bharti

Quarterly report on the results for the second quarter and half year ended September 30, 2007

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

October 31, 2007

Sunil B Mittal Chairman & Managing Director	Manoj Kohli President & Chief Executive Officer
Akhil Gupta Joint Managing Director	Sarvjit S. Dhillon Chief Financial Officer & Director Strategy

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

Mobile Services I Enterprise Services
Broadband & Telephone Services

Airtel

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 have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off. Information contained on our websites www.bhartiairtel.in, www.airtel.in, www.airteltelephone.com, www.airtel-broadband.com, www.airtellongdistance.com and www.airtelenterprise.com is not part of this Quarterly Report.

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

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Section 1

BHARTI AIRTEL – PERFORMANCE AT A GLANCE

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

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 transatlantic and transpacific routes with resilience and restorability.

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

2.3 Partners

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

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

Section 3

FINANCIAL HIGHLIGHTS

This section presents the (1) un-audited financial results for the 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)

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2007	Sept. 2006	Y-on-Y Growth	Sept. 2007	Sept. 2006	Y-on-Y Growth
Total revenues	63,374	43,571	45%	122,420	82,135	49%
EBITDA	27,097	17,025	59%	51,563	32,046	61%
Cash profit from operations before Derivative and Exchange Fluctuation	26,330	15,967	65%	50,154	30,264	66%
Cash profit from operations after Derivative and Exchange Fluctuation	25,971	16,437	58%	52,189	29,767	75%
Income before Income taxes	17,472	10,782	62%	36,372	19,381	88%
Current tax expense	2,120	1,195	77%	4,368	2,290	91%
Income after current tax expense	15,351	9,587	60%	32,004	17,092	87%
Deferred tax expense / (Income)	(985)	183		361	41	
Net income	16,139	9,338	73%	31,255	16,889	85%
EBITDA / Total revenues	42.8%	39.1%		42.1%	39.0%	

3.1.2 Consolidated Summarized Balance Sheet

Amount in Rs. Million

Particulars	As at September 30, 2007
ASSETS	
Total current assets	57,864
Total non current assets	314,245
Total assets	**372,109**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	141,988
Total non current liabilities	61,556
Total liabilities	**203,544**
Minority Interests	**2,250**
Total stockholders' equity	**166,315**
Total liabilities and stockholders' equity	**372,109**

3.2 Segment - wise Summarized Statement of Operations

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2007	Sept. 2006	Y-on-Y Growth	Sept. 2007	Sept. 2006	Y-on-Y Growth
Total revenues	50,579	33,022	53%	97,554	61,432	59%
EBITDA	20,728	12,179	70%	39,814	22,520	77%
EBIT	14,058	8,085	74%	27,379	15,045	82%
EBITDA / Total revenues	41.0%	36.9%		40.8%	36.7%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2007	Sept. 2006	Y-on-Y Growth	Sept. 2007	Sept. 2006	Y-on-Y Growth
Total revenues	20,495	15,753	30%	38,947	29,968	30%
EBITDA	7,687	5,343	44%	14,116	10,222	38%
EBIT	5,657	3,776	50%	10,238	7,283	41%
EBITDA / Total revenues	37.5%	33.9%		36.2%	34.1%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2007	Sept. 2006	Y-on-Y Growth	Sept. 2007	Sept. 2006	Y-on-Y Growth
Total revenues	7,023	5,244	34%	13,536	10,426	30%
EBITDA	2,790	1,069	161%	4,891	2,262	116%
EBIT	1,680	195	762%	2,623	579	353%
EBITDA / Total revenues	39.7%	20.4%		36.1%	21.7%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2007	Sept. 2006	Y-on-Y Growth	Sept. 2007	Sept. 2006	Y-on-Y Growth
Total revenues	13,471	10,510	28%	25,411	19,542	30%
EBITDA	4,897	4,274	15%	9,225	7,960	16%
EBIT	3,977	3,581	11%	7,615	6,703	14%
EBITDA / Total revenues	36.4%	40.7%		36.3%	40.7%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2007	Sept. 2006	Y-on-Y Growth	Sept. 2007	Sept. 2006	Y-on-Y Growth
Total revenues	10,048	8,362	20%	19,258	15,426	25%
EBITDA	3,462	3,367	3%	6,631	6,117	8%
EBIT	2,740	2,864	-4%	5,495	5,141	7%
EBITDA / Total revenues	34.5%	40.3%		34.4%	39.7%	

3.2.4.2 Enterprise Services – Corporates

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2007	Sept. 2006	Y-on-Y Growth	Sept. 2007	Sept. 2006	Y-on-Y Growth
Total revenues	3,423	2,148	59%	6,153	4,116	49%
EBITDA	1,435	907	58%	2,594	1,843	41%
EBIT	1,237	717	73%	2,120	1,562	36%
EBITDA / Total revenues	41.9%	42.2%		42.2%	44.8%	

3.2.5 Others – comprises of Bharti corporate offices

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2007	Sept. 2006	Y-on-Y Growth	Sept. 2007	Sept. 2006	Y-on-Y Growth
Total revenues	546	249	119%	972	249	290%
EBITDA	(897)	(346)		(1,535)	(465)	
Depreciation & Others	114	93	23%	172	144	19%
EBIT	(1,011)	(439)		(1,708)	(609)	

3.3 Segment-wise Investments and Contribution

3.3.1 Investments in projects

Amount in Rs. Million, except ratios

Segment	As at September 30, 2007	
	Rs. Million	% of Total
Mobile Services	292,954	73%
Broadband & Telephone Services	49,137	12%
Enterprise Services - Carriers	49,555	13%
Enterprise Services - Corporates	6,239	2%
Others	1,295	0%
Total	**399,180**	**100%**
Less:- Accumulated Depreciation & Amortisation	89,689	
Net Fixed Assets & Other Project Investment	**309,491**	

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

Segment	Quarter Ended September 2007					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	50,579	80%	20,728	76%	28,661	72%
Broadband & Telephone Services	7,023	11%	2,790	10%	1,738	4%
Enterprise Services - Carriers	10,048	16%	3,462	13%	8,924	23%
Enterprise Services - Corporates	3,423	5%	1,435	5%	313	1%
Others	546	1%	(897)	-3%	159	
Sub Total	**71,619**	**113%**	**27,518**	**101%**	**39,795**	**100%**
Eliminations	(8,245)	-13%	(421)	-1%	-	-
Total	**63,374**	**100%**	**27,097**	**100%**	**39,795**	**100%**

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

Segment	Half Year Ended September 2007					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	97,554	80%	39,814	77%	61,467	80%
Broadband & Telephone Services	13,536	11%	4,891	9%	3,122	4%
Enterprise Services - Carriers	19,258	16%	6,631	13%	11,100	15%
Enterprise Services - Corporates	6,153	5%	2,594	5%	1,046	1%
Others	972	1%	(1,535)	-3%	233	
Sub Total	**137,473**	**113%**	**52,395**	**101%**	**76,968**	**100%**
Eliminations	(15,053)	-13%	(832)	-1%	-	-
Total	**122,420**	**100%**	**51,563**	**100%**	**76,968**	**100%**

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

Parameters	Unit	Sept. 30, 2007	June 30, 2007	Q-on-Q Growth	Sept. 30, 2006	Y-on-Y Growth
Customers on our Network						
Mobile Services	000's.	48,876	42,704	14%	27,061	81%
Broadband & Telephone Services	000's.	2,075	1,972	5%	1,631	27%
Total	**000's.**	**50,951**	**44,676**	**14%**	**28,693**	**78%**
Non Voice Revenue as a % of Total Revenues	%	13.9%	13.8%		15.2%	
Total On-Roll Employees	No.	23,264	22,955	1%	18,584	25%

4.2 Mobile Services

Parameters	Unit	Sept. 30, 2007	June 30, 2007	Q-on-Q Growth	Sept. 30, 2006	Y-on-Y Growth
Subscriber Base						
All India Mobile Subscribers	000's.	209,084	185,131	13%	126,612	65%
Mobile Customers on Bharti's Network	000's.	48,876	42,704	14%	27,061	81%
Net Additions						
All India Mobile Subscribers	000's.	23,953	19,080	26%	17,368	38%
Mobile Customers on Bharti's Network	000's.	6,172	5,563	11%	3,989	55%
Market Share						
Bharti's Mobile Market Share	%	23.4%	23.1%		21.4%	
Bharti's Market Share of Net Additions	%	25.8%	29.2%		23.0%	
Pre-Paid Customers						
Total Customer Base	%	90.4%	89.7%		85.5%	
Total Net Additions	%	95.4%	97.5%		92.0%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs.	366	390	-6%	438	-16%
Average Revenue Per User (ARPU)	US$	9.2	9.8	-6%	11.0	-16%
Average Minutes of Use Per User	Minutes	469	478	-2%	451	4%
Monthly Churn						
Post-paid Voluntary Churn	%	1.1%	1.1%		1.2%	
Post-paid Company Initiated Churn	%	2.1%	2.5%		2.4%	
Prepaid	%	3.8%	4.0%		5.1%	
Non Voice Revenue						
SMS Revenue as a % of Mobile Revenues	%	4.6%	5.0%		6.1%	
Non Voice Revenue as a % of Mobile Revenues	%	9.8%	9.9%		10.3%	

**All India Mobile Subscribers based on the report published by TRAI for quarter ended June 2007and September 2007.*

4.3 Broadband & Telephone Services

Parameters	Unit	Sept. 30, 2007	June 30, 2007	Q-on-Q Growth	Sept. 30, 2006	Y-on-Y Growth
Broadband & Telephony Customers	000's.	2,075	1,972	5%	1,631	27%
Net additions	000's.	103	101	2%	126	-19%
Average Revenue Per User (ARPU)	Rs	1,150	1,121	3%	1,115	3%
Average Revenue Per User (ARPU)	US$	28.9	28.2	3%	28.1	3%

4.4 Traffic Details - Gross of inter-segment eliminations

Parameters	Unit	Sept. 30, 2007	June 30, 2007	Q-on-Q Growth	Sept. 30, 2006	Y-on-Y Growth
Mobile Services	Mn Min	64,375	57,125	13%	33,844	90%
Broadband & Telephone Services	Mn Min	4,596	4,454	3%	4,080	13%
National Long Distance Services	Mn Min	6,774	5,856	16%	3,628	87%
International Long Distance Services	Mn Min	1,345	1,243	8%	882	52%
Total Minutes on Network	**Mn Min**	**77,089**	**68,678**	**12%**	**42,434**	**82%**

4.5 Network and Coverage

Parameters	Unit	Sept. 30, 2007	June 30, 2007	Q-on-Q Growth	Sept. 30, 2006	Y-on-Y Growth
Mobile Services						
Census Towns	No.	4,876	4,855	21	4,357	519
Non-Census Towns & Villages	No.	290,000	243,584	46,416	155,076	134,924
Population Coverage	%	65%	62%		50%	
Broadband & Telephone Services						
No. of cities covered	No.	94	94	-	94	-
Carriers (National Long Distance)						
Optic Fibre Network	Rkms	55,574	43,658	11,916	36,151	19,423

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

Parameters	Unit	Sept. 30, 2007	June 30, 2007	Q-on-Q Growth	Sept. 30, 2006	Y-on-Y Growth
Consolidated						
Total On-Roll Employees	No.	23,264	22,955	1%	18,584	25%
Number of Customers per employee	No.	2,190	1,946	13%	1,544	42%
Mobile Services						
Number of Customers per employee	No.	6,010	5,623	7%	3,886	55%
Gross Revenue per employee per month	Rs.	2,073,226	2,061,701	1%	1,580,819	31%
Broadband & Telephone Services						
Number of Customers per employee	No.	186	170	9%	178	5%
Gross Revenue per employee per month	Rs.	209,456	187,241	12%	190,259	10%
Enterprise Services - Carriers						
Gross Revenue per employee per month	Rs.	2,167,918	2,229,412	-3%	3,318,256	-35%
Enterprise Services - Corporates						
Gross Revenue per employee per month	Rs.	631,123	504,957	25%	596,022	6%

SECTION 5

MANAGEMENT DISCUSSION & ANALYSIS

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:

GSM Subscriber Base Criteria (Figures in millions)

Service Area	2x 6.2MHz	2x 8MHz	2x 10MHz	2x 12.4MH	2x 15MHz
Del/Mum	0.5 (0.3)	1.5 (0.6)	2 (1)	3 (1.6)	5 (2.1)
Chn/Kol	0.5 (0.2)	1.5 (0.4)	2 (0.6)	3 (1)	5 (1.3)
Category A	0.8 (0.4)	3 (0.8)	5 (1.4)	8 (2)	10 (2.6)
Category B	0.8 (0.3)	3 (0.6)	5 (1)	8 (1.6)	10 (2.1)
Category C	0.6 (0.2)	2 (0.4)	4 (0.6)	6 (0.9)	8 (1.2)

Figures in bracket are the old subscriber base criteria

CDMA Subscriber Base Criteria (Figures in millions)

Service Area	3rd Carrier	4th Carrier	5th Carrier	6th Carrier
Del/Mum	0.5 (0.3)	2 (1)	3 (1.6)	5 (2.1)
Chn/Kol	0.5 (0.2)	2 (0.6)	3 (1)	5 (1.3)
Category A	0.8 (0.4)	5 (1.2)	8 (2)	10 (2.6)
Category B	0.8 (0.3)	5 (1)	8 (1.6)	10 (2.1)
Category C	0.6 (0.15)	4 (0.5)	6 (0.9)	8 (1.2)

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:

Service Area	Price for 2x5MHz
For Mumbai, Delhi & Category "A"	Rs.800mn.
For Chennai, Kolkata & Category "B"	Rs.400mn.
For Category "C"	Rs.150mn.

- Revised Spectrum Charges recommended are:

	Existing	Proposed
Upto 2X4.4 MHz	2%	No Change
Upto 2X6.2MHz/2x5 MHz	3%	No Change
Upto 2X8MHz	4%	No Change
Upto 2X10MHz	4%	5.00%
Upto 2X12.5MHz	5%	6.00%
Upto 2X15 MHz	6%	7.00%
Beyond 2X15 MHz	-	8.00%

- 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 DSL.
- 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 upto 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.

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 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 response was October 15, 2007 and open house discussion was held on October 26, 2007.

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 78% 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 the 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 September30, 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.

<u>Broadband & Telephone</u>

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.

<u>Enterprise Services – Carriers</u>

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.

<u>Enterprise Services - Corporates</u>

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

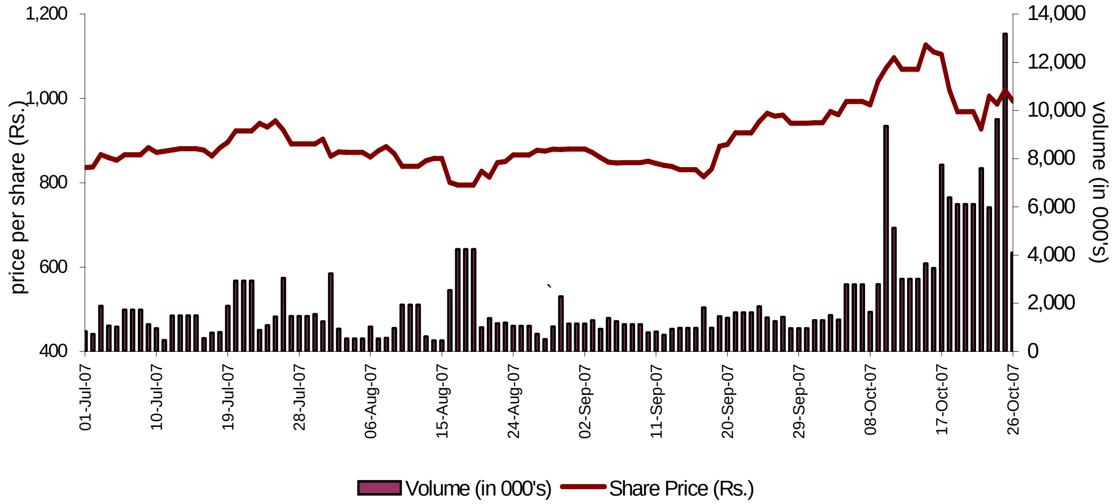
Shareholding & Financial Data		
Code/Exchange		532454/BSE
Bloomberg/Reuters		BHARTI IN/BRTI.BO
No. of Shares Outstanding (30/09/07)	Million Nos.	1,897.71
Closing Market Price - BSE (26/10/07)	Rs./Share	993.45
Combined Volume (NSE & BSE) (01/07/07-26/10/07)	No. in Mn/day	~ 2.1
Combined Value (NSE & BSE) (01/07/07-26/10/07)	Rs. Mn./day	~ 2025
Market Capitalisation	Rs. Bn	1,885
Market Capitalisation	US$ Bn	47.43
Book Value Per Share	Rs./share	87.64
Market Price/Book Value	Times	11.34
Net Debt to EBITDA (LTM)	Times	0.42
Enterprise Value	Rs. Bn	1,925
Enterprise Value	US$ Bn	48.42
Enterprise Value/ Annualised Q2 Revenue	Times	7.59
Enterprise Value/ Annualised Q2 EBITDA	Times	17.76

6.2 Summarized Shareholding pattern as of September 30, 2007

Category	Number of Shares	%
Promoter & Promoter Group		
Indian	859,986,028	45.32%
Foreign	390,363,150	20.57%
Sub total	**1,250,349,178**	**65.89%**
Public Shareholding		
Institutions	552,325,610	29.10%
Non-institutions	95,033,441	5.01%
Sub total	**647,359,051**	**34.11%**
Total	**1,897,708,229**	**100.00%**

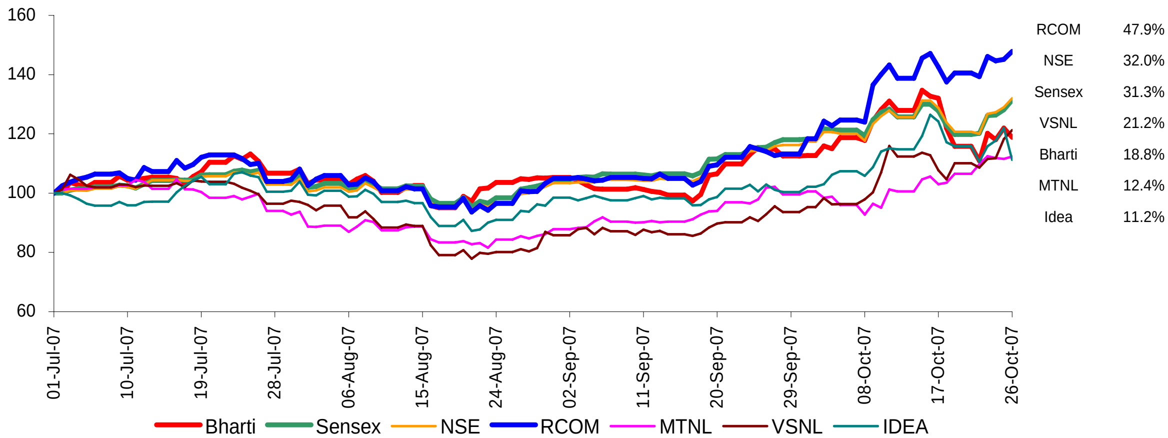
For detailed shareholding pattern of the company kindly visit our website - http://www.bhartiairtel.in

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.

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

7.1 Reconciliation of Non-GAAP financial information based on USGAAP

7.1.1 Consolidated

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Operating Income To EBITDA		
Operating Income	**18,035**	**34,382**
Depreciation & Amortisation	9,062	17,181
EBITDA	**27,097**	**51,563**
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.)

Amount in Rs million

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

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Long-term debt, net of current portion	45,648	45,648
Deferred taxes on income	6,052	6,052
Unearned income- Indefeasible right to use sales	3,632	3,632
Other liabilities	6,224	6,224
Total Non Current Liabilities	**61,556**	**61,556**

7.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Operating Income To EBITDA		
Operating Income	**13,639**	**26,672**
Depreciation & Amortisation	7,089	13,142
EBITDA	**20,728**	**39,814**
Operating Income to EBIT		
Operating Income	**13,639**	**26,672**
Less:		
Share of profits in associates/ joint ventures	(1)	2
Add:		
Other income	418	709
EBIT	**14,058**	**27,379**

7.1.3 Non-mobile Services

Amount in Rs million

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

7.1.4 Broadband & Telephone Services

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Operating Income To EBITDA		
Operating Income	**1,561**	**2,459**
Depreciation & Amortisation	1,229	2,432
EBITDA	**2,790**	**4,891**
Operating Income to EBIT		
Operating Income	**1,561**	**2459**
Add:		
Other income	119	164
EBIT	**1,680**	**2623**

7.1.5 Enterprise Services – Carriers (Long Distance Services)

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Operating Income To EBITDA		
Operating Income	**2,690**	**4,982**
Depreciation & Amortisation	772	1,649
EBITDA	**3,462**	**6,631**
Operating Income to EBIT		
Operating Income	**2,690**	**4982**
Less:		
Share of profits in associates/ joint ventures	(2)	(4)
Add:		
Other income	48	509
EBIT	**2,740**	**5495**

7.1.6 Enterprise Services - Corporates

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Operating Income To EBITDA		
Operating Income	**1,224**	**2,100**
Depreciation & Amortisation	211	494
EBITDA	**1,435**	**2,594**

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Operating Income to EBIT		
Operating Income	**1,224**	**2,100**
Add:		
Other income	13	20
EBIT	**1,237**	**2,120**

7.1.7 Others

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Operating Income To EBITDA		
Operating Income	**(976)**	**(1,671)**
Depreciation & Amortisation	79	136
EBITDA	**(897)**	**(1,535)**

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Operating Income To EBIT		
Operating Income	**(976)**	**(1,671)**
Less:		
Non operating expenses	46	52
Add:		
Other Income	11	15
EBIT	**(1,011)**	**(1,708)**

7.2 Schedule to Financial Statements

7.2.1 Schedule of Cost of services

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Access charges	9,317	18,389
Licence fees, revenue share & spectrum charges	6,281	12,108
Network operations costs	7,520	14,343
Employee costs	3,745	7,257
Depreciation & amortisation	8,927	16,938
Cost of Services	**35,790**	**69,035**

7.2.2 Schedule of Operating expenses

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Network operations costs	7,520	14,343
Equipment costs	206	389
Employee costs	3,745	7,257
Selling general and administrative costs	9,208	18,370
Operating Expenses	**20,679**	**40,359**

7.2.3 Schedule of Depreciation and Amortization

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Fixed Assets	8,632	16,138
Licence Fees	156	310
ESOP	103	184
Intangibles	171	549
Depreciation and Amortisation	**9,062**	**17,181**

7.2.4 Schedule of Net debt

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Long term debt, net of current portion	45,648	45,648
Short-term borrowings and current portion of long-term debt	10,102	10,102
Less:		
Cash and cash equivalents	4,793	4,793
Restricted cash	90	90
Restricted cash, non-current	57	57
Short term investments	11,476	11,476
Investments	1	1
Net Debt	**39,333**	**39,333**

7.2.5 Schedule of Finance cost (net)

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Interest on borrow ings	776	1,518
Finance charges	129	249
Finance income	(138)	(358)
Derivatives & exchange fluctuation	359	(2,035)
Finance cost (net)	**1,126**	**(626)**

7.2.6 Schedule of Income tax

Amount in Rs million

Particulars	Quarter Ended September 2007	Half Year Ended September 2007
Current tax expense	2,120	4,368
Deferred tax expense / income	(985)	361
Income tax expense	**1,135**	**4,729**

ANNEXURE – DETAILED FINANCIAL AND RELATED INFORMATION

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

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2007	Sept. 2006	Y-on-Y Growth	Sept. 2007	Sept. 2006	Y-on-Y Growth
	Audited	Un-audited		Audited	Un-audited	
Revenues						
Services	63,058	43,301	46%	121,733	81,605	49%
Indefeasible right ot use sales	109	109	0%	218	218	0%
Equipment	207	161	28%	468	312	50%
Total Revenues	**63,374**	**43,571**	**45%**	**122,420**	**82,135**	**49%**
Operating Expenses						
Cost of Services	(35,790)	(25,016)	43%	(69,035)	(46,990)	47%
(Inclusive of depreciation and amortisation)						
Costs of equipment sales	(206)	48		(389)	(287)	
Selling, general & administrative expenses	(9,343)	(7,505)	24%	(18,614)	(13,711)	36%
(Inclusive of depreciation and amortisation)						
Pre-operating cost	0	(2)		0	(11)	
Total Operating Expense	**(45,339)**	**(32,475)**	**40%**	**(88,038)**	**(60,998)**	**44%**
Operating Income	**18,035**	**11,096**	**63%**	**34,382**	**21,137**	**63%**
Interest expense	(1,267)	(618)		(4,592)	(3,067)	
Interest income	141	30		5,218	788	
Share of profits in associates / joint ventures	3	4		2	4	
Other income	605	320	89%	1,414	571	148%
Non operating expenses	(46)	(51)		(52)	(52)	
Income before Income Taxes	**17,472**	**10,782**	**62%**	**36,372**	**19,381**	**88%**
Income tax expense	(1,135)	(1,378)		(4,729)	(2,330)	
Minority interest	(197)	(66)		(388)	(162)	
Net income	**16,139**	**9,338**	**73%**	**31,255**	**16,889**	**85%**
Earnings per share for profit attributable to common shareholders						
Basic	8.52	4.94		16.50	8.93	
Diluted	8.51	4.93		16.47	8.91	
Weighted average number of shares used in computing earnings per share						
Weighted average number of common shares (in millions)	1,895	1,892		1,894	1,891	
Weighted average number of diluted shares (in millions)	1,898	1,895		1,898	1,895	

A.1.2 Consolidated Balance Sheet (as per USGAAP)

Amount in Rs. Million

Particulars	As at September 30, 2007
	Audited
ASSETS	
Cash and cash equivalents	4,793
Accounts receivable, net of allowances for doubtful debts	13,679
Unbilled receivables	7,955
Inventories	1,241
Short term investments	11,476
Deferred taxes on income	2,891
Derivative financial instruments	384
Restricted cash	90
Prepaid expenses and other current assets	14,763
Due from related parties	592
Total Current Assets	**57,864**
Property and equipment, net	269,456
Acquired intangible assets, net	12,915
Goodwill	27,043
Investment in associates and joint ventures	76
Investments	1
Restricted cash, non-current	57
Deferred taxes on income	247
Other assets	4,450
Total Assets	**372,109**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	10,102
Trade payables	19,321
Equipment supply payables	62,968
Accrued expenses	15,815
Unearned income	21,044
Unearned income- Indefeasible right to use sales	336
Derivative financial instruments	4,250
Other current liabilites	8,140
Deferred taxes on income	12
Total current liabilities	**141,988**
Long-term debt, net of current portion	45,648
Deferred taxes on income	6,052
Unearned income- Indefeasible right to use sales	3,632
Other liabilities	6,224
Total liabilities	**203,544**
Minority interest	2,250
Stockholders' equity	
Common stock, par value Rs.10 per share	18,977
Advances against equity	22
Additional paid in capital	57,249
Treasury stock	(129)
Retained earnings	90,211
Accumulated other comprehensive income (loss)	(15)
Total stockholders' equity	**166,315**
Total liabilities and stockholders' equity	**372,109**

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

Amount in Rs. Million

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

**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

Amount in Rs. Million

Parameters	For the Quarter Ended				
	Sep-07	Jun-07	Mar-07	Dec-06	Sep-06
Total Revenues	63,374	59,046	53,932	49,129	43,571
Access and interconnection charges	9,317	9,071	9,335	8,242	7,190
Operating Expenses	20,679	19,681	17,091	16,260	15,471
Licence Fee	6,281	5,827	5,098	4,574	3,886
EBITDA	27,097	24,466	22,408	20,055	17,025
Cash profit from operations after Derivative and Exchange Fluctuations	25,971	26,218	21,930	21,372	16,437
Income before income taxes	17,472	18,901	15,068	14,412	10,782
Net income	16,139	15,116	13,531	12,151	9,338

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

A.2.2 Based on Balance Sheet

Amount in Rs. Million

Parameters	As at				
	Sept. 30, 2007	Jun.30, 2007	Mar. 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Stockholders Equity	166,315	149,913	135,553	121,848	109,643
Net Debt	39,333	32,761	42,306	41,050	44,589
Capital Employed = Stockholder's equity + Net Debt	205,648	182,674	177,859	162,898	154,232

Parameters	Sep-07	Jun-07	Mar-07	Dec-06	Sep-06
Return on Stockholder's equity (LTM)	41.8%	40.8%	38.2%	35.5%	31.6%
Return on Capital Employed (LTM)	31.5%	29.3%	28.6%	26.3%	25.1%
Net Debt to EBITDA (LTM)	0.42	0.39	0.57	0.63	0.80
Assets turnover ratio (LTM)	117.2%	115.7%	112.4%	108.3%	103.1%
Interest Coverage ratio (times)	34.93	32.95	28.48	24.84	22.35
Book Value Per Equity Share (in Rs)	87.6	79.0	71.5	64.3	57.8
Net debt to Stockholders' Equity (Times)	0.24	0.22	0.31	0.34	0.41
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)	8.52	7.98	7.14	6.42	4.94
Net profit/(loss) per diluted share (in Rs)	8.51	7.96	7.14	6.41	4.93

A.2.3 Bharti's Three Line Graph

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

The parameters considered for the three-line graph are:

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

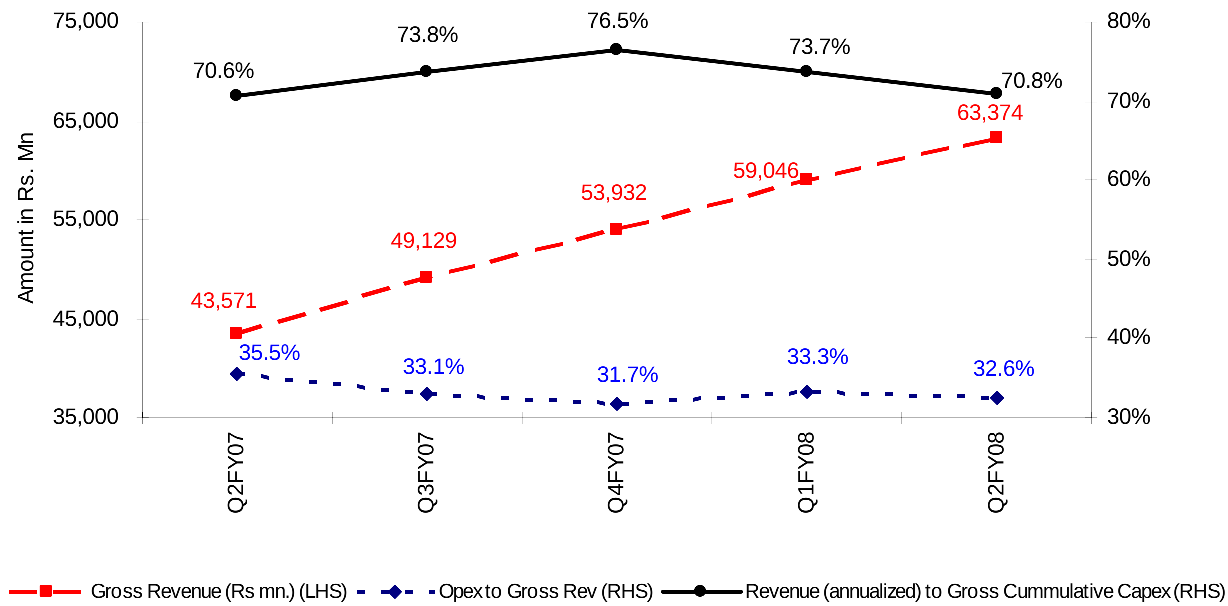
2. Opex Productivity – operating expenses divided by the gross revenues for the respective period. Operating expenses is the sum of (i) equipment costs (ii) employee costs (iii) network operations costs & (iv) selling, general and administrative costs. This ratio depicts the operational efficiencies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

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

This ratio depicts the productivity of assets of the company.

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

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



A.2.4 Operational Performance

Parameters	Unit	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Consolidated						
Customers	000's	50,951	44,676	39,013	33,712	28,693
Employees (On-roll)	No.	23,264	22,955	20,314	18,213	18,584
Mobile services						
Customers	000's	48,876	42,704	37,141	31,974	27,061
Prepaid customers as a % of total customers	%	90.4%	89.7%	88.5%	87.1%	85.5%
Postpaid customers as a % of total customers	%	9.6%	10.3%	11.5%	12.9%	14.5%
Bharti's mobile subscribers market share	%	23.4%	23.1%	22.4%	21.8%	21.4%
Average Revenue Per User (ARPU)	Rs.	366	390	406	427	438
Average Minutes of Use Per User	Minutes	469	478	475	467	451
Post-paid Voluntary Churn	%	1.1%	1.1%	1.0%	1.2%	1.2%
Post-paid Company Initiated Churn	%	2.1%	2.5%	2.2%	2.3%	2.4%
Prepaid Churn	%	3.8%	4.0%	3.6%	4.8%	5.1%
SMS Revenue as a % of Total Mobile Revenues	%	4.6%	5.0%	6.0%	6.2%	6.1%
Employees (On-roll)	No.	8,132	7,595	7,034	6,864	6,963
Broadband & Telephone Services						
Customers	000's	2,075	1,972	1,871	1,738	1,631
Average Revenue Per User (ARPU)	Rs.	1,150	1,121	1,112	1,198	1,115
Non-mobile Services						
Employees (On-roll)	No.	14,530	14,773	12,789	10,942	11,228
Others (Corporate Office)						
Employees (On-roll)	No.	602	587	491	407	393

A.2.5 Traffic, Coverage & Network Trends

Parameters	Unit	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Mobile Services	Mn Min	64,375	57,125	49,240	41,305	33,844
Broadband & Telephone Services	Mn Min	4,596	4,454	4,241	4,055	4,080
National Long Distance Services	Mn Min	6,774	5,856	5,004	4,429	3,628
International Long Distance Services	Mn Min	1,345	1,243	1,194	1,059	882
Total Minutes on Network	**Mn Min**	**77,089**	**68,678**	**59,679**	**50,847**	**42,434**

Note: The minutes are gross of intersegment eliminations

Parameters	Unit	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Mobile Services						
Census Towns	No.	4,876	4,855	4,676	4,581	4,357
Non-Census Towns & Villages	No.	290,000	243,584	207,327	176,593	155,076
Population Coverage	%	65%	62%	59%	54%	50%
Broadband & Telephone Services						
No. of cities covered	No.	94	94	94	94	94
Carriers (National Long Distance)						
Optic Fibre Network	RKms	55,574	43,658	40,484	39,330	36,151

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.

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

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

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

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

3. Goodwill

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

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

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

4. Foreign currency transactions

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

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

5. Capital leases

Lessee accounting

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

Lessor accounting

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

6. Impairment of long – lived assets and intangible assets

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

7. Revenue recognition

(i) Service revenues

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

Service revenues are recognized as the services are rendered and are stated net of discounts and taxes. Revenues from pre-paid cards are recognized based on actual usage. Activation revenue and related activation costs, not exceeding the activation revenue, are deferred and amortized over their estimated useful life 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

Amount in Rs million

Particulars	Quarter Ended September 30, 2007 (Audited)	Half Year Ended September 30, 2007 (Audited)
Service Revenue	62,999	121,524
Sales of Goods	250	460
Total Income	**63,249**	**121,984**
Profit before Finance Expenses /(Income) (Net), Depreciation, Amortisation, Pre-operative Expenditure,Charity and Donation, Taxation and Other Income	**27,122**	**51,565**
Finance expenses (net)	(78)	(2,727)
Depreciation	8,813	16,702
Amortisation	503	948
Other Income	618	1,455
Charity & Donation	46	52
Profit Before tax	**18,456**	**38,045**
MAT credit	0	(187)
Tax Expenses/ (Income)		
-Current Tax	2,117	5,308
-Fringe Benefit Tax	63	128
-Deferred Tax	(355)	1,363
Profit After Tax	**16,631**	**31,059**
Minority Interest	193	379
Profit for the period	**16,438**	**30,680**

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

Amount in Rs million

Particulars	Quarter Ended September 30, 2007	Half Year Ended September 30, 2007
Net profit / (loss) as per US GAAP	**16,139**	**31,255**
Add: Differences on account of:		
Minority Interest and loss of Joint Venture	6	12
Deferred Tax expense	(627)	(1,000)
Less: Differences on account of:		
Amortisation of Goodwill/ Intangibles	101	168
Being difference in revenue recognition	39	125
License fee amortisation	146	292
Differences in accounting for finance charges	(1,245)	(2,159)
Remeasurement of financial instruments not applicable in IGAAP	41	55
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	(2)	(20)
Provision for current tax	0	1,126
Net profit/(loss) as per Indian GAAP	**16,438**	**30,680**

GLOSSARY

Technical and Industry Terms

Company Related	
ARPU (for Mobile and Broadband & Telephone services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales and the connection fees, during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
Asset Turnover	Asset Turnover is defined as total revenues, for the preceding (last) 12 months from the end of the relevant period, divided by average assets. Asset is defined as the sum of non current assets and net current assets. Net current assets are computed by subtracting current liabilities from current assets. Average assets are calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Access and Interconnect Charges / Total Revenues	Access and interconnect charges for the relevant period divided by total revenues for the relevant period.
Average Customers	Average customers are derived by computing the average of the monthly average customers for the relevant period.
Book Value Per Equity Share	Total stockholder's equity as at the end of the relevant period divided by issued and outstanding equity shares as at the end of the relevant period.
Capital Employed	Capital Employed is defined as sum of stockholder's equity and net debt.
Cash Profit From Operations	It is not a US GAAP measure and is defined as operating income adjusted for depreciation & amortization, pre-operating costs, interest expense and interest income.
Churn	Churn is calculated by dividing the total number of disconnections during the relevant period by the average customers; and dividing the result by the number of months in the relevant period. Postpaid churn has been subdivided into: a) Voluntary: indicating the number of subscribers who opt out of the network at their own behest. b) Company initiated churn: indicating the number of subscribers whose churn is initiated by the company due to non-payment.
Gross Revenue per Employee per month	It is computed by dividing the Gross Revenue (net of inter-segment eliminations) by the closing number of employees in a given business unit and number of months in the relevant period.
EBITDA	Earnings/ (loss) before interest, taxation, depreciation and amortization. It is not a US GAAP measure and is defined as operating income adjusted for depreciation & amortization and pre-operating costs.
EBITDA Margin or EBITDA / Total Revenues	It is computed by dividing EBITDA for the relevant period by total revenues for the relevant period.
EBIT	Earnings / (Loss) before interest and taxation for the relevant period. It is equivalent to Income/ (loss) before interest income, interest expense & taxes.
Broadband & Telephone Customers Per Employee	Number of Broadband & Telephone customers on our networks as at end of the relevant period divided by number of employees in the Broadband & Telephone segment as at end of the relevant period.
Income/(loss) after current tax expense	It is not a US GAAP measure and is defined as Income/ (loss) before taxation adjusted for current tax expense.
Interest Coverage Ratio	EBITDA for the relevant period divided by interest on borrowing for the relevant period.
Investments in projects	The investment in projects comprises gross fixed assets, intangible assets, capital work in progress, gross goodwill, investment in JV's and one-time entry fee paid towards acquisition of licenses.
Market Capitalization	Number of issued and outstanding shares as at end of September 30, 2007 multiplied by closing market price (BSE) as at end of September 28, 2007.
MoU/Sub/Month	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month. Average minutes of usage per subscriber per month is calculated by: dividing the total minutes of usage (incoming, outgoing and in-roaming) on our network during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
Mobile Customers Per Employee	Number of GSM customers on our networks as at end of the relevant period divided by number of employees in the mobile segment as at end of the relevant period.
Net Debt	It is not a US GAAP measure and is defined as the long-term debt, net of current portion plus short-term borrowings and current portion of long-term debt minus cash and cash equivalents, restricted

	cash, restricted cash non-current, short-term investments and investments as at the end of the relevant period.
Net Debt to EBITDA	It is computed by dividing net debt as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
Net Debt to Stockholder's Equity	It is computed by dividing net debt as at the end of the relevant period by stockholder's equity as at the end of the relevant period.
Earnings Per Common Share.	It is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Earnings Per Diluted Share	The calculation of Net Profit/ (loss) per diluted share adjusts net profit or loss and the weighted average number of ordinary shares outstanding, to give effect to all dilutive potential ordinary shares that were outstanding during the year. Net profit or loss attributable to ordinary shareholders is adjusted for the after-tax effect of the following: (1) dividends on potential ordinary shares (for example, dilutive convertible preferred shares); (2) interest recognized on potential ordinary shares (for example, dilutive convertible debt); and (3) any other changes in income or expense resulting from the conversion of dilutive potential ordinary shares (e.g., an entity's contribution to its non-discretionary employee profit-sharing plan may be revised based on changes in net profit due to the effects of items discussed above).
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-proprietary system with one of its great strength being the international roaming capability.
IGAAP	Generally Accepted Accounting Principles in India.
NSE	The National Stock Exchange of India Limited.
Sensex	Sensex is a stock index introduced by The Stock Exchange, Mumbai in 1986. It is a basket of 30 constituent stocks representing a sample of large, liquid and representative companies. The base year of Sensex is 1978-79 and the base value is 100. The index is widely reported in national and international markets through print as well as electronic media.
SMS	Short Messaging Service. It is a text message service, which enables the user to send short messages to other users.
US GAAP	United States Generally Accepted Accounting Principles.

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