 2008	Y-on-Y Growth
Telemedia Customers	000	2,828	2,726	4%	2,394	18%
Net additions	000	102	107	-5%	110	-8%
Average Revenue Per User (ARPU)	Rs	1,027	1,071	-4%	1,138	-10%
Average Revenue Per User (ARPU)	US$	21.5	22.4	-4%	23.8	-10%

4.4 Traffic Details

Parameters	Unit	June 30, 2009	March 31, 2009	Q-on-Q Growth	June 30, 2008	Y-on-Y Growth
Mobile Services	Mn Min	140,713	130,669	8%	105,217	34%
Telemedia Services	Mn Min	4,746	4,737	0.2%	4,842	-2%
National Long Distance Services	Mn Min	11,781	11,690	1%	10,322	14%
International Long Distance Services	Mn Min	2,869	2,772	4%	2,048	40%
Total Minutes on Network [3]	**Mn Min**	**160,109**	**149,867**	**7%**	**122,428**	**31%**

Note 3: The minutes are gross of Intersegment Elimination

4.5 Network and Coverage

Parameters	Unit	June 30, 2009	March 31, 2009	Q-on-Q Growth	June 30, 2008	Y-on-Y Growth
Mobile Services						
Census Towns	No.	5,067	5,060	7	5,048	19
Non-Census Towns and Villages	No.	423,149	414,906	8,243	364,287	58,862
Population Coverage	%	82%	81%		74%	
Network Sites	No.	96,149	93,368	2,781	75,876	20,273
Telemedia Services						
Cities covered	No.	95	95	-	94	1
Enterprise Services (National Long Distance)						
Optic Fibre Network	Rkms	104,540	101,337	3,203	78,540	26,000

4.6 Passive Infrastructure Services

4.6.1 Bharti Infratel

Parameters	Unit	June 30, 2009	March 31, 2009	Q-on-Q Growth	June 30, 2008	Y-on-Y Growth
Total Towers[4]	No.	28,078	27,548	2%	58,013	-52%
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs.	36,420	33,586	8%	31,893	14%
Sharing Factor	Times	1.43	1.34	-	1.22	-

Note 4: Total towers as on June 30, 2009 and March 31, 2009 are excluding 35,066 towers in 12 circles for which the right of use has been assigned to Indus with effect from 1st Jan 2009

4.6.2 Indus Towers

Parameters	Unit	June 30, 2009	March 31, 2009	Q-on-Q Growth	June 30, 2008	Y-on-Y Growth
Total Towers[5]	No.	97,925	95,154	3%	-	-
Key Indicators						
Sharing Factor	Times	1.55	1.48	-	-	-

Note 5: Bharti Infratel holds 42% in Indus towers

4.7 Human Resource Analysis

Parameters	Unit	June 30, 2009	March 31, 2009	Q-on-Q Growth	June 30, 2008	Y-on-Y Growth
Consolidated						
Total Employees	No.	23,789	24,538	-3%	26,144	-9%
Number of Customers per employee	No.	4,422	3,939	12%	2,745	61%
Mobile Services						
Number of Customers per employee	No.	13,388	11,992	12%	8,130	65%
Gross Revenue per employee per month	Rs.	3,587,279	3,495,127	3%	2,700,981	33%
Telemedia Services						
Number of Customers per employee	No.	297	272	9%	208	43%
Gross Revenue per employee per month	Rs.	299,559	285,538	5%	231,757	29%
Enterprise Services						
Gross Revenue per employee per month	Rs	2,113,853	1,945,185	9%	1,715,302	23%

SECTION 5

MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Key Industry and Company Developments

5.1.1 Industry

Withdrawal of DoT's order on "Reduction in contribution to Universal Service Obligation Fund (USOF)"

Presently, UASL / CMTS / Basic operators are paying licence fee @ 10%, 8% and 6% for Metro & "A" Category Service Areas, "B" Category Service Areas and "C" category service areas respectively out of which 5% is a USOF levy.

Vide its order dated October 1, 2008, DoT had stated that from 1st April 2009 onwards, if any UASL / CMTS / Basic operator's coverage is more than 95% of the total number of Development Blocks, the applicable USOF levy / licence fee would be as under:-

Percentage Coverage of total number of Development Blocks in a service area covered by the licensee	Applicable USOF levy (as % of AGR)	Applicable Annual Licence fee inclusive of USOF levy (as % of AGR) in respect of the eligible licensee — Category of Service Area (except in 'Metro' service areas)		
		'A'	'B'	'C'
Up to 95%	5% (no change)	10	8	6
More than 95%	3%	8	6	4

However, subsequently, on May 15, 2009, DoT rescinded the above order w.e.f 1st April 2009.

Withdrawal of benefit of "Exemption of Licence Fee for Fixed Wireline Services in rural areas"

Vide its earlier order dated 29th August 2008; the licence fee for fixed wireline services in rural areas had been exempted for all telecom operators w.e.f 1st October 2008.

However, vide its order dated May 15, 2009, the said order / benefit has been held in abeyance till further order.

Draft Regulations on Mobile Number Portability (MNP)

On June 30, 2009, TRAI issued the draft regulations wherein it laid down the business process for implementing MNP. Major highlights of the draft regulations are as under:-

- Mobile subscriber shall be eligible to make a request for porting only after expiry of a period of ninety days from the date of activation of his mobile connection or from the date of activation of his mobile subscriber number after the last such porting.
- An undertaking would be given by the subscriber making the porting request that he has already paid all billed dues to the Donor Operator (DO) as on the date of the request for porting and that he shall continue to pay all future dues to the Donor Operator.
- Every request for porting of mobile subscriber number shall be accompanied by payment of applicable porting charge.
- Subscriber can withdraw his porting request not later than at least one day prior to the tentative date of porting, but in such case no refund would be given on porting charge.
- Recipient Operator (RO), within five days of receipt of the porting request, would carry out subscriber verification.
- Mobile Number Portability Service Provider (MNPO) to verify whether the mobile subscriber number sought to be ported has been ported earlier and if so a period of ninety days from the date of activation of such mobile subscriber number after its last porting has expired.
- If the 90 days is not expired RO shall communicate the same to the concerned subscriber and also refund porting charges paid by the subscriber.
- Upon receipt of the details of porting request the concerned DO shall, within two working days, verify such details and communicate to the MNPO.
- MNPO on receipt of the communication from DO within two working days fix the tentative date and time of porting of such mobile subscriber number and communicate the same simultaneously to the DO and RO.
- Recipient Operator shall forthwith communicate the same to the subscriber telephonically and also inform the subscriber about the expected No Service Period during the completion of the porting process.

Apart from the above, the draft regulations also indicates the rights, obligations & duties of service providers, Donor Operator (where the subscriber exists before porting), recipient operator (where the subscriber moves after porting) and MNPO (who facilitates the mobile number portability through its clearing house and Number portability Database Centre)

After obtaining the views of all stakeholders, TRAI will issue a final regulation. TRAI is also expected to issue a consultation paper on per port transaction charges and dipping charges shortly.

5.1.2 Company

Key developments

- Bharti Airtel crossed **100 million customers** mark, which makes it the **3rd largest single country mobile services operator** and sixth largest in-country integrated telecom operator in the world.

- Bharti Airtel formed a **Joint Venture with Alcatel Lucent** to manage Bharti Airtel's pan-India Broadband and Telephone services and help Airtel's transition to Next Generation Networks, offering advanced services like High-speed internet, Triple Play, Media-rich VAS, MPLS, VPN for both retail and business customers.

- Bharti Airtel marked its entry in the cloud computing space with the launch of **Airtel Net PC** - a low-cost online computer for its broadband customers. Powered by Microsoft and Nivio, the product is initially available in New Delhi, Gurgaon and Noida.

- Bharti Airtel launched a new application **MATE** (Mobile Application Tool for Enterprise) that enables mobile devices to become an integral part of enterprise network, by allowing seamless, secure and On-demand access to Enterprise business data from anywhere, anytime. The platform promises to be a great proposition for various industries that depend on their field force like retail, media, FMCG etc.

- Bharti Airtel entered into a five-year partnership with **Manchester United Football Club**. The partnership is first of its kind for both Manchester United and Airtel, where Airtel customers will have access to rich and exclusive Manchester United content on their mobiles and some lucky customers will get an opportunity to train at one of the Manchester United Soccer Schools.

- **Sunil Bharti Mittal**, Chairman & Group CEO, Bharti Enterprises, was awarded the **Global Economy Prize** by The Kiel Institute (Germany). The Global Economy Prize is awarded annually to an economist, a politician, and a businessperson who have made outstanding contribution to establishing a just and protective society based on individual initiative and responsibility.

- Bharti Airtel in partnership with handset maker HTC Corporation launched India's first **Android based mobile phone**. The Android ™ platform opens up a unique opportunity to Airtel customers to customize their device with multiple mobile applications. Airtel customers can avail many utility based applications such as Portfolio Manager, Hello Tune Manager, Weather Channel, Mobshare, In-mobile search and City Search

- Bharti Airtel was declared as the **'Service Provider of the Year'** and **'Wireless Service Provider of the Year'** by **Frost & Sullivan Asia Pacific ICT Awards** for its outstanding performance in the South Asian region.

- Airtel digital TV launched **mChek** application for its customers- a new and a hassle free payment mode for Airtel digital TV customers who are Airtel mobile customers. Similar to the mChek payment facility which is available for utility payment, DTH customers would be able to recharge their DTH account through mChek.

- Airtel digital TV partnered with **Pizza Hut** to enable customers order pizza from their TV – a first for a DTH service operator in the country.

- On the occasion of the **ICC Twenty20 World Cup**, Airtel digital TV partnered with ESPN to launch iSports interactive service. This sports-based interactive service showed not only the Live Matches but also simultaneous access to match highlights, on-demand info on player and team stats, tour calendar, results of past games and facts on cricket etc.

- **Sunil Bharti Mittal**, Chairman & Group CEO, Bharti Enterprises, was awarded the degree of **Doctor of Laws honoris causa by the University of Leeds, UK**. The University of Leeds awards honorary degrees to people distinguished by their contributions to business, arts, government or public life in general.

5.2 Results of Operations

The company has reported its (1) audited financial results for the quarter ended June 30, 2008; (2) audited financial results for the quarter ended June 30, 2009. 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, 2009*

- **Overall Customer base at 105.2 million.**
- **Highest ever-net addition of 8.5 million customers in a single quarter.**
- **Market leader with a market share of all India wireless subscribers at 24%**
- **Total Revenues of Rs. 99.4 billion (up 17% Y-o-Y).**
- **EBITDA of Rs. 41.5 billion (up 18% Y-o-Y).**
- **Cash profit from operations of Rs. 44.1 billion (up 32% Y-o-Y).**
- **Net Profit of Rs. 25.2 billion (up 24% Y-o-Y).**

Bharti Airtel Consolidated

Customer Base

As on June 30, 2009, the company had an aggregate of 105,195,762 customers, consisting of 102,367,881 GSM mobile and 2,827,881 Telemedia customers. Its total customer base as on June 30, 2009 increased by 47% compared to the customer base as on June 30, 2008.

Revenues/Turnover

During the quarter ended June 30, 2009, the company had revenues of Rs 99,416 million; a growth of 17% compared to the quarter ended June 30, 2008. Revenues from mobile services represented 83% of the total revenues for the quarter ended June 30, 2009. 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, 2009; the company incurred an operating expenditure of Rs. 36,401 million representing 37% of the total revenues. The operating expense comprises:

- Rs. 18,165 million towards network operations costs (~18.3% of turnover)
- Rs. 4,662 million towards employee costs, (~4.7% of turnover)
- Rs. 93 million towards equipments costs, and
- Rs. 13,481 million towards selling general and administrative costs (~13.6% of turnover)

The operating expenses grew by 27% compared to the quarter ended June 30, 2008. 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, 2009, the company had an EBITDA of Rs. 41,518 million; a growth of 18% compared to the quarter ended June 30, 2008. The EBITDA margin for the quarter was 41.8%.

The net finance income for the quarter ended June 30, 2009 was Rs. 2,605 million. The interest on borrowings during the quarter was Rs. 841 million and the finance income (primarily related to income on marketable securities) was Rs. 1,205 million. The balance amount was other finance costs, effect of exchange fluctuation and derivative accounting.

The cash profit from operations after derivative and exchange fluctuations for the quarter was Rs. 44,123 million, an increase of 32%, as compared to the quarter ended June 30, 2008. During the quarter ended June 30, 2009, the company had depreciation and amortization expenses of Rs. 14,330 million.

Income Before Income Taxes (PBT)

The income before income tax for the quarter was Rs. 30,088 million, an increase of 26%, as compared to the quarter ended June 30, 2008. The current tax for the quarter ended June 30, 2009 was Rs. 6,821 million and deferred tax expense / (income) of Rs. (2,379) million.

Net income

The net income for the quarter ended June 30, 2009 was Rs 25,167 million.

Balance Sheet

As on June 30, 2009, the company had total assets of Rs. 616,084 million and total liabilities of Rs. 275,025 million respectively. The difference of Rs. 341,059 million was on account of stockholder's equity and non-controlling interest.

The company had a net debt of Rs. 47,790 million (US$ 998 million) as on June 30, 2009, resulting in a net debt to EBITDA (LTM) of 0.30 times. However, Net Debt to EBITDA (LTM) for the period amounts to 0.10 times exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.

Capital Expenditure

During the quarter ended June 30, 2009, the company incurred capital expenditure of Rs. 27,091 million (US$ 566 million).

Human Resources

As on June 30, 2009, the company had a total of 23,789 employees consisting of 7,646 in Mobile services, 9,514 in Telemedia services, 3,364 in Enterprise services, 2,539 in Others and 726 in Passive Infrastructure services.

Mobile Services

Customer Base, Churn, ARPU and MoU

As at the end of the quarter the company had 102,367,881 GSM mobile customers on its network, which accounted for a market share of 24% of the all India mobile market.

Of its 102,367,881 GSM mobile customers as of June 30, 2009, post-paid customers contributed 5.3% to the overall customer base while pre-paid customers contributed the balance 94.7%. During the quarter, Bharti's share of 8,444,633 net additions was 24% of all India wireless subscriber net additions.

The average monthly churn for the quarter ended June 30, 2009 was 2.4% (1.2% voluntary churn and 1.3% company initiated churn) for its post-paid segment, and 3.5% for the pre-paid segment.

During the quarter, blended ARPU was Rs. 278 (US$ 5.8) per month as compared to Rs 305 (US$ 6.4) per month in the quarter ended March 31, 2009. The blended monthly usage per customer, during the quarter, was at 478 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 9.3% of the total revenues of the segment. The Short Messaging Services (SMS) revenue, which is primarily text messaging, accounted for 4.3% of the total revenue of the segment, for the quarter ended June 30, 2009.

Revenues, EBITDA and EBIT

The revenues for the quarter ended June 30, 2009 for mobile services stood at Rs 82,285 million, an increase of 19% over the corresponding quarter last year. The revenue from this segment contributed to 83% of the total consolidated revenues. The EBITDA during the quarter ended June 30, 2009 was Rs. 27,183 million representing growth of 28% over the quarter ended June 30, 2008. The EBITDA margin for the quarter ended June 30, 2009 was 33%. The EBIT for the quarter ended June 30, 2009 was Rs 19,262 million as compared to Rs 15,720 million for the quarter ended June 30, 2008, an improvement of 23%.

Capital Expenditure

During the quarter ended June 30, 2009, the company incurred a capital expenditure of Rs 9,257 million (US$ 193 million) on its mobile services.

Telemedia Services

Customer Base and ARPU

At the end of the quarter ended June 30, 2009, the company had its Telemedia operations in 95 cities. During the quarter, the company added 101,642 customers on its Telemedia networks with 2,827,881 customers as on June 30, 2009. The company had approximately 11.38 lakh customers (~40.3% of the total customer base) subscribing to broadband (DSL) services.

The ARPU for the quarter was Rs. 1,027 (US$ 21.5) per month.

Revenues, EBITDA and EBIT

For the quarter ended June 30, 2009, the revenues from its Telemedia operations of Rs 8,550 million, represented a growth of 7% over the corresponding quarter last year. The EBITDA for the quarter was Rs. 3,463 million compared to Rs. 3,367 million in the corresponding prior year quarter, an increase of 3% respectively. The EBITDA margin for this segment was 40.5% for the quarter ended June 30, 2009. The EBIT for the quarter ended June 30, 2009 was Rs 1,787 million.

Capital Expenditure

During the quarter ended June 30, 2009, the company incurred a capital expenditure of Rs. 4,095 million (US$ 86 million) on its Telemedia services.

Enterprise Services

Revenues, EBITDA and EBIT

The revenues for the quarter ended June 30, 2009 for Enterprise services stood at Rs 21,333 million, an increase of 9% over the corresponding quarter last year. The revenue from this segment contributed to 21% of the total consolidated revenues. The EBITDA during the quarter ended June 30, 2009 was Rs 10,468 million, an increase of 21% over the corresponding quarter last year. The EBITDA margin for the quarter ended June 30, 2009 was 49.1%. The EBIT for the quarter ended June 30, 2009 was Rs 8,740 million as compared to Rs 7,383 million for the quarter ended June 30, 2008, an improvement of 18%.

Capital Expenditure

During the quarter ended June 30, 2009, the company incurred a capital expenditure of Rs. 1,804 million (US $38 million) on its Enterprise Services.

Passive Infrastructure Services

Towers and Sharing Operators

As at the end of the quarter, the company had 28,078 towers. Sharing factor for the quarter ended June 30, 2009 was 1.43 times.

Revenues, EBITDA and EBIT

For the quarter ended June 30, 2009, the revenues from its passive infrastructure services were Rs. 8,020 million. The EBITDA for the quarter ended June 30, 2009 was Rs 3,557 million. The EBITDA margin for the quarter ended June 30, 2009 was 44%. The EBIT for the quarter ended June 30, 2009 was Rs. 325 million.

Capital Expenditure

During the quarter ended June 30, 2009, the company incurred a capital expenditure of Rs. 3,780 million (US $79 million) on its passive infrastructure services.

SECTION 6

STOCK MARKET HIGHLIGHTS

6.1 General Information

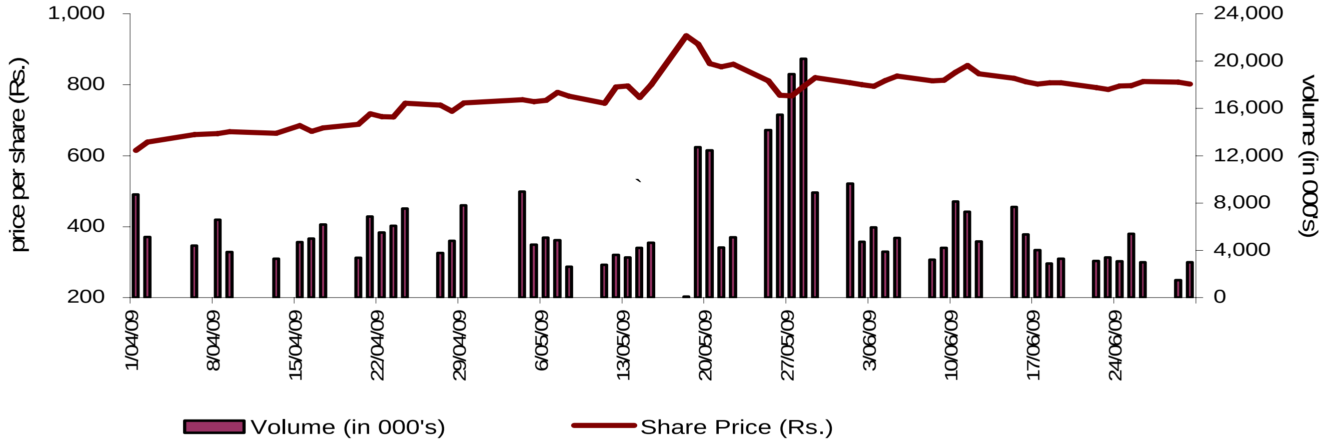
Shareholding and Financial Data		
Code/Exchange		532454/BSE
Bloomberg/Reuters		BHARTI IN/BRTI.BO
No. of Shares Outstanding (30/06/09)	Million Nos.	1,898.37
Closing Market Price - BSE (30/06/09)	Rs./Share	802.10
Combined Volume (NSE & BSE) (01/04/09-30/06/09)	No. in Mn/day	5.98
Combined Value (NSE & BSE) (01/04/09-30/06/09)	Rs. bn./day	4.65
Market Capitalization	Rs. bn	1,523
Market Capitalization	US$ bn	31.81
Book Value Per Equity Share	Rs./share	173.77
Market Price/Book Value	Times	4.62
Net Debt to EBITDA (LTM)[6]	Times	0.30
Enterprise Value	Rs. bn	1,570
Enterprise Value	US$ bn	32.81
Enterprise Value/ Annualised Q1 Revenue	Times	3.95
Enterprise Value/ Annualised Q1 EBITDA	Times	9.46

Note 6: Net Debt to EBITDA (LTM) for the period amounts to 0.10 times exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.

6.2 Summarized Shareholding pattern as of June 30, 2009

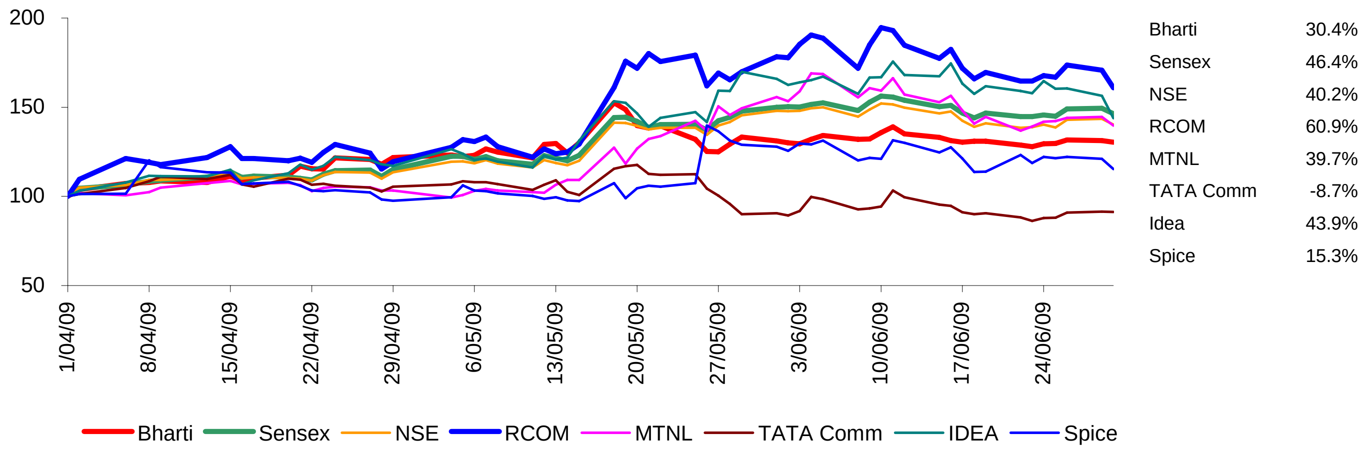
Category	Number of Shares	%
Promoter & Promoter Group		
Indian	859,986,028	45.30%
Foreign	419,653,373	22.11%
Sub total	**1,279,639,401**	**67.41%**
Public Shareholding		
Institutions	521,563,483	27.47%
Non-institutions	97,170,396	5.12%
Sub total	**618,733,879**	**32.59%**
Total	**1,898,373,280**	**100.00%**

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



Source: Bloomberg

6.4 Comparison of Domestic Telecom stock movement with Sensex and Nifty



Source: Bloomberg

SECTION 7

Use of Non-GAAP Financial Information

In presenting and discussing the Company's reported financial position, operating results and cash flows, certain information is derived from amounts calculated in accordance with US GAAP, but this information is not in itself an expressly permitted GAAP measure. Such non - GAAP measures should not be viewed in isolation as alternatives to the equivalent GAAP measures.

A summary of non - GAAP measures included in this report, together with details where additional information and reconciliation to the nearest equivalent GAAP measure can be found, is shown below.

Non - GAAP measure	Equivalent GAAP measure for USGAAP	Location in this results announcement of reconciliation and further information
Earnings before Interest, Taxation, Depreciation and Amortization (EBITDA)	Operating Income	Consolidated : - Page 20, Mobile Services : - Page 21, Telemedia Services : - Page 22, Enterprise Services: - Page 22, Others: - Page 22, Passive Infrastructure Services : - Page 23.
Earnings before Interest and Taxation (EBIT)	Operating Income	Consolidated : - Page 20, Mobile Services : - Page 21, Telemedia Services : - Page 22, Enterprise Services: - Page 22, Others: - Page 22, Passive Infrastructure Services : - Page 23.
Cash Profit from Operations after Derivative and Exchange Fluctuations	Operating Income	Page 20
Income after current tax expenses	Income before taxation	Page 20
Net Revenues	Total revenues	Page 20
Total Non Current Assets	N.A	Page 21
Total Non Current Liabilities	N.A	Page 21
Earnings before Interest and Taxes	N.A.	Page 20
Total Revenues	N.A.	Page 20
Schedule of Cost of services	N.A	Page 24
Schedule of Operating expenses	N.A	Page 24
Schedule of Depreciation and Amortization	N.A	Page 24
Schedule of Net debt	N.A	Page 24
Schedule of Finance cost (net)	N.A	Page 25
Schedule of Income tax	N.A	Page 25

7.1 Reconciliation of Non-GAAP financial information based on USGAAP

7.1.1 Consolidated

Amount in Rs million

Particulars	Quarter Ended June 2009
Operating Income To EBITDA	
Operating Income	**27,188**
Depreciation and Amortization	14,330
EBITDA	**41,518**

Particulars	Quarter Ended June 2009
Operating Income to Cash Profit from Operations	
Operating Income	**27,188**
Depreciation and Amortization	14,330
Interest income	8,056
Interest expense	(5,451)
Cash Profit from Operations	**44,123**

Particulars	Quarter Ended June 2009
Operating Income to EBIT	
Operating Income	**27,188**
Less:	
Non operating expenses	131
Add:	
Share of profits/(Loss) in associates/ joint ventures	240
Other income	186
EBIT	**27,483**

Particulars	Quarter Ended June 2009
Total Revenue to Net Revenue	
Total Revenue	**99,416**
Less:	
Access charges	11,371
Net Revenue	**88,045**

Particulars	Quarter Ended June 2009
Income before Income taxes to Income after current tax expense	
Income before Income taxes	30,088
Less:	
Current tax expense	6,821
Income after current tax expense	**23,267**

7.1.1 Consolidated (cont.)

Amount in Rs million

Particulars	Quarter Ended June 2009
Total Non Current Assets	
Property and equipment, net	422,747
Acquired intangible assets, net	13,001
Goodwill	27,054
Investment in associates and joint ventures	121
Restricted cash, non-current	14
Other assets	11,161
Total Non Current Assets	**474,098**

Particulars	Quarter Ended June 2009
Total Non Current Liabilities	
Long-term debt, net of current portion	48,886
Deferred taxes on income	4,615
Unearned income- Indefeasible right to use sales	3,251
Other liabilities	7,456
Total Non Current Liabilities	**64,208**

7.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended June 2009
Operating Income To EBITDA	
Operating Income	**19,143**
Depreciation and Amortization	8,040
EBITDA	**27,183**

Operating Income to EBIT	
Operating Income	**19,143**
Add:	
Share of profits/(loss) in associates/ joint ventures	(7)
Other income	126
EBIT	**19,262**

7.1.3 Telemedia Services

Amount in Rs million

Particulars	Quarter Ended June 2009
Operating Income To EBITDA	
Operating Income	**1,775**
Depreciation and Amortization	1,688
EBITDA	**3,463**

Operating Income to EBIT	
Operating Income	**1,775**
Add:	
Other income	12
EBIT	**1,787**

7.1.4 Enterprise Services

Amount in Rs million

Particulars	Quarter Ended June 2009
Operating Income To EBITDA	
Operating Income	**8,640**
Depreciation and Amortization	1,828
EBITDA	**10,468**

Operating Income to EBIT	
Operating Income	**8,640**
Add:	
Other income	100
EBIT	**8,740**

7.1.5 Others

Amount in Rs million

Particulars	Quarter Ended June 2009
Operating Income To EBITDA	
Operating Income	**(2,653)**
Depreciation and Amortization	517
EBITDA	**(2,136)**

Operating Income To EBIT	
Operating Income	**(2,653)**
Less:	
Non operating expenses	131
Add:	
Share of profits/(loss) in associates/ joint ventures	1
Other Income	4
EBIT	**(2,779)**

7.1.6 Passive Infrastructure Services

Amount in Rs million

Particulars	Quarter Ended June 2009
Operating Income To EBITDA	
Operating Income	**325**
Depreciation and Amortization	3,232
EBITDA	**3,557**

Operating Income To EBIT	
Operating Income	**325**
EBIT	**325**

7.2 Schedules to Financial Statements

7.2.1 Schedule of Cost of services

Amount in Rs million

Particulars	Quarter Ended June 2009
Access charges	11,371
Licence fees, revenue share and spectrum charges	10,126
Network operations costs	18,165
Employee costs	4,662
Depreciation and Amortization (excluding intangibles)	13,935
Cost of Services	**58,259**

7.2.2 Schedule of Operating expenses

Amount in Rs million

Particulars	Quarter Ended June 2009
Network operations costs	18,165
Equipment costs	93
Employee costs	4,662
Selling, general and administrative costs	13,481
Operating Expenses	**36,401**

7.2.3 Schedule of Depreciation and Amortization

Amount in Rs million

Particulars	Quarter Ended June 2009
Fixed Assets	13,692
Licence Fees	168
ESOP	310
Intangibles	160
Depreciation and Amortization	**14,330**

7.2.4 Schedule of Net debt

Amount in Rs million

Particulars	Quarter Ended June 2009
Long term debt, net of current portion	48,886
Short-term borrowings and current portion of long-term debt	62,076
Less:	
Cash and cash equivalents	4,623
Restricted cash	83
Restricted cash, non-current	14
Short term investments	58,452
Net Debt [7]	**47,790**

Note 7: Net Debt for the period amounts to Rs 15,755 million exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.

7.2.5 Schedule of Finance cost (net)

Amount in Rs million

Particulars	Quarter Ended June 2009
Interest on borrowings	841
Finance charges	259
Finance income	(1,205)
Derivatives and exchange fluctuation	(2,500)
Finance cost (net)	**(2,605)**

7.2.6 Schedule of Income tax

Amount in Rs million

Particulars	Quarter Ended June 2009
Current tax expense	6,821
Deferred tax expense / (income)	(2,379)
Income tax expense	**4,442**

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 2009	June 2008	Y-on-Y Growth
Revenues			
Services	98,012	84,529	16%
Indefeasible right to use sales	1,304	109	
Equipment Sales	100	195	-49%
Total Revenues	**99,416**	**84,833**	**17%**
Operating Expenses			
Cost of Services	(58,259)	(47,179)	23%
(Inclusive of depreciation and amortization)			
Costs of Equipment sales	(93)	(185)	-50%
Selling, general & administrative expenses	(13,876)	(12,293)	13%
(Inclusive of amortization of intangibles)			
Total Operating Expense	**(72,228)**	**(59,657)**	**21%**
Operating Income	**27,188**	**25,176**	**8%**
Interest expense	(5,451)	(5,216)	
Interest income	8,056	3,384	
Share of (loss)/profits in associates / joint ventures	240	(113)	
Other income	186	584	-68%
Non operating expenses	(131)	(1)	
Income before Income Taxes	**30,088**	**23,814**	**26%**
Income tax expense	(4,442)	(3,282)	
Net income	**25,646**	**20,532**	**25%**
Net income attributable to non controlling interest	479	282	
Net income attributable to Bharti	25,167	20,250	24%
Net Income	**25,646**	**20,532**	**25%**
Earnings per share for profit attributable to common shareholders			
Basic[8]	6.64	5.34	
Diluted[8]	6.63	5.34	
Weighted average number of shares used in computing earnings per share			
Weighted average number of common shares (in millions)[8]	3,793	3,791	
Weighted average number of diluted shares (in millions)[8]	3,795	3,795	

Note 8: Adjusted for the share split approved by shareholders on 16th July 2009 for all the periods shown above..

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

Amount in Rs. Million

Particulars	As at June 30, 2009
ASSETS	
Cash and cash equivalents	4,623
Accounts receivable, net of allowances for doubtful debts	16,339
Unbilled receivables	9,404
Inventories	942
Short term investments	58,452
Deferred taxes on income	8,248
Derivative financial instruments	7,492
Restricted cash	83
Pre-paid expenses and other current assets	22,567
Due from related parties	13,836
Total Current Assets	**141,986**
Property and equipment, net	422,747
Acquired intangible assets, net	13,001
Goodwill	27,054
Investment in associates and joint ventures	121
Restricted cash, non-current	14
Other assets	11,161
Total Assets	**616,084**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	62,076
Trade payables	29,539
Equipment supply payables	52,995
Accrued expenses	26,223
Unearned income	27,143
Unearned income- Indefeasible right to use sales	292
Derivative financial instruments	494
Due to related parties	55
Other current liabilites	12,000
Total current liabilities	**210,817**
Long-term debt, net of current portion	48,886
Deferred taxes on income	4,615
Unearned income- Indefeasible right to use sales	3,251
Other liabilities	7,456
Total liabilities	**275,025**
Stockholders' equity	
Common stock	18,984
Advances against equity	24
Additional paid in capital	74,496
Treasury stock	(102)
Retained earnings	235,830
Accumulated other comprehensive income (loss)	644
Total stockholders' equity	**329,876**
Non Controlling Interest	11,183
Total Equity	**341,059**
Total liabilities and stockholders' equity	**616,084**

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

Amount in Rs. Million

Particulars		Quarter Ended June 30, 2009
Cash flows from operating activities		
Net income	**a**	**25,167**
Add: Non Cash items	**b**	
Depreciation and amortization		14,330
Tax expense / (income)		4,442
Impact of fair valuation of financial instruments		(2,683)
Cash generated from operations before working capital changes	**c=a+b**	**41,256**
(Increase)/decrease in working capital		1,695
(Increase)/decrease in non-current assets		(950)
Increase/(decrease) in non-current liabilities		97
Net cash provided/(used) by/in operating activities	**d**	**842**
Cash flows from investing activities		
Purchase of property, plant and equipment		(27,091)
(Investment) / sale in associate		6
Net cash provided/(used) by/in investing activities	**e**	**(27,085)**
Cash flows from financing activities		
Increase/(decrease) in borrowings		(1,837)
Increase/(decrease) in Stockholders Equity		720
Net cash provided/(used) by/in financing activities	**f**	**(1,117)**
Cash and cash equivalents[9]		
Beginning of the period	**g**	49,166
End of the period	**h=c+d+e+f +g**	63,172

Note 9: 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-09	Mar-09	Dec-08	Sep-08	Jun-08
Total Revenues	99,416	98,245	96,334	90,203	84,833
Access and interconnection charges	11,371	14,149	13,426	12,902	12,426
Operating Expenses	36,401	33,474	33,426	31,212	28,654
Licence Fee	10,126	10,608	10,030	9,096	8,532
EBITDA	41,518	40,014	39,450	36,993	35,221
Cash profit from operations after Derivative and Exchange Fluctuations	44,123	37,878	37,546	31,252	33,389
Income before income taxes	30,088	24,906	24,629	19,724	23,814
Net income	25,167	22,393	21,593	20,463	20,250

	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08
As a % of Total Revenues					
Access and interconnection charges	11.4%	14.4%	13.9%	14.3%	14.6%
Operating Expenses	36.6%	34.1%	34.7%	34.6%	33.8%
Licence Fee	10.2%	10.8%	10.4%	10.1%	10.1%
EBITDA	41.8%	40.7%	41.0%	41.0%	41.5%
Cash profit from operations after Derivative and Exchange Fluctuations	44.4%	38.6%	39.0%	34.6%	39.4%
Income before income taxes	30.3%	25.4%	25.6%	21.9%	28.1%
Net income	25.3%	22.8%	22.4%	22.7%	23.9%

A.2.2 Based on Balance Sheet

Amount in Rs. Million

Parameters	As at				
	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08
Stockholder's Equity	329,876	303,945	281,233	259,280	238,329
Net Debt	47,790	69,635	64,923	50,731	41,562
Capital Employed = Stockholder's equity + Net Debt	377,666	373,580	346,156	310,011	279,891

Parameters	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08
Return on Stockholder's equity (LTM)	31.8%	32.6%	34.1%	35.9%	37.9%
Return on Capital Employed (LTM)	28.5%	30.8%	32.5%	33.9%	33.8%
Net Debt to EBITDA (LTM) [10]	0.30	0.46	0.45	0.38	0.33
Assets Turnover ratio (LTM)	105.5%	106.2%	107.7%	108.6%	110.8%
Interest Coverage ratio (times)	49.34	45.84	40.54	44.46	43.97
Book Value Per Equity Share (in Rs)	173.8	160.1	148.2	136.6	125.6
Net debt to Stockholders' Equity (Times) [10]	0.14	0.23	0.23	0.20	0.17
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)[11]	6.64	5.90	5.69	5.40	5.34
Net profit/(loss) per diluted share (in Rs)[11]	6.63	5.90	5.69	5.39	5.34
Market Capitalization (Rs. bn)	1,523	1,188	1,357	1,490	1,370
Enterprise Value (Rs. bn)	1,570	1,253	1,422	1,541	1,411

Note 10: Net Debt to EBITDA (LTM) for the period amounts to 0.10 times and Net Debt to Stockholders Equity amounts to 0.05 exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.
Note 11: Adjusted for the share split approved by shareholders on 16th July 2009 for all the periods shown above.

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:

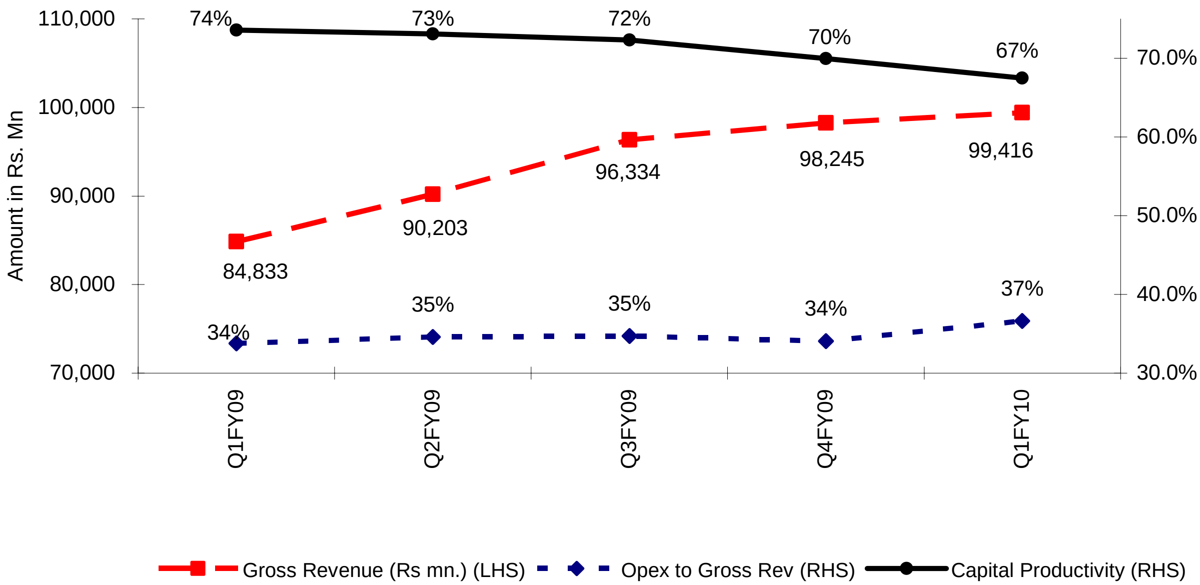
1. Gross Revenues i.e. absolute turnover/sales

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, 2009	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008
Consolidated						
Customers	000's	105,196	96,649	88,270	79,989	71,777
Employees	No.	23,789	24,538	25,553	25,616	26,144
Mobile services						
Customers	000's	102,368	93,923	85,651	77,479	69,384
Pre-paid customers as a % of total customers	%	94.7%	94.2%	93.5%	92.9%	92.3%
Post-paid customers as a % of total customers	%	5.3%	5.8%	6.5%	7.1%	7.7%
Bharti's mobile subscribers market share[12]	%	24.0%	24.0%	24.7%	24.6%	24.2%
Average Revenue Per User (ARPU)	Rs.	278	305	324	331	350
Average Minutes of Use Per User	Minutes	478	485	505	526	534
Post-paid Voluntary Churn	%	1.2%	1.2%	1.1%	1.1%	1.0%
Post-paid Company Initiated Churn	%	1.3%	1.4%	1.2%	1.4%	1.4%
Pre-paid Churn	%	3.5%	3.2%	2.9%	3.2%	3.8%
SMS Revenue as a % of Total Mobile Revenues	%	4.3%	3.7%	4.1%	4.3%	4.2%
Employees	No.	7,646	7,832	8,115	8,133	8,534
Telemedia Services						
Customers	000's	2,828	2,726	2,619	2,509	2,394
Average Revenue Per User (ARPU)	Rs.	1,027	1,071	1,098	1,147	1,138
Employees	No.	9,514	10,022	10,827	11,214	11,489
Enterprise Services						
Employees	No.	3,364	3,646	3,701	3,686	3,749
Others						
Employees	No.	2,539	2,418	2,330	2,233	2,132
Passive Infrastructure Services						
Employees [13]	No.	726	620	580	350	240

Note 12: All India mobile subscribers for the month of April 2009 and May 2009 are as per report published by TRAI. Due to the non publication of TRAI report for June 2009 as on date, all India mobile subscriber net additions for June 2009 are as reported by COAI and AUSPI.
Note 13: Employee numbers pertain to Bharti Infratel only.

A.2.5 Traffic, Coverage and Network Trends

Parameters	Unit	June 30, 2009	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008
Mobile Services	Mn Min	140,713	130,669	123,626	115,834	105,217
Telemedia Services	Mn Min	4,746	4,737	4,750	5,002	4,842
National Long Distance Services	Mn Min	11,781	11,690	11,609	11,349	10,322
International Long Distance Services	Mn Min	2,869	2,772	2,603	2,284	2,048
Total Minutes on Network [14]	**Mn Min**	**160,109**	**149,867**	**142,588**	**134,470**	**122,428**

Note 14 : The minutes are gross of intersegment eliminations

Parameters	Unit	June 30, 2009	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008
Mobile Services						
Census Towns	No.	5,067	5,060	5,057	5,050	5,048
Non-Census Towns and Villages	No.	423,149	414,906	401,882	384,521	364,287
Population Coverage	%	82%	81%	79%	77%	74%
Network Sites	No.	96,149	93,368	88,319	82,554	75,876
Telemedia Services						
Cities covered	No.	95	95	95	95	94
Enterprise Services (National Long Distance)						
Optic Fibre Network	RKms	104,540	101,337	90,205	83,389	78,540

A.2.6 Passive Infrastructure Services

A.2.6.1 Bharti Infratel

Parameters	Unit	June 30, 2009	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008
Total Towers[15]	No.	28,078	27,548	61,355	59,966	58,013
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs.	36,420	33,586	31,488	32,177	31,893
Sharing Factor	Times	1.43	1.34	1.34	1.26	1.22

Note 15: Total towers as on June 30, 2009 and March 31, 2009 are excluding 35,066 towers in 12 circles for which the right of use has been assigned to Indus with effect from 1st Jan 2009

A.2.6.2 Indus Towers

Parameters	Unit	June 30, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008	March 31, 2008
Total Towers[16]	No.	97,925	95,154	-	-	-
Key Indicators						
Sharing Factor	Times	1.55	1.48	-	-	-

Note 16: Bharti Infratel holds 42% in Indus towers

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, set top boxes and subscription fees on DTH, 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 non-compete 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 are 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. Software upto Rs. 500 (thousand) is written off in the year placed in service.
- 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 18 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. The Group provides for receivables outstanding for more than 105 days for site sharing debtors for passive infrastructure. 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 Consolidated Profit & Loss Statement as per Indian GAAP

Amount in Rs million

Particulars	Quarter Ended June 30, 2009
	Audited
Service Revenue	104,198
Sales of Goods	101
Total Income	**104,299**
Profit before Finance Expenses /(Income) (Net), Depreciation, Amortization, Pre-operative Expenditure,Charity and Donation, Taxation and Other Income	**43,260**
Finance expenses (net)	(3,555)
Depreciation and Amortization	14,372
Amortisation	820
Other Income	188
Charity and Donation	131
Profit Before tax	**31,680**
Tax Expenses/ (Income)	
-Current Tax	3,346
-Deferred Tax	1,384
Profit After Tax	**26,950**
Minority Interest	471
Profit for the period	**26,479**

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, 2009
Net profit / (loss) as per US GAAP	**25,167**
Add: Differences on account of:	
Being difference in revenue recognition	12
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	96
Differences in accounting for finance charges	1,950
Less: Differences on account of:	
Deferred Tax expense	160
Amortization of Goodwill/ Intangibles	200
License fee amortization	145
Remeasurement of financial instruments not applicable in IGAAP	240
Non-Controlling Interest and loss of Joint Venture	1
Net profit/(loss) as per Indian GAAP	**26,479**

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.
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.
ARPU (for Mobile and Telemedia Services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales 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.
Cell	Cell means the radio frequency coverage area of a site in radio access network which is part of a cellular mobile telephone network
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.
Customers Per Employee	Number of customers on networks of a business unit as at end of the relevant period divided by number of employees in the respective business unit as at end of the relevant period.
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.
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.
ICT	Information Communication Technology
IPTV	Internet Protocol TV. IPTV is the 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, 2009 multiplied by closing market price (BSE) as at end of June 30, 2009.
MoU	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month.
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, 2006, 2007, 2008 and 2009, 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 and 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, 2006, 2007, 2008 and 2009, 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.
SDH	Synchronous Digital Hierarchy. It is a standard technology for synchronous data transmission on optical media, and provide 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
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

AUSPI	Association of Unified Telecom Service Providers of India.
BSO	Basic Service Operator
BWA	Broadband Wireless Access
COAI	Cellular Operators Association of India
CMSP	Cellular Mobile Service Provider.
CMTS	Cellular Mobile Telephone Service
DHQ	District Head Quarters
DoT	Department of Telecommunications
EVDO	Evolution Data Only
ILDO	International Long Distance Operator
ISP	Internet Service Provider

IUC	Interconnection Usage Charges.
LDCA	Long Distance Charging Area
MNO	Mobile Network Operator
NLDO	National Long Distance Operator
Paging Channel	Paging Channel means a signaling control channel in a CDMA network
PLMN	Public Land Mobile Network
PSTN	Public Switch Telephone Network
SDCA	Short Distance Charging Area
SDCCH	Stand-alone Dedicated Control Channel or SDCCH means, a GSM control channel for signaling purposes
TCH	Traffic Channel or TCH means, a logical channel in a GSM or CDMA network which carries either encoded speech or user data
TDSAT	Telecom Disputes Settlement & Appellate Tribunal.
TEC	Telecom Engineering Centre.
TRAI	Telecom Regulatory Authority of India.
UASL	Unified Access Service License.
USOF	Universal Service Obligation Fund.
Others (Industry)	
BSE	The Stock Exchange, Mumbai
GSM	Global System for Mobile Communications.
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.
SMS	Short Messaging Service.
US GAAP	United States Generally Accepted Accounting Principles.

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