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 may vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and actual results can be material, depending on the circumstances. You should also keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as of the date on which we made it. New risks and uncertainties come up from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this report after the date hereof. In light of these risks and uncertainties, any forward-looking statement made in this report or elsewhere may or may not occur and has to be understood and read along with this supplemental disclosure.

General Risk: - Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Company unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of Bharti Airtel including the risks involved.

Convenience translation: - We publish our financial statements in Indian Rupees. All references herein to “Indian Rupees” and “Rs.” are to Indian Rupees and all references herein to “US dollars” and “US$” are to United States dollars. All translations from Indian Rupees to United States dollars were made (unless otherwise indicated) using the rate of Rs.39.75 = US $1.00, the noon buying rate as announced by the Federal Reserve Bank of New York on September 28, 2007. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off. Information contained on our websites www.bhartiairtel.in, www.airtel.in, www.airteltelephone.com, www.airtel-broadband.com, www.airtellongdistance.com and www.airtelerprise.com is not part of this Quarterly Report.

Use of Certain Non-GAAP measures: - This result announcement contains certain information on the Company’s results of operations and cash flows that have been derived from amounts calculated in accordance with United States Generally Accepted Accounting Principles (US GAAP), but are not in themselves US GAAP measures. They should not be viewed in isolation as alternatives to the equivalent US GAAP measures and should be read in conjunction with the equivalent US GAAP measures. Further, disclosures are also provided under “Use of Non-GAAP financial information” on page 20.

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 (erstwhile Bharti Comtel), Bharti Aquanet Limited (“Bharti Aquanet”), Bharti Infratel Limited (Bharti Infratel), Bharti Telemedia Limited (Bharti Telemedia), Bharti Airtel (USA) Limited, Bharti Airtel (UK) Limited, Bharti Airtel (Canada) Limited, Bharti Airtel (Hong Kong) Limited, Bharti Airtel Lanka (Private) Ltd, Bharti Airtel (Singapore) Private Ltd. and Network i2i Limited. Satcom Broadband Equipment Limited (Satcom), Bharti Broadband Limited (BBL) have been merged with Bharti Airtel Limited, w.e.f. July 27, 2007.

Disclaimer: - This communication does not constitute an offer of securities for sale in the United States. Securities may not be sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus and will contain detailed information about the Company and its management, as well as financial statements.
# TABLE OF CONTENTS

Section 1 - Bharti Airtel – Performance at a glance 4

Section 2 - An Overview 5

Section 3 - Financial Highlights as per US GAAP
  3.1 Consolidated - Summary of Consolidated Financial Statements 6
  3.2 Segment-wise Summarized Statement of Operations 7
  3.3 Segment-wise Investments and Contribution 8

Section 4 – Operating Highlights 10

Section 5 - Management Discussion & Analysis
  5.1 Key Industry & Company Developments 12
  5.2 Results of Operations 16

Section 6 - Stock Market Highlights 18

Section 7 - Use of Non-GAAP Financial Information 20

Annexure - Detailed Financial & Related Information
  A.1 Consolidated Financial Statements as per US GAAP 27
  A.2 Trend & Ratio Analysis 30
  A.3 Key Accounting Policies as per US GAAP 33
  A.4 Summarized Consolidated Profit & Loss Statement as per Indian GAAP 37
  A.5 Summary of differences in net income / profit between US GAAP and Indian GAAP 37

Glossary 38
## BHARTI AIRTEL – PERFORMANCE AT A GLANCE

### Total Customer Base

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Customer Base</td>
<td>000's.</td>
<td>7,141</td>
<td>11,842</td>
<td>20,926</td>
<td>39,013</td>
<td>44,676</td>
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<tr>
<td>Mobile Services</td>
<td>000's.</td>
<td>6,504</td>
<td>10,984</td>
<td>19,579</td>
<td>37,141</td>
<td>42,704</td>
<td>48,876</td>
</tr>
<tr>
<td>Broadband &amp; Telephone Services</td>
<td>000's.</td>
<td>637</td>
<td>857</td>
<td>1,347</td>
<td>1,871</td>
<td>1,972</td>
<td>2,075</td>
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</table>

### Consolidated financials as per US GAAP

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>48,320</td>
<td>80,028</td>
<td>116,215</td>
<td>185,196</td>
<td>59,046</td>
<td>63,374</td>
</tr>
<tr>
<td>EBITDA</td>
<td>INR Mn.</td>
<td>15,968</td>
<td>30,128</td>
<td>43,374</td>
<td>74,508</td>
<td>24,466</td>
<td>27,097</td>
</tr>
<tr>
<td>Cash profit from operations</td>
<td>INR Mn.</td>
<td>13,588</td>
<td>28,132</td>
<td>40,862</td>
<td>73,070</td>
<td>26,218</td>
<td>25,971</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>INR Mn.</td>
<td>5,976</td>
<td>16,604</td>
<td>25,366</td>
<td>48,860</td>
<td>18,901</td>
<td>17,472</td>
</tr>
<tr>
<td>Net income</td>
<td>INR Mn.</td>
<td>5,076</td>
<td>14,978</td>
<td>22,567</td>
<td>42,571</td>
<td>15,116</td>
<td>16,139</td>
</tr>
</tbody>
</table>

### Consolidated financials as per US GAAP

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>US$ Mn.</td>
<td>1,113</td>
<td>1,835</td>
<td>2,613</td>
<td>4,297</td>
<td>1,455</td>
<td>1,594</td>
</tr>
<tr>
<td>EBITDA</td>
<td>US$ Mn.</td>
<td>368</td>
<td>691</td>
<td>975</td>
<td>1,729</td>
<td>603</td>
<td>682</td>
</tr>
<tr>
<td>Cash profit from operations</td>
<td>US$ Mn.</td>
<td>313</td>
<td>645</td>
<td>919</td>
<td>1,695</td>
<td>646</td>
<td>653</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>US$ Mn.</td>
<td>138</td>
<td>381</td>
<td>570</td>
<td>1,134</td>
<td>466</td>
<td>440</td>
</tr>
<tr>
<td>Net income</td>
<td>US$ Mn.</td>
<td>117</td>
<td>343</td>
<td>507</td>
<td>988</td>
<td>372</td>
<td>406</td>
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</tbody>
</table>

### Key Ratios

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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA Margin</td>
<td>%</td>
<td>33.0%</td>
<td>37.6%</td>
<td>37.3%</td>
<td>40.2%</td>
<td>41.4%</td>
<td>42.8%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>%</td>
<td>10.5%</td>
<td>18.7%</td>
<td>19.4%</td>
<td>23.0%</td>
<td>25.6%</td>
<td>25.5%</td>
</tr>
<tr>
<td>Net Debt to funded equity ratio</td>
<td>Times</td>
<td>0.89</td>
<td>0.66</td>
<td>0.45</td>
<td>0.31</td>
<td>0.22</td>
<td>0.24</td>
</tr>
<tr>
<td>Return on Stockholders Equity</td>
<td>%</td>
<td>11.7%</td>
<td>28.0%</td>
<td>29.5%</td>
<td>37.4%</td>
<td>40.8%</td>
<td>41.8%</td>
</tr>
<tr>
<td>Return on Capital employed</td>
<td>%</td>
<td>9.7%</td>
<td>18.0%</td>
<td>21.3%</td>
<td>28.2%</td>
<td>29.3%</td>
<td>31.5%</td>
</tr>
</tbody>
</table>

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

AN OVERVIEW

2.1 Introduction

We are one of India’s leading providers of telecommunication services with a nationwide presence in all the 23 licensed jurisdictions (also known as Telecom Circles). We served an aggregate of 50,950,700 customers as of September 30, 2007; of whom 48,875,664 subscribe to our GSM services and 2,075,036 use our broadband & telephone services either for voice and/or broadband access delivered through DSL. We are the largest wireless service provider in the country, based on the number of customers reported by the TRAI as of September 30, 2007. We also offer an integrated suite of telecom solutions to our enterprise customers, in addition to providing long distance connectivity both nationally and internationally. All these services are rendered under a unified brand “Airtel”.

2.2 Business Divisions

Mobile Services - We offer mobile and fixed wireless services (FWP) using GSM technology on 900MHz and 1800MHz bands, and are the largest wireless service provider in the country, based on the number of customers. Our 48,875,664 mobile customers accounted for a market share of 23.4% of wireless market, as on September 30, 2007.

We offer postpaid, prepaid, roaming and value added services through our extensive sales and distribution channel covering 672,297 outlets.

Our network is present in 4,876 census towns and 290,000 non-census towns & villages in India, thus covering approximately 65% of the country’s population. Our network operating centers, which monitor the health of our mobile network are located in Gurgaon, near Delhi, and Chennai.

Broadband & Telephone Services - We provide broadband (DSL) & telephone services (fixed line) in 94 cities. We had 2,075,036 customers as on September 30, 2007 of which 34% were subscribing to broadband services.

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

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

Carriers – This business unit is India’s first private long distance communications service provider, offering a portfolio of wholesale services in data and voice domain. This business segment includes the pan India network infrastructure including the optical transport network, national and international voice-switching network, multi protocol label switches (MPLS), asynchronous transfer modes (ATM) and frame relays (FR) among others. It offers extensive coverage through 55,574 km long optical transport network connected with our two international submarine cable landing stations in Chennai for Network i2i (wholly owned subsidiary of Bharti Airtel Limited) and SMW 4 (owned by a consortium of 16 telecom operators including Bharti Airtel). The cable stations provide international connectivity across the Atlantic and transpacific routes with resilience and restorability.

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

2.3 Partners

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

Equipment & Technology Partners - We believe in deploying the finest technology and operating state-of-the-art networks. Equipment suppliers for our mobile networks include Ericsson, Nokia and Huawei. In case of the telephone services and long distance networks, equipment suppliers include Siemens, Nortel, Comin, CISCO, WIPRO among others. We have an information technology alliance with IBM for our group - wide information technology requirements. We also have a technology alliance with Nortel for call center technology requirements.
Section 3

FINANCIAL HIGHLIGHTS

This section presents the (1) un-audited financial results for the second quarter and half year ended September 30, 2006 and audited financial results for the second quarter and half year ended September 30, 2007 as per United States Generally Accepted Accounting Principles (USGAAP).

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

3.1 Consolidated - Summary of Consolidated Financial Statements

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount in Rs. Million, except ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quarter Ended</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Total revenues</td>
<td>63,374</td>
</tr>
<tr>
<td>EBITDA</td>
<td>27,097</td>
</tr>
<tr>
<td>Cash profit from operations before</td>
<td></td>
</tr>
<tr>
<td>Derivative and Exchange Fluctuation</td>
<td>26,330</td>
</tr>
<tr>
<td>Cash profit from operations after</td>
<td></td>
</tr>
<tr>
<td>Derivative and Exchange Fluctuation</td>
<td>25,971</td>
</tr>
<tr>
<td>Income before Income taxes</td>
<td>17,472</td>
</tr>
<tr>
<td>Current tax expense</td>
<td>2,120</td>
</tr>
<tr>
<td>Income after current tax expense</td>
<td>15,351</td>
</tr>
<tr>
<td>Deferred tax expense / (Income)</td>
<td>(985)</td>
</tr>
<tr>
<td>Net income</td>
<td>16,139</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>42.8%</td>
</tr>
</tbody>
</table>

3.1.2 Consolidated Summarized Balance Sheet

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount in Rs. Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td>As at September 30, 2007</td>
</tr>
<tr>
<td>Total current assets</td>
<td>57,864</td>
</tr>
<tr>
<td>Total non current assets</td>
<td>314,245</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>372,109</strong></td>
</tr>
<tr>
<td>LIABILITIES AND STOCKHOLDERS’ EQUITY</td>
<td></td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>141,988</td>
</tr>
<tr>
<td>Total non current liabilities</td>
<td>61,556</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>203,544</strong></td>
</tr>
<tr>
<td>Minority Interests</td>
<td>2,250</td>
</tr>
<tr>
<td>Total stockholders’ equity</td>
<td>166,315</td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td><strong>372,109</strong></td>
</tr>
</tbody>
</table>
3.2  Segment - wise Summarized Statement of Operations

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td>Total revenues</td>
<td>50,579</td>
<td>33,022</td>
</tr>
<tr>
<td>EBITDA</td>
<td>20,728</td>
<td>12,179</td>
</tr>
<tr>
<td>EBIT</td>
<td>14,058</td>
<td>8,085</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>41.0%</td>
<td>36.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td>Total revenues</td>
<td>97,554</td>
<td>61,432</td>
</tr>
<tr>
<td>EBITDA</td>
<td>39,814</td>
<td>22,520</td>
</tr>
<tr>
<td>EBIT</td>
<td>27,379</td>
<td>15,045</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>40.8%</td>
<td>36.7%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td>Total revenues</td>
<td>20,495</td>
<td>15,753</td>
</tr>
<tr>
<td>EBITDA</td>
<td>7,687</td>
<td>5,343</td>
</tr>
<tr>
<td>EBIT</td>
<td>5,657</td>
<td>3,776</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>37.5%</td>
<td>33.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td>Total revenues</td>
<td>38,947</td>
<td>29,968</td>
</tr>
<tr>
<td>EBITDA</td>
<td>14,116</td>
<td>10,222</td>
</tr>
<tr>
<td>EBIT</td>
<td>10,238</td>
<td>7,283</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>36.2%</td>
<td>34.1%</td>
</tr>
</tbody>
</table>

3.2.3  Broadband & Telephone Services - comprises of consolidated statement of operations of Broadband & Telephone Services.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td>Total revenues</td>
<td>7,023</td>
<td>5,244</td>
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<tr>
<td>EBITDA</td>
<td>2,790</td>
<td>1,069</td>
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<tr>
<td>EBIT</td>
<td>1,680</td>
<td>195</td>
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<tr>
<td>EBITDA / Total revenues</td>
<td>39.7%</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td>Total revenues</td>
<td>13,536</td>
<td>10,426</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4,891</td>
<td>2,262</td>
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<tr>
<td>EBIT</td>
<td>2,623</td>
<td>579</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>36.1%</td>
<td>21.7%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td>Total revenues</td>
<td>13,471</td>
<td>10,510</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4,897</td>
<td>4,274</td>
</tr>
<tr>
<td>EBIT</td>
<td>3,977</td>
<td>3,581</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>36.4%</td>
<td>40.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td></td>
<td>Sept. 2007</td>
<td>Sept. 2006</td>
</tr>
<tr>
<td>Total revenues</td>
<td>25,411</td>
<td>19,542</td>
</tr>
<tr>
<td>EBITDA</td>
<td>9,225</td>
<td>7,960</td>
</tr>
<tr>
<td>EBIT</td>
<td>7,615</td>
<td>6,703</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>36.3%</td>
<td>40.7%</td>
</tr>
</tbody>
</table>
3.2.4.1 Enterprise Services – Carriers - comprises of the domestic, international long distance operations and landing station (at Chennai).

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>10,048</td>
<td>8,362</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3,462</td>
<td>3,367</td>
</tr>
<tr>
<td>EBIT</td>
<td>2,740</td>
<td>2,864</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>34.5%</td>
<td>40.3%</td>
</tr>
</tbody>
</table>

3.2.4.2 Enterprise Services – Corporates

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>3,423</td>
<td>2,148</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,435</td>
<td>907</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,237</td>
<td>717</td>
</tr>
<tr>
<td>EBITDA / Total revenues</td>
<td>41.9%</td>
<td>42.2%</td>
</tr>
</tbody>
</table>

3.2.5 Others – comprises of Bharti corporate offices

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>546</td>
<td>249</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(897)</td>
<td>(346)</td>
</tr>
<tr>
<td>Depreciation &amp; Others</td>
<td>114</td>
<td>93</td>
</tr>
<tr>
<td>EBIT</td>
<td>(1,011)</td>
<td>(439)</td>
</tr>
</tbody>
</table>

3.3 Segment-wise Investments and Contribution

3.3.1 Investments in projects

<table>
<thead>
<tr>
<th>Segment</th>
<th>As at September 30, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Services</td>
<td>Rs. Million</td>
</tr>
<tr>
<td>Broadband &amp; Telephone Services</td>
<td>292,954</td>
</tr>
<tr>
<td>Enterprise Services - Carriers</td>
<td>49,137</td>
</tr>
<tr>
<td>Enterprise Services - Corporates</td>
<td>49,555</td>
</tr>
<tr>
<td>Others</td>
<td>6,239</td>
</tr>
<tr>
<td>Total</td>
<td>399,180</td>
</tr>
<tr>
<td>Less:- Accumulated Depreciation &amp; Amortisation</td>
<td>89,689</td>
</tr>
<tr>
<td>Net Fixed Assets &amp; Other Project Investment</td>
<td>309,491</td>
</tr>
</tbody>
</table>
### 3.3.2 Segment-wise contribution to Revenue, EBITDA and Capex incurred during the period

<table>
<thead>
<tr>
<th>Segment</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>EBITDA</td>
</tr>
<tr>
<td></td>
<td>Rs. Million</td>
<td>% of total</td>
</tr>
<tr>
<td>Mobile Services</td>
<td>50,579</td>
<td>80%</td>
</tr>
<tr>
<td>Broadband &amp; Telephone Services</td>
<td>7,023</td>
<td>11%</td>
</tr>
<tr>
<td>Enterprise Services - Carriers</td>
<td>10,048</td>
<td>16%</td>
</tr>
<tr>
<td>Enterprise Services - Corporates</td>
<td>3,423</td>
<td>5%</td>
</tr>
<tr>
<td>Others</td>
<td>546</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>71,619</strong></td>
<td><strong>113%</strong></td>
</tr>
<tr>
<td>Eliminations</td>
<td>(8,245)</td>
<td>-13%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>63,374</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Note: Revenue and EBITDA eliminations are on account of inter-segment transactions. Capex is net of eliminations.
SECTION 4

OPERATING HIGHLIGHTS

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

4.1 Bharti Airtel Consolidated

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers on our Network</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile Services</td>
<td>000's.</td>
<td>48,876</td>
<td>42,704</td>
<td>14%</td>
<td>27,061</td>
<td>81%</td>
</tr>
<tr>
<td>Broadband &amp; Telephone Services</td>
<td>000's.</td>
<td>2,075</td>
<td>1,972</td>
<td>5%</td>
<td>1,631</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>000's.</td>
<td>50,951</td>
<td>44,676</td>
<td>14%</td>
<td>28,693</td>
<td>78%</td>
</tr>
<tr>
<td>Non Voice Revenue as a % of Total Revenues</td>
<td>%</td>
<td>13.9%</td>
<td>13.8%</td>
<td></td>
<td>15.2%</td>
<td></td>
</tr>
<tr>
<td>Total On-Roll Employees</td>
<td>No.</td>
<td>23,264</td>
<td>22,955</td>
<td>1%</td>
<td>18,584</td>
<td>25%</td>
</tr>
</tbody>
</table>

4.2 Mobile Services

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subscriber Base</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All India Mobile Subscribers</td>
<td>000's.</td>
<td>209,084</td>
<td>185,131</td>
<td>13%</td>
<td>126,612</td>
<td>65%</td>
</tr>
<tr>
<td>Mobile Customers on Bharti's Network</td>
<td>000's.</td>
<td>48,876</td>
<td>42,704</td>
<td>14%</td>
<td>27,061</td>
<td>81%</td>
</tr>
<tr>
<td><strong>Net Additions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All India Mobile Subscribers</td>
<td>000's.</td>
<td>23,953</td>
<td>19,080</td>
<td>26%</td>
<td>17,368</td>
<td>38%</td>
</tr>
<tr>
<td>Mobile Customers on Bharti's Network</td>
<td>000's.</td>
<td>6,172</td>
<td>5,563</td>
<td>11%</td>
<td>3,989</td>
<td>55%</td>
</tr>
<tr>
<td><strong>Market Share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bharti's Mobile Market Share</td>
<td>%</td>
<td>23.4%</td>
<td>23.1%</td>
<td></td>
<td>21.4%</td>
<td></td>
</tr>
<tr>
<td>Bharti's Market Share of Net Additions</td>
<td>%</td>
<td>25.8%</td>
<td>29.2%</td>
<td></td>
<td>23.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Pre-Paid Customers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Customer Base</td>
<td>%</td>
<td>90.4%</td>
<td>89.7%</td>
<td></td>
<td>85.5%</td>
<td></td>
</tr>
<tr>
<td>Total Net Additions</td>
<td>%</td>
<td>95.4%</td>
<td>97.5%</td>
<td></td>
<td>92.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Other Operating Information</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Revenue Per User (ARPU)</td>
<td>Rs.</td>
<td>366</td>
<td>390</td>
<td>-6%</td>
<td>438</td>
<td>-16%</td>
</tr>
<tr>
<td>Average Revenue Per User (ARPU)</td>
<td>US$</td>
<td>9.2</td>
<td>9.8</td>
<td>-6%</td>
<td>11.0</td>
<td>-16%</td>
</tr>
<tr>
<td>Average Minutes of Use Per User</td>
<td>Minutes</td>
<td>469</td>
<td>478</td>
<td>-2%</td>
<td>451</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Monthly Churn</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post-paid Voluntary Churn</td>
<td>%</td>
<td>1.1%</td>
<td>1.1%</td>
<td></td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>Post-paid Company Initiated Churn</td>
<td>%</td>
<td>2.1%</td>
<td>2.5%</td>
<td></td>
<td>2.4%</td>
<td></td>
</tr>
<tr>
<td>Prepaid</td>
<td>%</td>
<td>3.8%</td>
<td>4.0%</td>
<td></td>
<td>5.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Non Voice Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMS Revenue as a % of Mobile Revenues</td>
<td>%</td>
<td>4.6%</td>
<td>5.0%</td>
<td></td>
<td>6.1%</td>
<td></td>
</tr>
<tr>
<td>Non Voice Revenue as a % of Mobile Revenues</td>
<td>%</td>
<td>9.8%</td>
<td>9.9%</td>
<td></td>
<td>10.3%</td>
<td></td>
</tr>
</tbody>
</table>

*All India Mobile Subscribers based on the report published by TRAI for quarter ended June 2007 and September 2007.*
### 4.3 Broadband & Telephone Services

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband &amp; Telephony Customers</td>
<td>000's</td>
<td>2,075</td>
<td>1,972</td>
<td>5%</td>
<td>1,631</td>
<td>27%</td>
</tr>
<tr>
<td>Net additions</td>
<td>000's</td>
<td>103</td>
<td>101</td>
<td>2%</td>
<td>126</td>
<td>-19%</td>
</tr>
<tr>
<td>Average Revenue Per User (ARPU)</td>
<td>Rs</td>
<td>1,150</td>
<td>1,121</td>
<td>3%</td>
<td>1,115</td>
<td>3%</td>
</tr>
<tr>
<td>Average Revenue Per User (ARPU)</td>
<td>US$</td>
<td>28.9</td>
<td>28.2</td>
<td>3%</td>
<td>28.1</td>
<td>3%</td>
</tr>
</tbody>
</table>

### 4.4 Traffic Details - Gross of inter-segment eliminations

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Services</td>
<td>Mn Mn</td>
<td>64,375</td>
<td>57,125</td>
<td>13%</td>
<td>33,844</td>
<td>90%</td>
</tr>
<tr>
<td>Broadband &amp; Telephone Services</td>
<td>Mn Mn</td>
<td>4,596</td>
<td>4,454</td>
<td>3%</td>
<td>4,080</td>
<td>13%</td>
</tr>
<tr>
<td>National Long Distance Services</td>
<td>Mn Mn</td>
<td>6,774</td>
<td>5,856</td>
<td>16%</td>
<td>3,628</td>
<td>87%</td>
</tr>
<tr>
<td>International Long Distance Services</td>
<td>Mn Mn</td>
<td>1,345</td>
<td>1,243</td>
<td>8%</td>
<td>882</td>
<td>52%</td>
</tr>
<tr>
<td>Total Minutes on Network</td>
<td>Mn Min</td>
<td>77,089</td>
<td>68,678</td>
<td>12%</td>
<td>42,434</td>
<td>82%</td>
</tr>
</tbody>
</table>

### 4.5 Network and Coverage

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Services</td>
<td>No.</td>
<td>4,876</td>
<td>4,855</td>
<td>21</td>
<td>4,357</td>
<td>519</td>
</tr>
<tr>
<td>Census Towns</td>
<td>No.</td>
<td>290,000</td>
<td>243,584</td>
<td>16%</td>
<td>155,076</td>
<td>134,924</td>
</tr>
<tr>
<td>Non-Census Towns &amp; Villages</td>
<td>%</td>
<td>65%</td>
<td>62%</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population Coverage</td>
<td>%</td>
<td>65%</td>
<td>62%</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broadband &amp; Telephone Services</td>
<td>No.</td>
<td>94</td>
<td>94</td>
<td>-</td>
<td>94</td>
<td>-</td>
</tr>
<tr>
<td>Carriers (National Long Distance)</td>
<td>No.</td>
<td>94</td>
<td>94</td>
<td>-</td>
<td>94</td>
<td>-</td>
</tr>
<tr>
<td>Optic Fibre Network</td>
<td>Rkms</td>
<td>55,574</td>
<td>43,658</td>
<td>11,916</td>
<td>36,151</td>
<td>19,423</td>
</tr>
</tbody>
</table>

*Note: With effect from quarter ended September 2007 Optic Fibre Network is inclusive of owned fibre and swapped fibre, previously reported as only owned fibre.*

### 4.6 Human Resource Analysis

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td>No.</td>
<td>23,264</td>
<td>22,955</td>
<td>1%</td>
<td>18,584</td>
<td>25%</td>
</tr>
<tr>
<td>Total On-Roll Employees</td>
<td>No.</td>
<td>2,190</td>
<td>1,946</td>
<td>13%</td>
<td>1,544</td>
<td>42%</td>
</tr>
<tr>
<td>Number of Customers per employee</td>
<td>No.</td>
<td>6,010</td>
<td>5,623</td>
<td>7%</td>
<td>3,886</td>
<td>55%</td>
</tr>
<tr>
<td>Mobile Services</td>
<td>No.</td>
<td>2,073,226</td>
<td>2,061,701</td>
<td>1%</td>
<td>1,580,819</td>
<td>31%</td>
</tr>
<tr>
<td>Gross Revenue per employee per month</td>
<td>Rs.</td>
<td>2,073,226</td>
<td>2,061,701</td>
<td>1%</td>
<td>1,580,819</td>
<td>31%</td>
</tr>
<tr>
<td>Broadband &amp; Telephone Services</td>
<td>No.</td>
<td>186</td>
<td>170</td>
<td>9%</td>
<td>178</td>
<td>5%</td>
</tr>
<tr>
<td>Gross Revenue per employee per month</td>
<td>Rs.</td>
<td>209,456</td>
<td>187,241</td>
<td>12%</td>
<td>190,259</td>
<td>10%</td>
</tr>
<tr>
<td>Enterprise Services - Carriers</td>
<td>Rs.</td>
<td>2,167,918</td>
<td>2,229,412</td>
<td>-3%</td>
<td>3,318,256</td>
<td>-35%</td>
</tr>
<tr>
<td>Gross Revenue per employee per month</td>
<td>Rs.</td>
<td>631,123</td>
<td>504,957</td>
<td>25%</td>
<td>596,022</td>
<td>6%</td>
</tr>
</tbody>
</table>

*Note: With effect from quarter ended September 2007 Optic Fibre Network is inclusive of owned fibre and swapped fibre, previously reported as only owned fibre.*
5.1 Key Industry and Company Developments

5.1.1 Industry

DOT Press Release

On October 18, 2007, Department of Telecommunications (DoT) issued a press release which stipulates as under:

- DoT has accepted TRAI’s recommendation that there should be no cap on the number of access providers.
- Enhanced subscriber-linked criteria for allocation of spectrum recommended by TRAI are accepted. The new criteria is as under:

<table>
<thead>
<tr>
<th>GSM Subscriber Base Criteria (Figures in millions)</th>
<th>2x 6.2MHz</th>
<th>2x 8MHz</th>
<th>2x 10MHz</th>
<th>2x 12.4MHz</th>
<th>2x 15MHz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Del/Mum</td>
<td>0.5 (0.3)</td>
<td>1.5 (0.6)</td>
<td>2 (1)</td>
<td>3 (1.6)</td>
<td>5 (2.1)</td>
</tr>
<tr>
<td>Chn/Kol</td>
<td>0.5 (0.2)</td>
<td>1.5 (0.4)</td>
<td>2 (0.6)</td>
<td>3 (1)</td>
<td>5 (1.3)</td>
</tr>
<tr>
<td>Category A</td>
<td>0.8 (0.4)</td>
<td>3 (0.8)</td>
<td>5 (1.4)</td>
<td>8 (2)</td>
<td>10 (2.6)</td>
</tr>
<tr>
<td>Category B</td>
<td>0.8 (0.3)</td>
<td>3 (0.6)</td>
<td>5 (1)</td>
<td>8 (1.6)</td>
<td>10 (2.1)</td>
</tr>
<tr>
<td>Category C</td>
<td>0.6 (0.2)</td>
<td>2 (0.4)</td>
<td>4 (0.6)</td>
<td>6 (0.9)</td>
<td>8 (1.2)</td>
</tr>
</tbody>
</table>

*Figures in bracket are the old subscriber base criteria*

<table>
<thead>
<tr>
<th>CDMA Subscriber Base Criteria (Figures in millions)</th>
<th>3rdCarrier</th>
<th>4thCarrier</th>
<th>5thCarrier</th>
<th>6thCarrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Del/Mum</td>
<td>0.5 (0.3)</td>
<td>2 (1)</td>
<td>5 (1.6)</td>
<td>5 (2.1)</td>
</tr>
<tr>
<td>Chn/Kol</td>
<td>0.5 (0.2)</td>
<td>2 (0.6)</td>
<td>3 (1)</td>
<td>5 (1.3)</td>
</tr>
<tr>
<td>Category A</td>
<td>0.8 (0.4)</td>
<td>5 (1.2)</td>
<td>8 (2)</td>
<td>10 (2.6)</td>
</tr>
<tr>
<td>Category B</td>
<td>0.8 (0.3)</td>
<td>5 (1)</td>
<td>8 (1.6)</td>
<td>10 (2.1)</td>
</tr>
<tr>
<td>Category C</td>
<td>0.6 (0.15)</td>
<td>4 (0.5)</td>
<td>6 (0.9)</td>
<td>8 (1.2)</td>
</tr>
</tbody>
</table>

*Figures in bracket are the old subscriber base criteria*

- DoT has also set up a committee under the Telecom Engineering Centre (TEC) to further study the criteria for spectrum allocation and submit a report thereon.
- Spectrum for alternate technology viz. CDMA or GSM shall be allocated in the applicable frequency band subject to availability after payment of prescribed fee.
- The existing Unified Access Service Licensees, who have already applied for allocation of spectrum for the alternate technology shall be considered for allocation from the date of payment of prescribed fee.
- BSNL and MTNL, being incumbent operators, shall be permitted to use alternative technology and shall be allocated spectrum for the same without any fee.
- To encourage access service providers to use more efficient methods and optimum technologies for spectrum utilization, a "Spectrum Enhancement Charge", may be imposed in addition to annual spectrum charges. This charge would be levied at the time of allotment of spectrum beyond 10MHz for GSM and 5MHz for CDMA. For each additional 1MHz or part thereof a Spectrum Enhancement Charge @ Rs.160mn, Rs. 80mn and Rs. 30mn for Metro/Category A, Category B, Category C service areas respectively may be charged.
- Licensees who do not fulfill roll-out obligations shall not be eligible for additional spectrum or for participation in spectrum allocation or for mergers. However permission for acquisition may be entertained.
- DoT has accepted TRAI’s recommendation that SACFA clearance should be given in a stipulated time frame of 60 days, unless there are circumstances to contrary.
- Subsequent to issuance of in-principal approval to CDMA operators to use dual technology under one Licence, COAI filed a petition before the Hon'ble TDSAT, for protecting the interest of GSM players over spectrum before allocation of GSM spectrum to CDMA operators.
- During the hearing on October 24, 2007, the Government assured the Hon’ble TDSAT that no spectrum would be given to any operator till November 12, which is the next date of hearing.

Recommendations on Review of Key License Conditions and Capping of number of Access Providers

On August 28, 2007, TRAI released its recommendations pursuant to the conclusion of a public consultation exercise on review of key license conditions and capping of number of access service providers. Highlights are:

- There should be no cap on the number of access service providers in any service area.
- A more stringent subscriber linked spectrum criteria has been recommended for GSM and CDMA operators.
- Allocation of spectrum beyond 4.4 MHz should be subject to obtaining the required subscriber base and reporting compliance of roll-out obligations.
- In the existing 2G band i.e. 800 MHz, 900 MHz, 1800 MHz after reaching the specified subscriber base, any additional spectrum beyond 10MHz in GSM or 5MHz in CDMA should be subject to one time spectrum charges on pro-rata basis for allotment of each MHz or part thereof of spectrum beyond 10MHz:

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Price for 2x5MHz</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Mumbai, Delhi &amp; Category &quot;A&quot;</td>
<td>Rs.800mn.</td>
</tr>
<tr>
<td>For Chennai, Kolkata &amp; Category &quot;B&quot;</td>
<td>Rs.400mn.</td>
</tr>
<tr>
<td>For Category “C”</td>
<td>Rs.150mn.</td>
</tr>
</tbody>
</table>

**Revised Spectrum Charges recommended are:**

<table>
<thead>
<tr>
<th>Service</th>
<th>Existing</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 2X4.4 MHz</td>
<td>2%</td>
<td>No Change</td>
</tr>
<tr>
<td>Upto 2X6.2MHz/2x5 MHz</td>
<td>3%</td>
<td>No Change</td>
</tr>
<tr>
<td>Upto 2X8MHz</td>
<td>4%</td>
<td>No Change</td>
</tr>
<tr>
<td>Upto 2X10MHz</td>
<td>4%</td>
<td>5.00%</td>
</tr>
<tr>
<td>Upto 2X12.5MHz</td>
<td>5%</td>
<td>6.00%</td>
</tr>
<tr>
<td>Upto 2X15 MHz</td>
<td>6%</td>
<td>7.00%</td>
</tr>
<tr>
<td>Beyond 2X15 MHz</td>
<td>-</td>
<td>8.00%</td>
</tr>
</tbody>
</table>

- An existing licensee may be permitted to use alternate technology to provide wireless access service subject to payment of an upfront fee which should be, at least, equal to the entry fee for UAS license in that service area. Further, such licensee should maintain separate
details of the subscriber base data for the purposes of spectrum allocation
- SACFA clearance should be given within 60 days failing which application should be deemed to be approved.
- A licensee who attains coverage of 75% of development blocks in any service area (excluding four Metros) should be eligible for reduced rate of Universal Service Obligation fee from existing level of 5% to 3%.
- For regulating Mergers and Acquisitions (M&A), market power should be assessed in terms of market share in form of subscriber base and revenue of the licensee. M&As should be permitted so long as market share of merged entity does not exceed 40% either in terms of subscriber base or in terms of revenue and the number of wireless access service providers does not fall below four in the relevant market.

**Domestic Leased Circuits (DLCs) Regulation, 2007**

On September 14, 2007, TRAI issued a regulation enabling service providers to approach each other for DLCs and Local Lead of DLC on any media (i.e. copper, fibre, wireless etc.) and using any transmission technology. However this regulation is applicable only for contracts entered into after the date of the regulation. Highlights of the regulation are:

- Any service provider, who under a contract or through any arrangement, has an obligation to provide DLC to its subscribers but does not have adequate DLCs, can approach another service provider for the same.
- The service provider receiving such a request for DLCs is liable to confirm feasibility of provision of the DLC or Local Lead within 30 days of date of request. In case capacity is available, the latter has to indicate likely date of provisioning.
- The provision of DLC or Local Lead shall be at rates specified by TRAI.
- In case provision of the DLC or Local Lead is infeasible, due to capacity constraints or technical non-feasibility, the service provider has to indicate the reasons in writing. Every service provider shall maintain record of such cases for a period of 1 year.
- The service providers shall be given an option to acquire the DLC or Local Lead on "Rent and Guarantee Terms" or "Special Construction basis" or "Contribution basis" on mutually agreed terms and conditions.

**Draft Recommendations on “Growth of Broadband”**

On September 17, 2007, TRAI published draft recommendations on the growth of Broadband, seeking comments of stakeholders. Highlights are:

- To promote rapid spread of broadband services, BSNL & MTNL should be encouraged to appoint franchisees to supplement their efforts. Any procedural restrictions/limitations to be addressed immediately.
- Standardization of DSL customer premise equipments (CPEs) should be done by Telecom Engineering Centre (TEC) in time bound manner.
- Indian manufacturers should be encouraged to produce more CPEs for provision of Broadband using these technologies.
- Spectrum for 3G & WiMAX should be made available at the earliest to boost the deployment of broadband using these technologies.
- Central government should encourage state governments to adopt uniform Right of Way (RoW) procedures. A district level committee may be formed to study RoW requirement and to encourage service providers to share ducts.
- Government should ensure availability of more number of Ku band transponders to roll out broadband services through Direct to Home (DTH) platform.
- Universal Service Obligation (USO) fund may be mobilized to provide subsidy for providing broadband services through satellite in remote and hilly areas.
- USO fund may be utilized for subsidizing backhaul charges initially up to 40%.
- In order to increase competition in provision of broadband in rural areas, at least two service providers seeking minimum subsidy should be identified.
- Municipal committees should be encouraged to require Multiple Dwelling Units to adopt suitable internal wiring before giving clearance for construction.

**TDSAT Order on definition of AGR (Adjusted Gross Revenue)**

On August 30, 2007, the TDSAT passed its Judgment on items of revenue that may be included in the definition of AGR. TDSAT has largely accepted TRAI’s recommendations. Moreover, in some instances where TRAI had rejected industry’s contentions, the TDSAT was pleased to hold in industry’s favour. Major Highlights are:

(a) **Items, which should not be part of AGR:**

- Income from dividend
- Interest Income (except it is being earned from security deposits from the subscribers)
- Capital Gains
- Gains from Foreign Exchange rates fluctuations
- Reversal of provisions like bad debts and taxes and vendor’s credits
- Income from property in case, the same is not connected with “establishing, maintaining and working of telecommunication”
- Management fees, consultancy fee and training charges
- Revenue from sale of fixed assets which is in the nature of capital receipts and insurance claims.
- Payments received on behalf of third party should not form part of AGR.
- Inclusion of Revenue from one licensed activity in the revenue of another licensed activity.
- TV uplinking and Internet service
- Revenue from sale of equipment including sale of handsets.

(b) **Items, which should be part of AGR**

- Income from sale/lease of Passive Infrastructure like towers, dark fibre etc.
- Revenue streams like sale of tenders, directories, forms, forfeiture of deposits/ earnest money
- Revenue from sale of equipment including sale of handsets in case, it is bundled with telecom service

**TDSAT order on Revenue Share on Roaming Calls**

On September 11, 2007, TDSAT upheld TRAI Directive dated September 11, 2006 which stipulated that BSNL is not justified in claiming a share of the revenue earned by private operators from their roaming subscribers. TDSAT held that BSNL is only entitled for Termination Charges for those roaming calls, which are being terminated on its network.

**Revision of Interconnection Regulation for Direct-to-Home (DTH) service**

On September 03, 2007 TRAI issued a fourth amendment to the Broadcasting & Cable Services Interconnection
Regulation to be effective from December 01, 2007. This amendment pertains to DTH services. Highlights are:

- The definition of "DTH Service" has been amended by removing the stipulation for use of "Ku band". Thus it is no longer mandatory to use Ku band spectrum for transmission of TV signals in DTH service.
- Every Broadcaster to publish a Reference Interconnect Offer (RIO) within 90 days of commencement of this Regulation specifying technical & commercial conditions on which it shall interconnect with DTH operators.
- Broadcasters and DTH operators shall enter into Interconnection Agreements on the basis of the RIO. In case they reach a bi-lateral agreement different from the RIO, the same should be non-discriminatory vis-à-vis other DTH operators.
- Broadcasters shall execute Interconnection Agreement with DTH operators in accordance with the RIO, within 45 days of receiving a request. Failing which, either party may approach TRAI for intervention.
- Broadcasters must offer channels on a-la-carte basis to DTH operators, in addition to bouquets.
- Sum of a-la-carte rates of pay channels comprised in a bouquet should not exceed 1.5 times the rate of the bouquet of which the pay channels are a part.
- The a-la-carte rates of each Pay Channel comprised in a bouquet should not exceed 3 times the average rate of a Pay Channel of that bouquet. The average rate of a Pay Channel of a bouquet can be calculated by dividing the "Bouquet Rate" by the "Number of Pay Channels comprised in that Bouquet".
- In case a DTH operator splits the channels comprised in a bouquet for offering to its subscribers, it shall pay the Broadcaster on the basis of the subscriber base for the channel which has the highest subscriber base amongst the channels comprised in such opted Bouquet.

Quality of Service (QoS) Regulation for Direct-to-Home (DTH) service

On August 31, 2007, TRAI issued a QoS Regulation for DTH services to be effective from December 01, 2007. Highlights are:

- Customer Premises Equipment (CPE) including the Set Top Box (STB) should be provided to subscribers on sale, rental & hire-purchase basis.
- In hire-purchase scheme, refund should be given to the subscribers if they choose to return the CPE.
- All requests for shifting, disconnection and reconnection to be handled within 5 working days.
- DTH operator will give prior notice for discontinuing a channel or for disconnecting a subscriber.
- DTH operator will not disable the STB of a subscriber who has opted out of his service so that the subscriber can use the same STB for receiving DTH services of another operator.
- The subscription package once offered to a subscriber cannot be changed by the service provider for a minimum of 6 months.
- Postpaid subscribers will be issued bills with details such as charges for subscription package, VAS, CPE, taxes.
- DTH operator will provide toll free access to call centres and meet benchmarks relating to response time.
- Each request or complaint to a call centre to be assigned a docket number.
- 90% of complaints regarding non-receipt of signals to be redressed within 24 hrs and 90% of other type of complaints to be redressed within 48 hrs. No complaint to remain pending beyond 5 days. All billing complaints to be redressed within 7 days.
- DTH operators to appoint Nodal Officers for redressal of grievances of subscribers who are not satisfied with the redressal at call centre level. Nodal Officer will redress the grievances within 10 days.
- Complaints forwarded by TRAI to be redressed within 15 days and outcome intimated to both subscriber & TRAI.
- DTH operator will prepare a manual containing details such as benchmarks for grievance redressal, call centres, Nodal Officers, operating instructions for STB, etc and provide a copy to each subscriber.

Position Paper on Internet Protocol Television (IPTV)

On September 06, 2007, TRAI released a paper expounding its position on IPTV service and soliciting view of stakeholders. Highlights of TRAI’s stand are:

- IPTV service is technically distinguishable from Cable TV service.
- Cable TV Networks (Regulation) Act 1995 does not apply to IPTV service delivered through telecom network. IPTV service delivered over telecom operator’s network should be regulated by the Telecom License. FDI cap of 74% which is currently applicable to telecom licensees shall apply for offering IPTV service under Unified Access Service License. As the Cable Act is inapplicable, the FDI ceiling of 49% for cable TV operators is not attracted for IPTV service providers operating under telecom service licenses.
- For content which an IPTV operator sources from Broadcasters, Downlinking & Uplinking Policy will apply. IPTV operators should be allowed only to broadcast channels which have uplink/downlink permission from the Ministry of Information and Broadcasting.
- For content in the form of video feed from other sources, a clause should be added in the Telecom Licenses making the Advertisement Code & Programming Code applicable. For any violation of these codes, the licensee should be held responsible.
- Downlinking Policy should be amended to allow Broadcasters to provide TV channel to IPTV operators.

Consultation Paper on Mobile Television Service

On September 18, 2007, TRAI published a consultation paper on issues relating to Mobile TV Service. Primary issues for consideration are:

- Whether the technology for provision of Mobile TV should be regulated?
- Allocation of frequency between Mobile TV, analogue/ digital Terrestrial TV
- Whether Digital Terrestrial Transmission should be given priority for the spectrum assignment over mobile TV
- Method of Spectrum Allocation – auction or usage based charging
- Eligibility conditions for grant of license
- Area of operation – circle, national, city-wise.
- Net Worth requirements, Limit for FDI and portfolio investment, Tenure of License, License Fee, Bank Guarantee requirements etc.

Last date for submission of comments on the same was September 20, 2007. Further directions on the matter are awaited from TRAI.

Consultation Paper on Head End in the Sky (HITS) Service

On July 24, 2007, TRAI initiated a public consultation on various policy issues relating HITS service. On October 17,
2007, TRAI made the following recommendations to the Ministry of Information & Broadcasting:

- HITs operator should provide digital TV channel signals only to multi system operators (MSOs) and cable operators and not to end-subscribers directly.
- For rapid digitalization of Cable TV service, HITs operator should be free to choose any frequency band of operation.
- Uplinking from outside India should be permitted.
- Foreign investment limit of 74% should be allowed.
- Entry Fee of Rs.100mn and minimum networth of Rs.400mn to discourage non-serious players.
- Annual license fee should not be imposed to maintain parity with MSOs.
- HITs operator should pay spectrum fee similar to DTH.
- Performance bank guarantee of Rs.400mn may be sought which can be released upon fulfillment of rollout.
- To avoid vertical integration, cross-holding restriction of 20% between Broadcaster Company, DTH Operator Company and MSOs may be imposed.
- Uplinking & Downlinking Policy should be amended to enable HITs operator to get signals from broadcasters.

5.1.2 Company

Key developments

- Bharti Airtel was adjudged Company of the Year in the prestigious The Economic Times Award for Corporate Excellence 2006-07; the award seeks to recognize a firm that has consistently set clear performance benchmarks for the rest of the industry.
- Bharti Airtel Limited and Indian Institute of Technology (IIT) Delhi will establish the Bharti-IIT Delhi Telecom Centre of Excellence. The objective of the Centre is to promote innovation in the telecom sector and capacity building through knowledge towards achieving Telecom Vision 2010 of the Government. The Centre will also work towards providing support to the industry in planning future telecom growth in the country and reducing the rural urban digital divide. It will promote focused R&D in the area of telecom and also work development of India specific telecom applications.
- Bharti Airtel Limited, will partner with the Government of Gujarat in the prestigious eGRAM Connectivity Infrastructure Project. Under this first-of-its kind project in the country, Bharti Airtel will set-up telecom infrastructure to connect 13,716 Village Panchayats and Common Service Centres in the state. Once connected, the Panchayat Offices/eGRAMs are expected to form a powerful socio-economic network supporting information dissemination and facilitating e-governance initiatives in the state.
- Bharti Airtel completed all the formalities relating to the acquisition of Network i2i, Mauritius on Sep. 28, 2007. Network i2i now becomes the wholly owned subsidiary of the company.
- Bharti Airtel pioneers 8Mbps Broadband in India and joins select operators in the world to provide such high speeds. Airtel broadband customers can browse multiple windows at the same time- downloading heavy files, view streaming video, enjoy online gaming, chat, email etc. With 8 Mbps speeds, Airtel network is IPTV ready. Airtel's 8 Mbps broadband service will initially be available in Bangalore, Chennai, Pune, Kolkata, Delhi and the NCR, with a subsequent rollout in Mumbai and Hyderabad, in a few weeks.
- On October 01, 2007 Bharti Airtel had crossed the 50 million customer mark. With this, Bharti Airtel has achieved the distinction of becoming the fastest private telecom company in world to achieve this landmark in a single country - within 143 months of start of operations. The 50 million customer base covers mobile as well as broadband & telephone customers.
- Bharti Airtel Limited, signed a managed networks deal for its Sri Lanka operations with Huawei Technologies Co. Ltd. (“Huawei”). The three-year deal is valued at approximately USD 150 Million and includes telecom applications and software. Under the agreement, Huawei will deploy and manage Airtel's core network, Node-Bs and BTSs and comprehensive end-to-end 2G/3G network solutions.
- Bharti Airtel (Singapore) Pte Ltd, a subsidiary of Bharti Airtel, has been awarded the Facility Based Operator (FBO) license in Singapore. Under the license, the company will now be able to operate international carrier facilities from Singapore. The FBO license is yet another important step in our journey towards ensuring that Airtel is able to meet our customer’s complete global communication needs.
- Bharti Telemedia, a subsidiary of Bharti Airtel Ltd., has announced that it plans to launch the Direct to Home (DTH) services by the last quarter of FY 2007-08. The launch of DTH services will add tremendously to Bharti’s existing bouquet of integrated telecom offerings. Bharti will be deploying world-class technology and infrastructure to offer the best in class DTH services to our customers.
- Bharti Airtel partners with Google to provide a world-class suite of services on broadband. Airtel Broadband customers will now be able to access all web portal services with a single sign-on completely free of cost. The portal will make it easy for customers to access their email, search the web, share ideas, connect with friends and publish content. More offerings like e-commerce applications will be added to the portal over a period time.
- Bharti Airtel introduces Google search to the Airtel Live mobile WAP portal. The Google search engine on Airtel Live mobile portal will enable Airtel users to use the Google search engine to easily access content. Also, for customers who access the Internet through their mobile phone, Airtel will bring to them the power of Google in a format that makes mobile surfing an enjoyable experience. Google will also incorporate Mobile Ads that are displayed alongside search results on the Airtel Live mobile portal which will enable advertisers to reach targeted users with their products and services on a cost-per-click basis. This new business model is a first for both consumers and businesses in India.
- Bharti Airtel was adjudged as the top company in the telecom category for second year in succession at the NDTV Profit Business Leadership Awards 2007. The honor underlines the Company’s focus on providing world-class services to customers and leading the telecom revolution in the country.
5.2 Results of Operations

The company has reported its audited financial results for the quarter ended September 30, 2007. The financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP).

Key Highlights - For the quarter ended September 30, 2007

- Total Revenues of Rs. 63.37 billion (up 45% Y-o-Y).
- EBITDA of Rs. 27.10 billion (up 59% Y-o-Y).
- Cash profit from operations of Rs. 25.97 billion (up 58% Y-o-Y).
- Highest ever-net addition of 6.27 million of total customers on its network.
- Market leader with a market share of all India mobile subscribers at 23.4%.

Bharti Airtel Consolidated

Customer Base
As on September 30, 2007, the company had an aggregate of 50,950,700 customers, consisting of 48,875,664 GSM mobile and 2,075,036 broadband & telephone customers. Its total customer base as on September 30, 2007 increased by 76% compared to the customer base as on September 30, 2006.

Revenues/Turnover
During the quarter ended September 30, 2007, the company had revenues of Rs. 63,374 million; a growth of 45% compared to the quarter ended September 30, 2006. Revenues from mobile services represented 80% of the total revenues for the quarter ended September 30, 2007. Non-voice revenue contributed to approximately 13.9% of the total revenues for the quarter.

Operating Expenses (ex-revenue share license and spectrum fee) During the quarter ended September 30, 2007, the company incurred an opex of Rs. 20,679 million representing 32.6% of the total revenues. The operating expense comprises:

- Rs. 7,520 million towards network operations costs (~11.9% of turnover)
- Rs. 3,745 million towards employee costs, (~5.9% of turnover)
- Rs. 206 million towards equipments costs, and
- Rs. 9,208 million towards selling general and administrative costs (~14.5% of turnover)

The operating expenses grew by 34% compared to the quarter ended September 30, 2006. The increase in the operating expenses is associated to the costs pertaining to the expansion of operations.

EBITDA, Finance Cost and Cash Profit from Operations
During the quarter ended September 30, 2007, the company had an EBITDA of Rs. 27,097 million; a growth of 59% compared to the quarter ended September 30, 2006. The EBITDA margin for the quarter was 42.8%.

The net finance expense for the quarter ended September 30, 2007 was Rs. 1,126 million. The interest on borrowings during the quarter was Rs. 776 million and the finance income (primarily related to income on marketable securities) was Rs.138 million. The balance amount was other finance costs, effect of exchange fluctuation and the effect of derivative accounting.

The cash profit from operations after derivative and exchange fluctuations for the quarter was Rs. 25,971 million, an increase of 58%, as compared to the quarter ended September 30, 2006. During the quarter ended September 30, 2007, the company had depreciation & amortization expenses of Rs. 9,062 million.

Income Before Income Taxes (PBT)
The income before income tax for the quarter was Rs. 17,472 million, an increase of 62%, as compared to the quarter ended September 30, 2006. The current tax for the quarter ended September 30, 2007 was Rs. 2,120 million and deferred tax expense of Rs. (985) million.

Net income
The net income for the quarter ended September 30, 2007, was Rs 16,139 million.

Balance Sheet
As on September 30, 2007, the company had total assets of Rs. 372,109 million and total liabilities of Rs. 203,544 million respectively. The difference of Rs. 168,565 million was on account of stockholder equity and minority interest.

The company had a net debt of Rs. 39,333 million (US$ 990 million) as on September 30, 2007, resulting in a net debt to EBITDA (LTM) of 0.42 times.

Capital Expenditure
During the quarter ended September 30, 2007, the company incurred capital expenditure of Rs. 39,795 million (US$ 1,001 million).

Human Resources
As on September 30, 2007, the company had a total of 23,264 employees consisting of 8,132 in mobile services, 14,530 in non-mobile services and 602 in corporate office (as common pool).

Mobile Services

Customer Base, Churn, ARPU and MoU
As at the end of the quarter the company had 48,875,664 GSM mobile customers on its network, which accounted for a market share of 23.4% of all India mobile market.

Of its 48,875,664 GSM mobile customers as of September 30, 2007, postpaid customer contributed 9.6% to the overall customer base while pre-paid customers contributed the balance 90.4%. During the quarter, Bharti’s share of 6,171,726 net additions was 25.8% of all India wireless subscriber net additions.

The average monthly churn for the quarter ended September 30, 2007 was 3.2% (1.1% voluntary churn and 2.1% company initiated churn) for its post-paid segment, and 3.8% for the pre-paid segment.
During the quarter, blended ARPU was Rs. 366 (US$ 9.2) per month as compared to Rs 390 per month in the quarter ended June 30, 2007. The blended monthly usage per customer, during the quarter, was at 469 minutes. The non-voice revenue, which includes Short Messaging Service (SMS), voice mail service, call management and other value added services like Hello Tunes and Airtel Live contributed to approximately 9.8% of the total revenues of the segment. The Short Messaging Services (SMS) revenue, which is primarily text messaging, accounted for 4.6% of the total revenue of the segment, for the quarter ended September 30, 2007.

Revenues, EBITDA and EBIT
The revenues for the quarter ended September 30, 2007 for mobile services stood at Rs 50,579 million, an increase of 53% over the corresponding quarter last year. The revenue from this segment contributed to 80% of the total consolidated revenues. The EBITDA during the quarter ended September 30, 2007 was Rs 20,728 million representing growth of 70% over the quarter ended September 30, 2006. The EBITDA margin for the quarter ended September 30, 2007 was 41.0%. The EBIT for the quarter ended September 30, 2007 was Rs 14,058 million as compared to Rs 8,085 million for the quarter ended September 30, 2006, an improvement of 74%.

Capital Expenditure
During the quarter ended September 30, 2007, the company incurred a capital expenditure of Rs 28,661 million (US$ 721 million) on its mobile services.

Broadband & Telephone
Customer Base and ARPU
At the end of the quarter ended September 30, 2007, the company had its broadband & telephone operations in 94 cities. During the quarter, the company added 102,777 customers on its broadband & telephone networks with 2,075,036 customers as on September 30, 2007. The company had approximately 705,000 customers (~34% of the total customer base) subscribing to broadband (DSL) services.

The ARPU for the quarter was Rs. 1,150 (US$ 28.9) per month.

Revenues, EBITDA and EBIT
For the quarter ended September 30, 2007, the revenues from its broadband & telephone operations of Rs 7,023 million, represented a growth of 34% over the corresponding quarter last year. The EBITDA for the quarter was Rs. 2,790 million compared to Rs. 1,069 million in the corresponding prior year quarter, an increase of 161% respectively. The EBITDA margin for this segment was 39.7% for the quarter ended September 30, 2007. The EBIT for the quarter ended September 30, 2007 was Rs 1,680 million.

Capital Expenditure
During the quarter ended September 30, 2007, the company incurred a capital expenditure of Rs. 1,738 million (US$ 44 million) on its B&T services.

Enterprise Services – Carriers
Revenues, EBITDA and EBIT
For the quarter ended September 30, 2007, the revenues from its long distance services was Rs.10,048 million representing a growth of 20% over the corresponding quarter last year. The EBITDA from this segment during the quarter was Rs 3,462 million, a growth of 3% over the corresponding quarter last year. The EBITDA margin for the quarter, was 34.5%. The EBIT of this segment was Rs. 2,740 million representing a decline of 4% over the corresponding quarter last year.

Enterprise Services - Corporates
Revenues, EBITDA and EBIT
For the quarter ended September 30, 2007, the revenue from this segment was Rs. 3,423 million, a growth of 59% over the corresponding quarter last year. The EBITDA for this segment for the quarter ended September 30, 2007 was Rs. 1,435 million. The EBITDA margin for this segment in the quarter ended September 30, 2007 was 41.9%. The EBIT of this segment was Rs. 1,237 million representing a growth of 73% over the corresponding quarter last year.
## SECTION 6

### STOCK MARKET HIGHLIGHTS

#### 6.1 General Information

<table>
<thead>
<tr>
<th>Shareholding &amp; Financial Data</th>
<th>Code/Exchange</th>
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<tbody>
<tr>
<td>No. of Exchange</td>
<td>Million Nos.</td>
</tr>
<tr>
<td>No. of Shares Outstanding</td>
<td>1,897.71</td>
</tr>
<tr>
<td>Closing Market Price - BSE</td>
<td>Rs./Share</td>
</tr>
<tr>
<td>Combined Volume (NSE &amp; BSE)</td>
<td>~ 2.1</td>
</tr>
<tr>
<td>Combined Value (NSE &amp; BSE)</td>
<td>Rs. Mn./day</td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>~ 2025</td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>Rs. Bn</td>
</tr>
<tr>
<td>Book Value Per Share</td>
<td>1,885</td>
</tr>
<tr>
<td>Market Price/Book Value</td>
<td>47.43</td>
</tr>
<tr>
<td>Net Debt to EBITDA (LTM)</td>
<td>87.64</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>11.34</td>
</tr>
<tr>
<td>Enterprise Value</td>
<td>0.42</td>
</tr>
<tr>
<td>Enterprise Value/ Annualised Q2 Revenue</td>
<td>7.59</td>
</tr>
<tr>
<td>Enterprise Value/ Annualised Q2 EBITDA</td>
<td>17.76</td>
</tr>
</tbody>
</table>

#### 6.2 Summarized Shareholding pattern as of September 30, 2007

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promoter &amp; Promoter Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indian</td>
<td>859,986,028</td>
<td>45.32%</td>
</tr>
<tr>
<td>Foreign</td>
<td>390,363,150</td>
<td>20.57%</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>1,250,349,178</td>
<td>65.89%</td>
</tr>
<tr>
<td><strong>Public Shareholding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutions</td>
<td>552,325,610</td>
<td>29.10%</td>
</tr>
<tr>
<td>Non-institutions</td>
<td>95,033,441</td>
<td>5.01%</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td>647,359,051</td>
<td>34.11%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,897,708,229</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

For detailed shareholding pattern of the company kindly visit our website - [http://www.bhartiartel.in](http://www.bhartiartel.in)
6.3 Bharti Airtel Daily Stock price (BSE) & Volume (Combined of BSE & NSE) Movement

Source: Bloomberg

6.4 Comparison of Domestic Telecom stock movement with Sensex and Nifty

Source: Bloomberg
SECTION 7

Use of Non-GAAP Financial Information

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

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

<table>
<thead>
<tr>
<th>Non - GAAP measure</th>
<th>Equivalent GAAP measure for USGAAP</th>
<th>Location in this results announcement of reconciliation and further information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Profit from Operations after Derivative and Exchange Fluctuations</td>
<td>Operating Income</td>
<td>Page 21</td>
</tr>
<tr>
<td>Income after current tax expenses</td>
<td>Income before taxation</td>
<td>Page 21</td>
</tr>
<tr>
<td>Net Revenues</td>
<td>Total revenues</td>
<td>Page 21</td>
</tr>
<tr>
<td>Total Non Current Assets</td>
<td>N.A</td>
<td>Page 22</td>
</tr>
<tr>
<td>Total Non Current Liabilities</td>
<td>N.A</td>
<td>Page 22</td>
</tr>
<tr>
<td>Earnings before Interest &amp; Taxes [for Non-mobile Services]</td>
<td>N.A</td>
<td>Page 23</td>
</tr>
<tr>
<td>Total Revenues [for Non-mobile Services]</td>
<td>N.A</td>
<td>Page 23</td>
</tr>
<tr>
<td>Schedule of Cost of services</td>
<td>N.A</td>
<td>Page 25</td>
</tr>
<tr>
<td>Schedule of Operating expenses</td>
<td>N.A</td>
<td>Page 25</td>
</tr>
<tr>
<td>Schedule of Depreciation and Amortization</td>
<td>N.A</td>
<td>Page 25</td>
</tr>
<tr>
<td>Schedule of Net debt</td>
<td>N.A</td>
<td>Page 25</td>
</tr>
<tr>
<td>Schedule of Finance cost (net)</td>
<td>N.A</td>
<td>Page 26</td>
</tr>
<tr>
<td>Schedule of Income tax</td>
<td>N.A</td>
<td>Page 26</td>
</tr>
</tbody>
</table>
7.1 Reconciliation of Non-GAAP financial information based on USGAAP

7.1.1 Consolidated

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Income To EBITDA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>18,035</td>
<td>34,382</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>9,062</td>
<td>17,181</td>
</tr>
<tr>
<td>EBITDA</td>
<td>27,097</td>
<td>51,563</td>
</tr>
</tbody>
</table>

| Operating Income to Cash Profit from Operations |
| Operating Income | 18,035 | 34,382 |
| Depreciation & Amortisation | 9,062 | 17,181 |
| Interest income | 141 | 5,218 |
| Interest expense | (1,267) | (4,592) |
| Cash Profit from Operations | 25,971 | 52,189 |

| Operating Income to EBIT |
| Operating Income | 18,035 | 34,382 |
| Less: |
| Share of profits in associates/ joint ventures | (3) | (2) |
| Non operating expenses | 46 | 52 |
| Add: |
| Other income | 605 | 1,414 |
| EBIT | 18,597 | 35,746 |

| Total Revenue to Net Revenue |
| Total Revenue | 63,374 | 122,420 |
| Less: |
| Access charges | 9,317 | 18,389 |
| Net Revenue | 54,057 | 104,031 |

| Income before income taxes to Income after current tax expense |
| Income before income taxes | 17,472 | 36,372 |
| Less: |
| Current tax expense | 2,120 | 4,368 |
| Income after current tax expense | 15,351 | 32,004 |
### 7.1.1 Consolidated (cont.)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment, net</td>
<td>269,456</td>
<td>269,456</td>
</tr>
<tr>
<td>Acquired intangible assets, net</td>
<td>12,915</td>
<td>12,915</td>
</tr>
<tr>
<td>Goodwill</td>
<td>27,043</td>
<td>27,043</td>
</tr>
<tr>
<td>Investment in associates and joint ventures</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>Investments</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Restricted cash, non-current</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>Deferred taxes on income</td>
<td>247</td>
<td>247</td>
</tr>
<tr>
<td>Other assets</td>
<td>4,450</td>
<td>4,450</td>
</tr>
<tr>
<td><strong>Total Non Current Assets</strong></td>
<td><strong>314,245</strong></td>
<td><strong>314,245</strong></td>
</tr>
</tbody>
</table>

### 7.1.2 Mobile Services

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt, net of current portion</td>
<td>45,648</td>
<td>45,648</td>
</tr>
<tr>
<td>Deferred taxes on income</td>
<td>6,052</td>
<td>6,052</td>
</tr>
<tr>
<td>Unearned income- Indeferable right to use sales</td>
<td>3,632</td>
<td>3,632</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>6,224</td>
<td>6,224</td>
</tr>
<tr>
<td><strong>Total Non Current Liabilities</strong></td>
<td><strong>61,556</strong></td>
<td><strong>61,556</strong></td>
</tr>
</tbody>
</table>

### Operating Income to EBITDA

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>13,639</td>
<td>26,672</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>7,089</td>
<td>13,142</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>20,728</strong></td>
<td><strong>39,814</strong></td>
</tr>
</tbody>
</table>

### Operating Income to EBIT

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>13,639</td>
<td>26,672</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of profits in associates/ joint ventures</td>
<td>(1)</td>
<td>2</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>418</td>
<td>709</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td><strong>14,058</strong></td>
<td><strong>27,379</strong></td>
</tr>
</tbody>
</table>
### 7.1.3 Non-mobile Services

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues For Non-mobile Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from Broadband &amp; Telephone Services</td>
<td>7,023</td>
<td>13,536</td>
</tr>
<tr>
<td>Revenues from Enterprise Services</td>
<td>13,471</td>
<td>25,411</td>
</tr>
<tr>
<td><strong>Revenues For Non-mobile Services</strong></td>
<td>20,494</td>
<td>38,947</td>
</tr>
<tr>
<td><strong>EBITDA For Non-mobile Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA from Broadband &amp; Telephone Services</td>
<td>2,790</td>
<td>4,891</td>
</tr>
<tr>
<td>EBITDA from Enterprise Services</td>
<td>4,897</td>
<td>9,225</td>
</tr>
<tr>
<td><strong>EBITDA For Non-mobile Services</strong></td>
<td>7,687</td>
<td>14,116</td>
</tr>
<tr>
<td><strong>EBIT For Non-mobile Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT from Broadband &amp; Telephone Services</td>
<td>1,680</td>
<td>2,623</td>
</tr>
<tr>
<td>EBIT from Enterprise Services</td>
<td>3,977</td>
<td>7,615</td>
</tr>
<tr>
<td><strong>EBIT For Non-mobile Services</strong></td>
<td>5,657</td>
<td>10,238</td>
</tr>
</tbody>
</table>

### 7.1.4 Broadband & Telephone Services

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Income To EBITDA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>1,561</td>
<td>2,459</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>1,229</td>
<td>2,432</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>2,790</td>
<td>4,891</td>
</tr>
<tr>
<td><strong>Operating Income to EBIT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>1,561</td>
<td>2,459</td>
</tr>
<tr>
<td>Add: Other income</td>
<td>119</td>
<td>164</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>1,680</td>
<td>2,623</td>
</tr>
</tbody>
</table>

### 7.1.5 Enterprise Services – Carriers (Long Distance Services)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Income To EBITDA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>2,690</td>
<td>4,982</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>772</td>
<td>1,649</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>3,462</td>
<td>6,631</td>
</tr>
<tr>
<td><strong>Operating Income to EBIT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>2,690</td>
<td>4,982</td>
</tr>
<tr>
<td>Less: Share of profits in associates/joint ventures</td>
<td>(2)</td>
<td>(4)</td>
</tr>
<tr>
<td>Add: Other income</td>
<td>48</td>
<td>509</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>2,740</td>
<td>5,495</td>
</tr>
</tbody>
</table>
### 7.1.6  Enterprise Services - Corporates

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>1,224</td>
<td>2,100</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>211</td>
<td>494</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>1,435</strong></td>
<td><strong>2,594</strong></td>
</tr>
</tbody>
</table>

#### Operating Income to EBITDA

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>1,224</td>
<td>2,100</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>13</td>
<td>20</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td><strong>1,237</strong></td>
<td><strong>2,120</strong></td>
</tr>
</tbody>
</table>

### 7.1.7  Others

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>(976)</td>
<td>(1,671)</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>79</td>
<td>136</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>(897)</strong></td>
<td><strong>(1,535)</strong></td>
</tr>
</tbody>
</table>

#### Operating Income to EBITDA

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>(976)</td>
<td>(1,671)</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non operating expenses</td>
<td>46</td>
<td>52</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td><strong>(1,011)</strong></td>
<td><strong>(1,708)</strong></td>
</tr>
</tbody>
</table>

#### Operating Income to EBIT

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>(976)</td>
<td>(1,671)</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td><strong>(1,011)</strong></td>
<td><strong>(1,708)</strong></td>
</tr>
</tbody>
</table>
7.2 Schedule to Financial Statements

7.2.1 Schedule of Cost of services

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access charges</td>
<td>9,317</td>
<td>18,389</td>
</tr>
<tr>
<td>Licence fees, revenue share &amp; spectrum charges</td>
<td>6,281</td>
<td>12,108</td>
</tr>
<tr>
<td>Network operations costs</td>
<td>7,520</td>
<td>14,343</td>
</tr>
<tr>
<td>Employee costs</td>
<td>3,745</td>
<td>7,257</td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>8,927</td>
<td>16,938</td>
</tr>
<tr>
<td><strong>Cost of Services</strong></td>
<td><strong>35,790</strong></td>
<td><strong>69,035</strong></td>
</tr>
</tbody>
</table>

7.2.2 Schedule of Operating expenses

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network operations costs</td>
<td>7,520</td>
<td>14,343</td>
</tr>
<tr>
<td>Equipment costs</td>
<td>206</td>
<td>389</td>
</tr>
<tr>
<td>Employee costs</td>
<td>3,745</td>
<td>7,257</td>
</tr>
<tr>
<td>Selling general and administrative costs</td>
<td>9,208</td>
<td>18,370</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td><strong>20,679</strong></td>
<td><strong>40,359</strong></td>
</tr>
</tbody>
</table>

7.2.3 Schedule of Depreciation and Amortization

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets</td>
<td>8,632</td>
<td>16,138</td>
</tr>
<tr>
<td>Licence Fees</td>
<td>156</td>
<td>310</td>
</tr>
<tr>
<td>ESOP</td>
<td>103</td>
<td>184</td>
</tr>
<tr>
<td>Intangibles</td>
<td>171</td>
<td>549</td>
</tr>
<tr>
<td><strong>Depreciation and Amortisation</strong></td>
<td><strong>9,062</strong></td>
<td><strong>17,181</strong></td>
</tr>
</tbody>
</table>

7.2.4 Schedule of Net debt

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term debt, net of current portion</td>
<td>45,648</td>
<td>45,648</td>
</tr>
<tr>
<td>Short-term borrowings and current portion of long-term debt</td>
<td>10,102</td>
<td>10,102</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4,793</td>
<td>4,793</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Restricted cash, non-current</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>Short term investments</td>
<td>11,476</td>
<td>11,476</td>
</tr>
<tr>
<td>Investments</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td><strong>39,333</strong></td>
<td><strong>39,333</strong></td>
</tr>
</tbody>
</table>
### 7.2.5 Schedule of Finance cost (net)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on borrowings</td>
<td>776</td>
<td>1,518</td>
</tr>
<tr>
<td>Finance charges</td>
<td>129</td>
<td>249</td>
</tr>
<tr>
<td>Finance income</td>
<td>(138)</td>
<td>(358)</td>
</tr>
<tr>
<td>Derivatives &amp; exchange fluctuation</td>
<td>359</td>
<td>(2,035)</td>
</tr>
<tr>
<td><strong>Finance cost (net)</strong></td>
<td><strong>1,126</strong></td>
<td><strong>(626)</strong></td>
</tr>
</tbody>
</table>

### 7.2.6 Schedule of Income tax

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended September 2007</th>
<th>Half Year Ended September 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax expense</td>
<td>2,120</td>
<td>4,368</td>
</tr>
<tr>
<td>Deferred tax expense / income</td>
<td>(985)</td>
<td>361</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td><strong>1,135</strong></td>
<td><strong>4,729</strong></td>
</tr>
</tbody>
</table>
### A.1 DETAILED FINANCIAL AND RELATED INFORMATION

#### A.1.1 CONSOLIDATED STATEMENT OF OPERATIONS (AS PER USGAAP)

**Amount in Rs. Million, except ratios**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter Ended</th>
<th>Half Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited</td>
<td>Un-audited</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>63,058</td>
<td>43,301</td>
</tr>
<tr>
<td>Indefeasible right of use sales</td>
<td>109</td>
<td>109</td>
</tr>
<tr>
<td>Equipment</td>
<td>207</td>
<td>161</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>63,374</td>
<td>43,571</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Services (Incl. depreciation and amortisation)</td>
<td>(35,790)</td>
<td>(25,016)</td>
</tr>
<tr>
<td>Selling, general &amp; administrative expenses (Incl. depreciation and amortisation)</td>
<td>(9,343)</td>
<td>(7,505)</td>
</tr>
<tr>
<td>Pre-operating cost</td>
<td>0</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong></td>
<td>(45,339)</td>
<td>(32,475)</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>18,035</td>
<td>11,096</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,267)</td>
<td>(618)</td>
</tr>
<tr>
<td>Interest income</td>
<td>141</td>
<td>30</td>
</tr>
<tr>
<td>Share of profits in associates / joint ventures</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Other income</td>
<td>605</td>
<td>320</td>
</tr>
<tr>
<td>Non operating expenses</td>
<td>(46)</td>
<td>(51)</td>
</tr>
<tr>
<td><strong>Income before Income Taxes</strong></td>
<td>17,472</td>
<td>10,782</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(1,135)</td>
<td>(1,378)</td>
</tr>
<tr>
<td>Minority interest</td>
<td>(197)</td>
<td>(66)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>16,139</td>
<td>9,338</td>
</tr>
<tr>
<td>Earnings per share for profit attributable to common shareholders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic</td>
<td>8.52</td>
<td>4.94</td>
</tr>
<tr>
<td>Diluted</td>
<td>8.51</td>
<td>4.93</td>
</tr>
<tr>
<td>Weighted average number of shares used in computing earnings per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average number of common shares (in millions)</td>
<td>1,895</td>
<td>1,892</td>
</tr>
<tr>
<td>Weighted average number of diluted shares (in millions)</td>
<td>1,898</td>
<td>1,895</td>
</tr>
</tbody>
</table>
# A.1.2 Consolidated Balance Sheet (as per USGAAP)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount in Rs. Million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>4,793</td>
</tr>
<tr>
<td>Accounts receivable, net of allowances for doubtful debts</td>
<td>13,679</td>
</tr>
<tr>
<td>Unbilled receivables</td>
<td>7,955</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,241</td>
</tr>
<tr>
<td>Short term investments</td>
<td>11,476</td>
</tr>
<tr>
<td>Deferred taxes on income</td>
<td>2,891</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>384</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>90</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>14,763</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>592</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>57,864</strong></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>269,456</td>
</tr>
<tr>
<td>Acquired intangible assets, net</td>
<td>12,915</td>
</tr>
<tr>
<td>Goodwill</td>
<td>27,043</td>
</tr>
<tr>
<td>Investment in associates and joint ventures</td>
<td>76</td>
</tr>
<tr>
<td>Investments</td>
<td>1</td>
</tr>
<tr>
<td>Restricted cash, non-current</td>
<td>57</td>
</tr>
<tr>
<td>Deferred taxes on income</td>
<td>247</td>
</tr>
<tr>
<td>Other assets</td>
<td>4,450</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>372,109</strong></td>
</tr>
<tr>
<td><strong>LIABILITIES AND STOCKHOLDERS’ EQUITY</strong></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
</tr>
<tr>
<td>Short-term borrowings and current portion of long-term debt</td>
<td>10,102</td>
</tr>
<tr>
<td>Trade payables</td>
<td>19,321</td>
</tr>
<tr>
<td>Equipment supply payables</td>
<td>62,968</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>15,815</td>
</tr>
<tr>
<td>Unearned income</td>
<td>21,044</td>
</tr>
<tr>
<td>Unearned income- Indefeasible right to use sales</td>
<td>336</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>4,250</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>8,140</td>
</tr>
<tr>
<td>Deferred taxes on income</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>141,988</strong></td>
</tr>
<tr>
<td>Long-term debt, net of current portion</td>
<td>45,648</td>
</tr>
<tr>
<td>Deferred taxes on income</td>
<td>6,052</td>
</tr>
<tr>
<td>Unearned income- Indefeasible right to use sales</td>
<td>3,632</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>6,224</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>203,544</strong></td>
</tr>
<tr>
<td>Minority interest</td>
<td>2,250</td>
</tr>
<tr>
<td><strong>Stockholders’ equity</strong></td>
<td></td>
</tr>
<tr>
<td>Common stock, par value Rs.10 per share</td>
<td>18,977</td>
</tr>
<tr>
<td>Advances against equity</td>
<td>22</td>
</tr>
<tr>
<td>Additional paid in capital</td>
<td>57,249</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(129)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>90,211</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (loss)</td>
<td>(15)</td>
</tr>
<tr>
<td><strong>Total stockholders’ equity</strong></td>
<td><strong>166,315</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and stockholders’ equity</strong></td>
<td><strong>372,109</strong></td>
</tr>
</tbody>
</table>
### A.1.3 Consolidated Statement of Cash Flows (as per USGAAP)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Quarter ended September 30, 2007</th>
<th>Half Year Ended September 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Audited</td>
<td>Audited</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>16,139</td>
<td>31,255</td>
</tr>
<tr>
<td>Add: Non Cash items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>9,062</td>
<td>17,181</td>
</tr>
<tr>
<td>Tax expense / (income)</td>
<td>1,135</td>
<td>4,729</td>
</tr>
<tr>
<td>Impact of fair valuation of financial instruments</td>
<td>310</td>
<td>2,685</td>
</tr>
<tr>
<td><strong>Cash generated from operations before working capital changes</strong></td>
<td>26,646</td>
<td>55,850</td>
</tr>
<tr>
<td>(Increase)/decrease in working capital</td>
<td>7,701</td>
<td>29,900</td>
</tr>
<tr>
<td>(Increase)/decrease in non-current assets</td>
<td>(1,211)</td>
<td>(6,745)</td>
</tr>
<tr>
<td>Increase/(decrease) in non-current liabilities</td>
<td>(193)</td>
<td>3,558</td>
</tr>
<tr>
<td><strong>Net cash provided/(used) by/in operating activities</strong></td>
<td>6,297</td>
<td>26,713</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(39,795)</td>
<td>(76,968)</td>
</tr>
<tr>
<td>Investment / loss in associate</td>
<td>130</td>
<td>106</td>
</tr>
<tr>
<td><strong>Net cash provided/(used) by/in investing activities</strong></td>
<td>(39,665)</td>
<td>(76,862)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase/(decrease) in borrowings</td>
<td>10,504</td>
<td>605</td>
</tr>
<tr>
<td>Stockholders Equity</td>
<td>460</td>
<td>(45)</td>
</tr>
<tr>
<td><strong>Net cash provided/(used) by/in financing activities</strong></td>
<td>10,964</td>
<td>560</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of the period</td>
<td>12,176</td>
<td>10,155</td>
</tr>
<tr>
<td>End of the period</td>
<td>16,417</td>
<td>16,417</td>
</tr>
</tbody>
</table>

*Includes short-term investments, restricted cash, restricted cash-non-current and investments.
### 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

<table>
<thead>
<tr>
<th>Parameters</th>
<th>For the Quarter Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sep-07</td>
<td>Jun-07</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>63,374</td>
<td>59,046</td>
</tr>
<tr>
<td>Access and interconnection charges</td>
<td>9,317</td>
<td>9,071</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>20,679</td>
<td>19,681</td>
</tr>
<tr>
<td>Licence Fee</td>
<td>6,281</td>
<td>5,827</td>
</tr>
<tr>
<td>EBITDA</td>
<td>27,097</td>
<td>24,466</td>
</tr>
<tr>
<td>Cash profit from operations after Derivative and Exchange Fluctuations</td>
<td>25,971</td>
<td>26,218</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>17,472</td>
<td>18,901</td>
</tr>
<tr>
<td>Net income</td>
<td>16,139</td>
<td>15,116</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As a % of Total Revenues</th>
<th>Sep-07</th>
<th>Jun-07</th>
<th>Mar-07</th>
<th>Dec-06</th>
<th>Sep-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access and interconnection charges</td>
<td>14.7%</td>
<td>15.4%</td>
<td>17.3%</td>
<td>16.8%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>32.6%</td>
<td>33.3%</td>
<td>31.7%</td>
<td>33.1%</td>
<td>35.5%</td>
</tr>
<tr>
<td>Licence Fee</td>
<td>9.9%</td>
<td>9.9%</td>
<td>9.5%</td>
<td>9.3%</td>
<td>8.9%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>42.8%</td>
<td>41.4%</td>
<td>41.5%</td>
<td>40.8%</td>
<td>39.1%</td>
</tr>
<tr>
<td>Cash profit from operations after Derivative and Exchange Fluctuations</td>
<td>41.0%</td>
<td>44.4%</td>
<td>40.7%</td>
<td>43.5%</td>
<td>37.7%</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>27.6%</td>
<td>32.0%</td>
<td>27.9%</td>
<td>29.3%</td>
<td>24.7%</td>
</tr>
<tr>
<td>Net income</td>
<td>25.5%</td>
<td>25.6%</td>
<td>25.1%</td>
<td>24.7%</td>
<td>21.4%</td>
</tr>
</tbody>
</table>

#### A.2.2 Based on Balance Sheet

<table>
<thead>
<tr>
<th>Parameters</th>
<th>As at</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stockholders Equity</td>
<td>166,315</td>
</tr>
<tr>
<td>Net Debt</td>
<td>39,333</td>
</tr>
<tr>
<td>Capital Employed = Stockholder's equity + Net Debt</td>
<td>205,648</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Sep-07</th>
<th>Jun-07</th>
<th>Mar-07</th>
<th>Dec-06</th>
<th>Sep-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Stockholder's equity (LTM)</td>
<td>41.8%</td>
<td>40.8%</td>
<td>38.2%</td>
<td>35.5%</td>
<td>31.6%</td>
</tr>
<tr>
<td>Return on Capital Employed (LTM)</td>
<td>31.5%</td>
<td>29.3%</td>
<td>28.6%</td>
<td>26.3%</td>
<td>25.1%</td>
</tr>
<tr>
<td>Net Debt to EBITDA (LTM)</td>
<td>0.42</td>
<td>0.39</td>
<td>0.57</td>
<td>0.63</td>
<td>0.80</td>
</tr>
<tr>
<td>Assets turnover ratio (LTM)</td>
<td>117.2%</td>
<td>115.7%</td>
<td>112.4%</td>
<td>108.3%</td>
<td>103.1%</td>
</tr>
<tr>
<td>Interest Coverage ratio (times)</td>
<td>34.93</td>
<td>32.95</td>
<td>28.48</td>
<td>24.84</td>
<td>22.35</td>
</tr>
<tr>
<td>Book Value Per Equity Share (in Rs)</td>
<td>87.6</td>
<td>79.0</td>
<td>71.5</td>
<td>64.3</td>
<td>57.8</td>
</tr>
<tr>
<td>Net debt to Stockholders' Equity (Times)</td>
<td>0.24</td>
<td>0.22</td>
<td>0.31</td>
<td>0.34</td>
<td>0.41</td>
</tr>
</tbody>
</table>

**Per share data (for the period)**

<table>
<thead>
<tr>
<th></th>
<th>Sep-07</th>
<th>Jun-07</th>
<th>Mar-07</th>
<th>Dec-06</th>
<th>Sep-06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit/(loss) per common share (in Rs)</td>
<td>8.52</td>
<td>7.98</td>
<td>7.14</td>
<td>6.42</td>
<td>4.94</td>
</tr>
<tr>
<td>Net profit/(loss) per diluted share (in Rs)</td>
<td>8.51</td>
<td>7.96</td>
<td>7.14</td>
<td>6.41</td>
<td>4.93</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>000's</td>
<td>50,951</td>
<td>44,676</td>
<td>39,013</td>
<td>33,712</td>
<td>28,693</td>
</tr>
<tr>
<td>Employees (On-roll)</td>
<td>No.</td>
<td>23,264</td>
<td>22,955</td>
<td>20,314</td>
<td>18,213</td>
<td>18,584</td>
</tr>
<tr>
<td><strong>Mobile services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>000's</td>
<td>48,876</td>
<td>42,704</td>
<td>37,141</td>
<td>31,974</td>
<td>27,061</td>
</tr>
<tr>
<td>Prepaid customers as a % of total customers</td>
<td>%</td>
<td>90.4%</td>
<td>89.7%</td>
<td>88.5%</td>
<td>87.1%</td>
<td>85.5%</td>
</tr>
<tr>
<td>Postpaid customers as a % of total customers</td>
<td>%</td>
<td>9.6%</td>
<td>10.3%</td>
<td>11.5%</td>
<td>12.9%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Bharti's mobile subscribers market share</td>
<td>%</td>
<td>23.4%</td>
<td>23.1%</td>
<td>22.4%</td>
<td>21.8%</td>
<td>21.4%</td>
</tr>
<tr>
<td>Average Revenue Per User (ARPU)</td>
<td>Rs.</td>
<td>366</td>
<td>390</td>
<td>406</td>
<td>427</td>
<td>438</td>
</tr>
<tr>
<td>Average Minutes of Use Per User</td>
<td>Minutes</td>
<td>469</td>
<td>478</td>
<td>475</td>
<td>467</td>
<td>451</td>
</tr>
<tr>
<td>Post-paid Voluntary Churn</td>
<td>%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>1.0%</td>
<td>1.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Post-paid Company Initiated Churn</td>
<td>%</td>
<td>2.1%</td>
<td>2.5%</td>
<td>2.2%</td>
<td>2.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Prepaid Churn</td>
<td>%</td>
<td>3.8%</td>
<td>4.0%</td>
<td>3.6%</td>
<td>4.8%</td>
<td>5.1%</td>
</tr>
<tr>
<td>SMS Revenue as a % of Total Mobile Revenues</td>
<td>%</td>
<td>4.6%</td>
<td>5.0%</td>
<td>6.0%</td>
<td>6.2%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Employees (On-roll)</td>
<td>No.</td>
<td>8,132</td>
<td>7,595</td>
<td>7,034</td>
<td>6,864</td>
<td>6,963</td>
</tr>
<tr>
<td><strong>Broadband &amp; Telephone Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>000's</td>
<td>2,075</td>
<td>1,972</td>
<td>1,871</td>
<td>1,738</td>
<td>1,631</td>
</tr>
<tr>
<td>Average Revenue Per User (ARPU)</td>
<td>Rs.</td>
<td>1,150</td>
<td>1,121</td>
<td>1,112</td>
<td>1,198</td>
<td>1,115</td>
</tr>
<tr>
<td><strong>Non-mobile Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees (On-roll)</td>
<td>No.</td>
<td>14,530</td>
<td>14,773</td>
<td>12,789</td>
<td>10,942</td>
<td>11,228</td>
</tr>
<tr>
<td><strong>Others (Corporate Office)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees (On-roll)</td>
<td>No.</td>
<td>602</td>
<td>587</td>
<td>491</td>
<td>407</td>
<td>393</td>
</tr>
</tbody>
</table>

### A.2.5 Traffic, Coverage & Network Trends

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mobile Services</strong></td>
<td>Mn Mn</td>
<td>64,375</td>
<td>57,125</td>
<td>49,240</td>
<td>41,305</td>
<td>33,844</td>
</tr>
<tr>
<td>Broadband &amp; Telephone Services</td>
<td>Mn Mn</td>
<td>4,596</td>
<td>4,454</td>
<td>4,241</td>
<td>4,055</td>
<td>4,080</td>
</tr>
<tr>
<td>National Long Distance Services</td>
<td>Mn Mn</td>
<td>6,774</td>
<td>5,856</td>
<td>5,004</td>
<td>4,429</td>
<td>3,628</td>
</tr>
<tr>
<td>International Long Distance Services</td>
<td>Mn Mn</td>
<td>1,345</td>
<td>1,243</td>
<td>1,194</td>
<td>1,059</td>
<td>882</td>
</tr>
<tr>
<td><strong>Total Minutes on Network</strong></td>
<td>Mn Min</td>
<td>77,089</td>
<td>68,678</td>
<td>59,679</td>
<td>50,847</td>
<td>42,434</td>
</tr>
</tbody>
</table>

*Note: The minutes are gross of intersegment eliminations*

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mobile Services</strong></td>
<td>No.</td>
<td>4,876</td>
<td>4,855</td>
<td>4,676</td>
<td>4,581</td>
<td>4,357</td>
</tr>
<tr>
<td>Non-Census Towns &amp; Villages</td>
<td>No.</td>
<td>290,000</td>
<td>243,584</td>
<td>207,327</td>
<td>176,593</td>
<td>155,076</td>
</tr>
<tr>
<td>Population Coverage</td>
<td>%</td>
<td>65%</td>
<td>62%</td>
<td>59%</td>
<td>54%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Broadband &amp; Telephone Services</strong></td>
<td>No.</td>
<td>94</td>
<td>94</td>
<td>94</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td><strong>Carriers (National Long Distance)</strong></td>
<td>RKMs</td>
<td>55,574</td>
<td>43,658</td>
<td>40,484</td>
<td>39,330</td>
<td>36,151</td>
</tr>
</tbody>
</table>

*Note: With effect from quarter ended September 2007 Optic Fibre Network is inclusive of owned fibre and swapped fibre, previously reported as only owned fibre.*
A.3 Key Accounting Policies as per USGAAP

1. Joint Ventures

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

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

2. Property and equipment

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

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

<table>
<thead>
<tr>
<th>Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>20</td>
</tr>
<tr>
<td>Network Equipment</td>
<td>3-15</td>
</tr>
<tr>
<td>Computer Equipment</td>
<td>3</td>
</tr>
<tr>
<td>Office Furniture and Equipment</td>
<td>2/5</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>Remaining period of Lease or 10 years whichever is less</td>
</tr>
<tr>
<td>Assets individually costing Rs. 5 thousand or less</td>
<td>1</td>
</tr>
</tbody>
</table>

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 and 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

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

Lessee 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 of 14 to 69 months for the quarter ended September 30, 2007 (for the year ended March 31, 2007 – 12 to 74 months and March 31, 2006 – 31 to 69 months), which is consistent with the estimated churn of customers. Excess of activation costs over activation revenue, if any, are expensed as incurred.

Subscriber acquisition costs are expensed as incurred. On introduction of new prepaid products, processing fee on recharge coupon is being recognized over the estimated customer relationship period or coupon validity period, whichever is lower.

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

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

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

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

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

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

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

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

8. License fees

Licenses signed prior to NTP - 99

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

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 recognized. 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 disclosed as part of “Depreciation and Amortization” in the consolidated statement of income. 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 is as follows:

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

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

10. Income-taxes

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

11. Pre operating costs

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

12. Derivative financial instruments

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

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

13. Asset Retirement Obligations

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

14. Indefeasible right to use (IRU)

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

15. Allowance for uncollectible accounts receivable

The allowance for uncollectible accounts receivable reflects management’s best estimate of probable losses inherent in the accounts receivable balance. Management primarily determines the allowance based on the aging of accounts receivable balances and historical write-off experience, net of recoveries. The Group provides for amounts outstanding for more than 90 days in case of active subscribers and for all amounts outstanding from customers who have been deactivated as reduced by security deposits, or in specific cases where management is of the view that the amounts are not recoverable. For receivables due from the other operators on account of their NLD and ILD traffic, IUC and roaming charges, the Group provides for amounts outstanding for more than 120 days from the date of billing net of any amounts payable to the operators pertaining to the same period or in specific cases where management is of the view that the amounts are not recoverable. Amounts due from debtors that have been outstanding, though fully provided, are evaluated on a regular basis by the management and are written off, if as a result of such evaluation, it is determined that these amounts will not be collected.
### A.4  Summarized Profit & Loss Statement as per Indian GAAP

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Audited)</td>
<td>(Audited)</td>
</tr>
<tr>
<td>Service Revenue</td>
<td>62,999</td>
<td>121,524</td>
</tr>
<tr>
<td>Sales of Goods</td>
<td>250</td>
<td>460</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>63,249</strong></td>
<td><strong>121,984</strong></td>
</tr>
<tr>
<td><strong>Profit before Finance Expenses / (Income) (Net), Depreciation, Amortisation, Pre-operativo Expenditure, Charity and Donation, Taxation and Other Income</strong></td>
<td><strong>27,122</strong></td>
<td><strong>51,565</strong></td>
</tr>
<tr>
<td>Finance expenses (net)</td>
<td>(78)</td>
<td>(2,727)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>8,813</td>
<td>16,702</td>
</tr>
<tr>
<td>Amortisation</td>
<td>503</td>
<td>948</td>
</tr>
<tr>
<td>Other Income</td>
<td>618</td>
<td>1,455</td>
</tr>
<tr>
<td>Charity &amp; Donation</td>
<td>46</td>
<td>52</td>
</tr>
<tr>
<td><strong>Profit Before tax</strong></td>
<td><strong>18,456</strong></td>
<td><strong>38,045</strong></td>
</tr>
<tr>
<td>MAT credit</td>
<td>0</td>
<td>(187)</td>
</tr>
<tr>
<td><strong>Tax Expenses/ (Income)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Current Tax</td>
<td>2,117</td>
<td>5,308</td>
</tr>
<tr>
<td>-Fringe Benefit Tax</td>
<td>63</td>
<td>128</td>
</tr>
<tr>
<td>-Deferred Tax</td>
<td>(355)</td>
<td>1,363</td>
</tr>
<tr>
<td><strong>Profit After Tax</strong></td>
<td><strong>16,631</strong></td>
<td><strong>31,059</strong></td>
</tr>
<tr>
<td>Minority Interest</td>
<td>193</td>
<td>379</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td><strong>16,438</strong></td>
<td><strong>30,680</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net profit / (loss) as per US GAAP</strong></td>
<td>16,139</td>
<td>31,255</td>
</tr>
<tr>
<td><strong>Add: Differences on account of:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minority Interest and loss of Joint Venture</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Deferred Tax expense</td>
<td>(627)</td>
<td>(1,000)</td>
</tr>
<tr>
<td><strong>Less: Differences on account of:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of Goodwill/ Intangibles</td>
<td>101</td>
<td>168</td>
</tr>
<tr>
<td>Being difference in revenue recognition</td>
<td>39</td>
<td>125</td>
</tr>
<tr>
<td>License fee amortisation</td>
<td>146</td>
<td>292</td>
</tr>
<tr>
<td>Differences in accounting for finance charges</td>
<td>(1,245)</td>
<td>(2,159)</td>
</tr>
<tr>
<td>Remeasurement of financial instruments not applicable in IGAAP</td>
<td>41</td>
<td>55</td>
</tr>
<tr>
<td>Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP</td>
<td>(2)</td>
<td>(20)</td>
</tr>
<tr>
<td>Provision for current tax</td>
<td>0</td>
<td>1,126</td>
</tr>
<tr>
<td><strong>Net profit/loss) as per Indian GAAP</strong></td>
<td><strong>16,438</strong></td>
<td><strong>30,680</strong></td>
</tr>
</tbody>
</table>
### Technical and Industry Terms

<table>
<thead>
<tr>
<th>Company Related</th>
<th>ARPU (for Mobile and Broadband &amp; Telephone services)</th>
<th>Asset Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales and the connection fees, during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.</td>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Access and Interconnect Charges / Total Revenues</th>
<th>Access and interconnect charges for the relevant period divided by total revenues for the relevant period.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Customers</td>
<td>Average customers are derived by computing the average of the monthly average customers for the relevant period.</td>
</tr>
<tr>
<td>Book Value Per Equity Share</td>
<td>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.</td>
</tr>
<tr>
<td>Capital Employed</td>
<td>Capital Employed is defined as sum of stockholder’s equity and net debt.</td>
</tr>
<tr>
<td>Cash Profit From Operations</td>
<td>It is not a US GAAP measure and is defined as operating income adjusted for depreciation &amp; amortization, pre-operating costs, interest expense and interest income.</td>
</tr>
</tbody>
</table>

| Churn | Churn is calculated by dividing the total number of disconnections during the relevant period by the average customers; and dividing the result by the number of months in the relevant period. Postpaid churn has been subdivided into: a) Voluntary: indicating the number of subscribers who opt out of the network at their own behest. b) Company initiated churn: indicating the number of subscribers whose churn is initiated by the company due to non-payment. |

<table>
<thead>
<tr>
<th>Gross Revenue per Employee per month</th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>Earnings/ (loss) before interest, taxation, depreciation and amortization.</td>
</tr>
<tr>
<td>EBITDA Margin or EBITDA / Total Revenues</td>
<td>It is computed by dividing EBITDA for the relevant period by total revenues for the relevant period.</td>
</tr>
<tr>
<td>EBIT</td>
<td>Earnings / (Loss) before interest and taxation for the relevant period. It is equivalent to Income/ (loss) before interest income, interest expense &amp; taxes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Broadband &amp; Telephone Customers Per Employee</th>
<th>Number of Broadband &amp; Telephone customers on our networks as at end of the relevant period divided by number of employees in the Broadband &amp; Telephone segment as at end of the relevant period.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income/(loss) after current tax expense</td>
<td>It is not a US GAAP measure and is defined as Income/ (loss) before taxation adjusted for current tax expense.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interest Coverage Ratio</th>
<th>EBITDA for the relevant period divided by interest on borrowing for the relevant period.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments in projects</td>
<td>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.</td>
</tr>
<tr>
<td>Market Capitalization</td>
<td>Number of issued and outstanding shares as at end of September 30, 2007 multiplied by closing market price (BSE) as at end of September 28, 2007.</td>
</tr>
<tr>
<td>MoU/Sub/Month</td>
<td>Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month. Average minutes of usage per subscriber per month is calculated by: dividing the total minutes of usage (incoming, outgoing and in-roaming) on our network during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mobile Customers Per Employee</th>
<th>Number of GSM customers on our networks as at end of the relevant period divided by number of employees in the mobile segment as at end of the relevant period.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Debt</td>
<td>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</td>
</tr>
</tbody>
</table>
Net Debt to EBITDA
It is computed by dividing net debt as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.

Net Debt to Stockholder’s Equity
It is computed by dividing net debt as at the end of the relevant period by stockholder’s equity as at the end of the relevant period.

Earnings Per Common Share
It is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Earnings Per Diluted Share
The calculation of Net Profit (loss) per diluted share adjusts net profit or loss and the weighted average number of ordinary shares outstanding, to give effect to all dilutive potential ordinary shares that were outstanding during the year.

Net profit or loss attributable to ordinary shareholders is adjusted for the after-tax effect of the following: (1) dividends on potential ordinary shares (for example, dilutive convertible preferred shares); (2) interest recognized on potential ordinary shares (for example, dilutive convertible debt); and (3) any other changes in income or expense resulting from the conversion of dilutive potential ordinary shares (e.g., an entity's contribution to its non-discretionary employee profit-sharing plan may be revised based on changes in net profit due to the effects of items discussed above).

Net Revenues
It is not a US GAAP measure and is defined as total revenues adjusted for access charges for the relevant period.

Non-mobile services
It comprises Broadband & Telephone Services and Enterprise Services.

Non Voice Revenue as a % of consolidated revenue
It is computed by dividing the total non-voice revenue of the company (consolidated) by the total revenues for the relevant period. Non-voice revenues include VAS Revenues for Mobile, VAS and Internet Revenues for Broadband & Telephone Services, Bandwidth Revenue for Long Distance Services, and Bandwidth and Internet Revenues for Enterprise Services.

Non Voice Revenue as a % of Mobile Revenue
It is computed by dividing the total non-voice revenue of mobile services by the total revenues of mobile services for the relevant period. Non-voice revenue for mobile services includes revenues from value added services (including SMS, GPRS, MMS, Ring Back Tones etc.).

Post-Paid Services
The provision of mobile services, wherein the subscribers pay for usage including airtime, rental value added services, access and interconnection charges and any other applicable charges at the end of the billing period.

Pre-Paid Services
The provision of mobile services wherein subscribers pay a fixed amount, which is valid for a certain period, for usage including airtime, value added services, access and interconnection charges and any other applicable charges prior to commencement of service.

Return On Capital Employed (ROCE)
For the full year ended March 31, 2004, 2005, 2006 & 2007, ROCE is computed by dividing the sum of net profit & finance cost (net) for the period by average (of opening and closing) capital employed. For the quarterly computation, it is computed by dividing the sum of net profit & finance cost (net) for the preceding (last) 12 months from the end of the relevant period by average capital employed. Average capital employed is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.

Return On Stockholder’s Equity
For the full year ended March 31, 2004, 2005, 2006 & 2007, it is computed by dividing net profit for the period by the average (of opening and closing) Stockholder’s equity. For the quarterly computations, it is computed by dividing net profit for the preceding (last) 12 months from the end of the relevant period by the average Stockholder’s equity for the preceding (last) 12 months. Average Stockholder’s equity is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.

Total Operating Expenses / Total Revenues
Total operative expenses for the relevant period divided by total revenues for the relevant period.

Total Operating Expenses
It is defined as sum of equipment costs, employee costs, network operations costs and selling, general & administrative cost for the relevant period.

Operating Income
Operating Income is defined as total revenues less total operating expenses for the relevant period.

Regulatory
AGR
Adjusted Gross Revenues. Used for computing the License Fees and WPC charges payable by an Access Provider and have been provisionally defined as gross revenue of the Access Provider net of access charges actually paid to other telecom service providers, roaming revenues passed on to other telecom service providers and service tax and sales tax actually paid to the Government, if the same had been included in the Gross Income.

AUSPI
Association of Unified Telecom Service Providers of India. It is the representative industry body for private Basic Service Operators which interacts on policy and regulatory issues with various Government bodies such as Department of Telecommunications (DoT), Telecom Regulatory Authority...
of India (TRAI), apex industry organizations like ASSOCHAM, Confederation of Indian Industry (CII), and Federation of Indian Chambers of Commerce & Industry (FICCI), analysts and other institutions of world repute.

**COAI**
The Cellular Operators Association of India (COAI) was constituted in 1995 as a registered, non-profit, non-governmental society dedicated to the advancement of communication in India, in particular of modern communication through Cellular Mobile Telephone Services. The main objective of the COAI is to protect, promote and upgrade cellular operations in India and also to look after the common and collective interests of its members.

**CMSP**
Cellular Mobile Service Provider. CMSP is another term for Cellular Operators or Cellular Mobile Telephone Service Licensees.

**DoT**
Department of Telecommunications. DoT is a department under the Ministry of Telecommunications, Government of India. The Department of Telecommunications is responsible for the policy formulation, licensing, wireless spectrum management etc. The department allocates frequency and manages radio communications in close coordination with the International bodies and is responsible for enforcing wireless regulatory measures and monitoring the wireless transmission of all users in the country.

**IUC**
Interconnection Usage Charges. IUC are the charges prescribed by TRAI vide IUC Regulations including amendments issued from time to time, which are payable by one service provider to another for usage of the network elements for origination, transit or termination of the calls.

**SACFA**
Standing Advisory Committee for Frequency Allocation. SACFA is a high owner committee comprising representatives from all Ministries and Administrative Departments of the Government of India which are major users of wireless spectrum. All wireless installations in the country (including cell sites set up by mobile operators) require prior clearance from SACFA.

**TDSAT**
Telecom Disputes Settlement & Appellate Tribunal. TDSAT has been set up under Section 14 of the Telecom Regulatory Authority of India Act, 1997 by TRAI (Amendment) Act, 2000 to adjudicate disputes and dispose of appeals with a view to protect the interests of service providers and consumers of the telecom sector and to promote and ensure orderly growth of the telecom sector.

**TEC**
Telecom Engineering Centre. TEC is a core technical wing of DoT, Ministry of Communications and Information Technology, Government of India. It is responsible for specification of common standards and formulation of Fundamental Technical Plans with regard to telecom network equipment, services and interoperability in India. It interacts with multilateral agencies like APT, ETSI and ITU etc. for standardization. It issues interface approvals and Service Approvals. TEC provides technical support to DOT and technical advice to TRAI & TDSAT.

**TRAI**
Telecom Regulatory Authority of India. TRAI is a statutory body established under the Telecom Regulatory Authority of India Act, 1997 in January 1997, as an autonomous body with quasi-judicial powers to regulate telecommunication services in India.

**UASP**
Unified Access Service Provider. UASPs are licensed by DoT for providing access services viz wireline and wireless including full mobility, limited mobility and fixed wireless using any technology.

**WiMAX**
Worldwide Interoperability for Microwave Access. WiMAX is a telecommunications technology aimed at providing wireless data over long distances in a variety of ways, from point-to-point links to full mobile cellular type access. It is based on the IEEE 802.16 standard, which is also called WirelessMAN. WiMAX allows a user, for example, to browse the Internet on a laptop computer without physically connecting the laptop to a router, hub or switch via an Ethernet cable. The name WiMAX was created by the WiMAX Forum, which was formed in June 2001 to promote conformance and interoperability of the standard. The forum describes WiMAX as "a standards-based technology enabling the delivery of last mile wireless broadband access as an alternative to cable and DSL."

**Others (Industry)**

| **BSE** | The Stock Exchange, Mumbai |
| **GSM** | Global System for Mobile Communications. This is a second generation digital technology originally developed for Europe. Initially developed in the 900 MHz band and subsequently modified for the 850, 1800 and 1900MHz bands. Originally stood for Groupe Speciale Mobile. It is an open and non-propprietary system with one of its great strength being the international roaming capability. |
| **IGAAP** | Generally Accepted Accounting Principles in India. |
| **NSE** | The National Stock Exchange of India Limited. |
| **Sensex** | Sensex is a stock index introduced by The Stock Exchange, Mumbai in 1986. It is a basket of 30 constituent stocks representing a sample of large, liquid and representative companies. The base year of Sensex is 1978-79 and the base value is 100. The index is widely reported in national and international markets through print as well as electronic media. |
| **SMS** | Short Messaging Service. It is a text message service, which enables the user to send short messages to other users. |
| **US GAAP** | United States Generally Accepted Accounting Principles. |
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