Quarterly report on the results for the second quarter and half year ended September 30, 2008

Bharti Airtel Limited

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

October 31, 2008

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

Supplemental Disclosures

Safe Harbor: - Some information in this report may contain forward-looking statements. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as “believe,” “plan,” “anticipate,” “continue,” “estimate,” “expect,” “may,” “will” or other similar words.

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

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

Convenience translation: - We publish our financial statements in Indian Rupees. All references herein to “Indian Rupees” and “Rs.” are to Indian Rupees and all references herein to “US dollars” and “US$” are to United States dollars. All translations from Indian Rupees to United States dollars were made (unless otherwise indicated) using the rate of Rs. 46.45 = US $1.00, the noon buying rate as announced by the Federal Reserve Bank of New York on September 30, 2008. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into United States dollars or Indian Rupees respectively, as the case may be, at any particular rate, the above rates or at all. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off. Information contained on our websites www.bhartiairtel.in, www.airtel.in, www.airteltelephone.com, www.airtel-broadband.com, www.airtellongdistance.com and www.airtelenterprise.com is not part of this Quarterly Report.

Use of Certain Non-GAAP measures: - This result announcement contains certain information on the Company’s results of operations and cash flows that have been derived from amounts calculated in accordance with United States Generally Accepted Accounting Principles (US GAAP), but are not in themselves US GAAP measures. They should not be viewed in isolation as alternatives to the equivalent US GAAP measures and should be read in conjunction with the equivalent US GAAP measures. **Further, disclosures are also provided under “Use of Non - GAAP financial information” on page 21.**

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

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

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Section 1

BHARTI AIRTEL – PERFORMANCE AT A GLANCE

Particulars	UNITS	Full Year Ended March 31,				Quarter Ended	
		2005	2006	2007	2008	June 30, 2008	Sept 30, 2008 [5]
Total Customer Base	**000's.**	**11,842**	**20,926**	**39,013**	**64,268**	**71,777**	**79,989**
Mobile Services	000's.	10,984	19,579	37,141	61,985	69,384	77,479
Telemedia Services	000's.	857	1,347	1,871	2,283	2,394	2,509
Consolidated financials as per US GAAP							
Revenue	INR Mn.	80,028	116,215	185,196	270,250	84,833	90,203
EBITDA	INR Mn.	30,128	43,374	74,508	113,715	35,221	36,993
Cash profit from operations	INR Mn.	28,132	40,862	73,070	111,374	33,389	31,252
Income before income taxes	INR Mn.	16,604	25,366	48,860	76,537	23,814	19,724
Net income	INR Mn.	14,978	22,567	42,571	67,008	20,250	20,463
Consolidated financials as per US GAAP							
Revenue	US$ Mn.	1,835	2,613	4,297	6,753	1,976	1,942
EBITDA	US$ Mn.	691	975	1,729	2,841	820	796
Cash profit from operations	US$ Mn.	645	919	1,695	2,783	778	673
Income before income taxes	US$ Mn.	381	570	1,134	1,912	555	425
Net income	US$ Mn.	343	507	988	1,674	472	441
Key Ratios							
EBITDA Margin	%	37.6%	37.3%	40.2%	42.1%	41.5%	41.0%
Net Profit Margin	%	18.7%	19.4%	23.0%	24.8%	23.9%	22.7%
Net Debt to Stockholders Equity [5]	Times	0.66	0.45	0.31	0.19	0.17	0.20
Return on Stockholders Equity	%	28.0%	29.5%	37.4%	38.0%	37.9%	35.9%
Return on Capital employed	%	18.0%	21.3%	28.2%	31.7%	33.8%	33.9%

1. *Annual financial highlights for the year ended March 31, 2005, 2006, 2007 and 2008 are based on consolidated audited results as per United States Generally Accepted Accounting Principles (US GAAP).*
2. *Financial highlights for the quarter ended June 30,2008 and September 30, 2008 are audited and are based on the consolidated results as per United States Generally Accepted Accounting Principles (US GAAP).*
3. *Income before income taxes for the full year ended March 31, 2006, March 31, 2007 and March 31, 2008 as well as quarter ended June 30, 2008 and September 30, 2008 are after fringe benefit tax.*
4. *Exchange rate for Rupee conversion to US$ is (a) Rs. 43.62 for the financial year ended March 31, 2005 (b) Rs. 44.48 for the financial year ended March 31, 2006 (c) Rs. 43.10 for the financial year ended March 31, 2007 (d) Rs. 40.02 for the financial year ended March 31, 2008 (e) Rs. 42.93 for the quarter ended June 30, 2008 and (f) Rs 46.45 for the quarter ended September 30, 2008 being the noon buying rate as announced by The Federal Reserve Bank of New York at the end of the respective periods.*
5. *Net Debt to Stockholders Equity for the period amounts to 0.09 times exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.*

Section 2

AN OVERVIEW

2.1 Introduction

We are one of 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 79,988,675 customers as of September 30, 2008; of whom 77,479,215 subscribe to our GSM services and 2,509,460 use our Telemedia Services either for voice and/or broadband access delivered through DSL. We are the largest wireless service provider in the country, based on the number of subscribers as of September 30, 2008. We also offer an integrated suite of telecom solutions to our enterprise customers, in addition to providing long distance connectivity both nationally and internationally. We have recently forayed into media by launching our DTH Services in October 2008. All these services are rendered under a unified brand "Airtel".

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

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

2.2 Business Divisions

Mobile Services - We offer mobile and fixed wireless services (FWP) using GSM technology on 900MHz and 1800MHz bands, and are the largest wireless service provider in the country, based on the number of customers. Our 77,479,215 mobile customers accounted for a market share of 24.6% of wireless market, as on September 30, 2008.

We offer post-paid, pre-paid, roaming and value added services through our extensive sales and distribution channel covering 1,008,031 outlets.

Our network is present in 5,050 census towns and 384,521 non-census towns and villages in India, thus covering approximately 77% of the country's population. Our network operating centers, which monitor the health of our mobile network are located in Gurgaon, near Delhi, and Chennai.

Telemedia Services – We provide broadband (DSL) and telephone services (fixed line) in 95 cities with growing focus on new media and entertainment solutions such as DTH & IPTV. We had 2,509,460 customers as on September 30, 2008 of which 36.7% were subscribing to broadband/ internet services. Our product offerings in this segment include supply and installation of fixed-line telephones providing local, national and international long distance voice connectivity and broadband Internet access through DSL.

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

The strategy of our Telemedia business is to focus on cities with high revenue potential, except for DTH which is an all-India offering. We launched Airtel digital TV, our DTH (Direct to Home) Satellite TV service, starting October 9, 2008. Airtel digital TV is available to customers through 21,000 retail points including Airtel Relationship Centres in 62 cities across the country.

Enterprise Services - Enterprise Services provides a broad portfolio of services to large Enterprise and Carrier customers. This division comprises of the Carrier and Corporate business unit.

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

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

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

The national long distance infrastructure comprises of 83,389 Rkms of optical fibre, over 1,500 MPLS and SDH POPs and over 1,000 POIs with the local exchanges, providing a pan India reach.

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

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

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

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

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

Passive Infrastructure Services – Bharti Infratel provides passive infrastructure services on a non-discriminatory basis to all telecom operators in India. Bharti Infratel deploys, owns and manages passive infrastructure on an all India basis. The company had approx 60,000 towers as on Sep 30, 2008, out of which approx 35,000 towers would be transferred to Indus Towers Ltd (a Joint Venture between Bharti Infratel, Vodafone & Idea Cellular).

2.3 Partners

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

Equipment and Technology Partners - We have established strong alliances with equipment and technology partners who share the same drive for the development of innovative solutions. Ericsson, Nokia and Huawei are equipment partners supporting our aggressive expansion plans by deploying state of the art technology across our networks. IBM has been working closely with us to transform our IT system, key business processes and establishing an enterprise integration platform. Telephone services and long distance networks equipment partners include Siemens, Nortel, CISCO, WIPRO among others. Nortel, IBM Daksh, Mphasis, Firstsource, Teleperformance and HTMT are associated with us for providing excellent customer experience through dedicated call center operations. We recently entered into a strategic partnership with Infosys to provide a suite of products, including devices, application servers and interactive applications to enhance digital lifestyle for our customers.

Section 3

FINANCIAL HIGHLIGHTS

This section presents the (1) audited financial results for the second quarter and half year ended September 30, 2007 and (2) audited financial results for the second quarter and half year ended September 30, 2008 as per United States Generally Accepted Accounting Principles (USGAAP).

Detailed financial statements, analysis and other related information is attached to this report as Annexure (page 28). Also, kindly refer to Section 7 (use of Non - GAAP financial information on page 21) and Glossary (page 40) for detailed definitions.

3.1 Consolidated - Summary of Consolidated Financial Statements

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2008	Sept. 2007	Y-on-Y Growth	Sept. 2008	Sept. 2007	Y-on-Y Growth
Total revenues	90,203	63,374	42%	175,036	122,420	43%
EBITDA	36,993	27,097	37%	72,214	51,563	40%
Cash profit from operations before Derivative and Exchange Fluctuation	37,114	26,330	41%	71,983	50,154	44%
Cash profit from operations after Derivative and Exchange Fluctuation	31,252	25,971	20%	64,641	52,189	24%
Income before Income taxes	19,724	17,472	13%	43,539	36,372	20%
Current tax expense	1,763	2,120	-17%	4,816	4,368	10%
Income after current tax expense	17,961	15,351	17%	38,723	32,004	21%
Deferred tax expense / (Income)	(3,010)	(985)		(2,781)	361	
Net income	20,463	16,139	27%	40,713	31,255	30%
EBITDA / Total revenues	41.0%	42.8%		41.3%	42.1%	

3.1.2 Consolidated Summarized Balance Sheet

Amount in Rs. Million

Particulars	**As at September 30, 2008**
ASSETS	
Total current assets	127,257
Total non current assets	414,549
Total assets	**541,806**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Total current liabilities	210,007
Total non current liabilities	62,627
Total liabilities	**272,634**
Minority Interest	**9,892**
Total stockholders' equity	**259,280**
Total liabilities and stockholders' equity	**541,806**

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. 2008	Sept. 2007	Y-on-Y Growth	Sept. 2008	Sept. 2007	Y-on-Y Growth
Total revenues	72,843	50,579	44%	141,993	97,554	46%
EBITDA	22,009	20,728	6%	43,227	39,814	9%
EBIT	15,728	14,058	12%	31,448	27,379	15%
EBITDA / Total revenues	30.2%	41.0%		30.4%	40.8%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2008	Sept. 2007	Y-on-Y Growth	Sept. 2008	Sept. 2007	Y-on-Y Growth
Total revenues	8,486	7,023	21%	16,474	13,536	22%
EBITDA	3,696	2,790	32%	7,063	4,891	44%
EBIT	2,270	1,680	35%	4,251	2,623	62%
EBITDA / Total revenues	43.6%	39.7%		42.9%	36.1%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2008	Sept. 2007	Y-on-Y Growth	Sept. 2008	Sept. 2007	Y-on-Y Growth
Total revenues	21,874	13,471	62%	41,446	25,411	63%
EBITDA	9,369	4,897	91%	18,024	9,225	95%
EBIT	7,971	3,977	100%	15,355	7,615	102%
EBITDA / Total revenues	42.8%	36.4%		43.5%	36.3%	

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2008	Sept. 2007	Y-on-Y Growth	Sept. 2008	Sept. 2007	Y-on-Y Growth
Total revenues	17,002	10,048	69%	32,696	19,258	70%
EBITDA	7,351	3,462	112%	14,235	6,631	115%
EBIT	6,352	2,740	132%	12,340	5,495	125%
EBITDA / Total revenues	43.2%	34.5%		43.5%	34.4%	

3.2.3.2 Enterprise Services – Corporates- comprises of end to end telecom solutions being provided to corporates

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2008	Sept. 2007	Y-on-Y Growth	Sept. 2008	Sept. 2007	Y-on-Y Growth
Total revenues	4,872	3,423	42%	8,750	6,153	42%
EBITDA	2,018	1,435	41%	3,789	2,594	46%
EBIT	1,619	1,237	31%	3,015	2,120	42%
EBITDA / Total revenues	41.4%	41.9%		43.3%	42.2%	

3.2.4 Others – comprises of Bharti corporate offices and new projects

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2008	Sept. 2007	Y-on-Y Growth	Sept. 2008	Sept. 2007	Y-on-Y Growth
Total revenues	911	546	-	1,737	972	-
EBITDA	(1,284)	(897)	-	(2,528)	(1,535)	-
Depreciation and Others	270	114	-	(30)	172	-
EBIT	(1,554)	(1,011)	-	(2,498)	(1,708)	-

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

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2008	Sept. 2007	Y-on-Y Growth	Sept. 2008	Sept. 2007	Y-on-Y Growth
Total revenues	11,983	-	-	22,546	-	-
EBITDA	3,991	-	-	7,861	-	-
EBIT	1,185	-	-	2,759	-	-
EBITDA / Total revenues	33.3%	-	-	34.9%	-	-

3.3 Segment-wise Investments and Contribution

3.3.1 Investments in projects

Amount in Rs. Million, except ratios

Segment	As at September 30, 2008	
	Rs. Million	% of Total
Mobile Services	266,388	50%
Telemedia Services	59,891	11%
Enterprise Services - Carriers	68,006	13%
Enterprise Services - Corporates	7,274	1%
Passive Infrastructure Services	129,103	24%
Others	4,411	1%
Total	**535,073**	**100%**
Less:- Accumulated Depreciation and Amortization	128,191	
Net Fixed Assets and Other Project Investment	**406,882**	

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

Segment	Quarter Ended September 2008					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	72,843	81%	22,009	59%	15,834	50%
Telemedia Services	8,486	9%	3,696	10%	2,815	9%
Enterprise Services - Carriers	17,002	19%	7,351	20%	3,992	13%
Enterprise Services - Corporates	4,872	5%	2,018	5%	279	1%
Passive Infrastructure Services	11,983	13%	3,991	11%	7,562	24%
Others	911	1%	(1,284)	-3%	1,385	4%
Sub Total	**116,097**	**129%**	**37,781**	**102%**	**31,867**	**100%**
Eliminations	(25,894)	-29%	(788)	-2%		
Total	**90,203**	**100%**	**36,993**	**100%**	**31,867**	**100%**

Segment	Half Year Ended September 2008					
	Revenue		EBITDA		Capex	
	Rs. Million	% of total	Rs. Million	% of total	Rs. Million	% of total
Mobile Services	141,993	81%	43,227	60%	32,734	45%
Telemedia Services	16,474	9%	7,063	10%	5,116	7%
Enterprise Services - Carriers	32,696	19%	14,235	20%	9,231	13%
Enterprise Services - Corporates	8,750	5%	3,789	5%	532	1%
Passive Infrastructure Services	22,546	13%	7,861	11%	22,889	32%
Others	1,737	1%	(2,528)	-4%	2,036	3%
Sub Total	**224,196**	**128%**	**73,647**	**102%**	**72,538**	**100%**
Eliminations	(49,160)	-28%	(1,433)	-2%		
Total	**175,036**	**100%**	**72,214**	**100%**	**72,538**	**100%**

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

.

SECTION 4

OPERATING HIGHLIGHTS

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

4.1 Bharti Airtel Consolidated

Parameters	Unit	Sept. 30, 2008	June 30, 2008	Q-on-Q Growth	Sept. 30, 2007	Y-on-Y Growth
Customers on our Network						
Mobile Services	000's.	77,479	69,384	12%	48,876	59%
Telemedia Services	000's.	2,509	2,394	5%	2,075	21%
Total	**000's.**	**79,989**	**71,777**	**11%**	**50,951**	**57%**
Non Voice Revenue as a % of Total Revenues	%	15.1%	14.8%		13.9%	
Total Employees	No.	25,616	26,144	-2%	23,264	10%

4.2 Mobile Services

Parameters	Unit	Sept. 30, 2008	June 30, 2008	Q-on-Q Growth	Sept. 30, 2007	Y-on-Y Growth
Subscriber Base[2]						
All India Mobile Subscribers	000's.	315,312	286,868	10%	209,084	51%
Mobile Customers on Bharti's Network	000's.	77,479	69,384	12%	48,876	59%
Net Additions						
All India Mobile Subscribers	000's.	28,444	25,789	10%	23,953	19%
Mobile Customers on Bharti's Network	000's.	8,095	7,399	9%	6,172	31%
Market Share						
Bharti's Mobile Market Share	%	24.6%	24.2%		23.4%	
Bharti's Market Share of Net Additions	%	28.5%	28.7%		25.8%	
Pre-Paid Subscribers						
Total Customer Base	%	92.9%	92.3%		90.4%	
Total Net Additions	%	98.4%	97.9%		95.4%	
Other Operating Information						
Average Revenue Per User (ARPU)	Rs.	331	350	-5%	366	-10%
Average Revenue Per User (ARPU)	US$	7.1	7.5	-5%	7.9	-10%
Average Minutes of Use Per User	Minutes	526	534	-2%	469	12%
Monthly Churn						
Post-paid Voluntary Churn	%	1.1%	1.0%		1.1%	
Post-paid Company Initiated Churn	%	1.4%	1.4%		2.1%	
Pre-paid	%	3.2%	3.8%		3.8%	
Non Voice Revenue						
SMS Revenue as a % of Mobile Revenues	%	4.3%	4.2%		4.6%	
Non Voice Revenue as a % of Mobile Revenues	%	10.0%	9.7%		9.8%	

Note 2: All India mobile subscribers based on the report published by TRAI.

4.3 Telemedia Services

Parameters	Unit	Sept. 30, 2008	June 30, 2008	Q-on-Q Growth	Sept. 30, 2007	Y-on-Y Growth
Telemedia Customers	000's.	2,509	2,394	5%	2,075	21%
Net additions	000's.	116	110	5%	103	13%
Average Revenue Per User (ARPU)	Rs	1,147	1,138	1%	1,150	0%
Average Revenue Per User (ARPU)	US$	24.7	24.5	1%	24.8	0%

4.4 Traffic Details

Parameters	Unit	Sept. 30, 2008	June 30, 2008	Q-on-Q Growth	Sept. 30, 2007	Y-on-Y Growth
Mobile Services	Mn Min	115,834	105,217	10%	64,375	80%
Telemedia Services	Mn Min	5,002	4,842	3%	4,596	9%
National Long Distance Services	Mn Min	11,349	10,322	10%	6,774	68%
International Long Distance Services	Mn Min	2,284	2,048	12%	1,345	70%
Total Minutes on Network [3]	**Mn Min**	**134,470**	**122,428**	**10%**	**77,089**	**74%**

Note 3: The minutes are gross of Intersegment Elimination

4.5 Network and Coverage

Parameters	Unit	Sept. 30, 2008	June 30, 2008	Q-on-Q Growth	Sept. 30, 2007	Y-on-Y Growth
Mobile Services						
Census Towns	No.	5,050	5,048	2	4,876	174
Non-Census Towns and Villages	No.	384,521	364,287	20,234	290,000	94,521
Population Coverage	%	77%	74%		65%	
Network Sites	No.	82,554	75,876	6,678	52,826	29,728
Telemedia Services						
Cities covered	No.	95	94	1	94	1
Carriers (National Long Distance)						
Optic Fibre Network[4]	Rkms	83,389	78,540	4,849	55,574	27,815

Note 4: With effect from quarter ended September 2007, Optic Fibre Network is inclusive of owned fibre and swapped fibre. With effect from quarter ended December 2007, Optic Fibre Network is inclusive of intra city fibre, previously reported as only inter- city.

4.6 Passive Infrastructure Services

Parameters	Unit	Sept. 30, 2008	June 30, 2008	Q-on-Q Growth	Sept 30, 2007	Y-on-Y Growth
Towers						
Total Towers	No.	59,966	58,013	3%	-	-
Ground Based Towers	No.	40,692	38,845	5%	-	-
Roof Top Towers and Others	No.	19,274	19,168	1%	-	-
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs.	32,177	31,893	1%	-	-
Sharing Factor	Times	1.26	1.22		-	-

4.7 Human Resource Analysis

Parameters	Unit	Sept. 30, 2008	June 30, 2008	Q-on-Q Growth	Sept. 30, 2007	Y-on-Y Growth
Consolidated						
Total Employees	No.	25,616	26,144	-2%	23,264	10%
Number of Customers per employee	No.	3,123	2,745	14%	2,190	43%
Mobile Services						
Number of Customers per employee	No.	9,527	8,130	17%	6,010	59%
Gross Revenue per employee per month	Rs.	2,985,491	2,700,981	11%	2,073,226	44%
Telemedia Services						
Number of Customers per employee	No.	224	208	7%	186	21%
Gross Revenue per employee per month	Rs.	252,241	231,757	9%	209,456	20%
Enterprise Services - Carriers						
Gross Revenue per employee per month	Rs.	3,171,423	2,838,810	12%	2,167,918	46%
Enterprise Services - Corporates						
Gross Revenue per employee per month	Rs.	855,187	678,217	26%	631,123	36%

SECTION 5

MANAGEMENT DISCUSSION AND ANALYSIS

5.1 Key Industry and Company Developments

5.1.1 Industry

Reduction in contribution to Universal Service Obligation Fund (USOF):

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

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

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

The verification of coverage of each Development Block will be based on verification of installation of identifiable physical infrastructure of the licensee for providing telecom access services.

Allocation of 3G / BWA spectrum

Vide its order dated August 1, 2008 & September 12, 2008, DoT has issued the guidelines for 3G & BWA, brief highlights of which are as under:-

1. Allocation of 3G spectrum

i. Any person, (i) who hold a UASL / CMTS Licence or (ii) who has previous experience of running 3G telecom services; and (iii) gives an undertaking to obtain UASL before starting telecom operations, can bid for 3G spectrum.

ii. Spectrum shall be auctioned in blocks of 2x5MHz in 2.1GHz band. Each successful bidder shall be allocated only one block in a telecom service area

iii. The Reserve Price for a 2x5MHz block of spectrum shall be as under”-

Service Area	Reserve Price (Rs. In Million)
Mumbai, Delhi & Category “A”	1600
Kolkata & Category “B”	800
Category “C”	300

iv. Spectrum shall be auctioned for 3G services in the 450 MHz band, 2x1.25 MHz in 800 MHz band for EVDO services, and in 1900 MHz band when it becomes available.

v. The reserve price for auction of one block of 2x1.25 MHz spectrum in 800 MHz band shall be 25% of reserve price for 2x5 MHz in 2.1 GHz band. The reserve price for one block of spectrum in 450 MHz and 1900 MHz bands would be notified separately.

vi. DoT has also issued a clarification that M&A guidelines will be applicable only for merger between 2 UASL holdings in a service area.

vii. On annual spectrum fee on 3G services, DoT has stated that "the licensee shall pay annual spectrum charges of 1% on the incremental revenue due to 3G services after a period of 1 year. The method of calculation shall be notified separately".

viii. The roll out obligations for 3G services in various service areas shall be as follows:-

Category of Circle	At the end of 5 years from the date of 3G spectrum allocation
Metros	90% of Metro area
A, B and C	50% of the DHQs or cities in the service area out of which 15% of the DHQs should be rural SDCAs

ix. If licensee does not achieve its roll out obligations, it shall be given a further period of 1 year to do so by making payment of 2.5% of its successful auction bid (i.e. spectrum acquisition price) per quarter or part thereof as penalty. If licensee does not complete its roll out obligations even within the extended period of 1 year, the spectrum assignment shall stand withdrawn.

2. Allocation of BWA spectrum

i. Any person, (i) who hold a UASL / CMTS Licence or (ii) who holds ISP Licence Category “A” and “B” and (iii) who fulfills the eligibility criterion for obtaining a UASL and obtains UASL before starting telecom operations

ii. Spectrum in 2.5GHz and 2.3GHz bands shall be allocated for BWA services through bidding / auction. Each successful bidder can get 20MHz in 2.3GHz and 2.5GHz bands (TDD mode) in a telecom service area. The number of blocks shall be two in 2.3GHz and two in 2.5GHz band.

iii. Spectrum in 700MHz and 3.3-3.6GHz bands shall be auctioned as and when it becomes available.

iv. The Reserve Price for 20MHz (TDD) shall be as under”-

Service Area	Reserve Price (Rs. In Million) for 20MHz
Metro & Category “A”	800
Category “B”	400
Category “C”	150

v. The roll out obligations for BWA services in various service areas shall be as follows:-

Category of Circle	At the end of 5 years from the date of BWA spectrum allocation
Metros	90% of Metro area
A, B and C	50% rural SDCAs area coverage

vi. The operators shall pay an annual spectrum charge of 1% of AGR after a period of one year.

New Licence Regime for "Resale of International Private Leased Circuit (IPLC)"

On September 24, 2008, DoT has introduced a new category of License called as – "Resale of IPLC" Service License. Brief highlights of the same are as under:-

i. The Resale of IPLC Provider is permitted to provide end-to-end IPLC between India and country of destination for any capacity denomination.
ii. The licensee will have to take IPLC from ILDO
iii. The Licensee shall be permitted to enter into an arrangement for leased line with Access Providers, NLDOs and ILDO for provision of IPLC to end consumers.
iv. Licensee is allowed to sell bandwidth on retail basis with, or, without, value addition to end consumers.
v. The Licensee shall not sell the bandwidth to other licensee of 'Resale of IPLC" License.
vi. Public network is not to be connected with IPLC.
vii. Resale of IPLC' Service provider may provide either itself or through Access Provider billing services to its customers

TRAI's Tariff Order and Direction on "Tariff related issues"

On September 1, 2008, TRAI released "The Telecommunication Tariff (48th Amendment) Order 2008 and a direction on the tariff related issues, a brief of which is as under:-

i. The existing provisions related to minimum validity period of 6 months and maximum 25 tariff plans will continue.
ii. Subscribers to get full talk time on talk time recharges, barring an administrative fee which shall not exceed Rs.2 per recharge and applicable taxes.
iii. Customers in existing lifetime plans can migrate to new lifetime plans with lower entry fee without having to make additional payment or recharges.
iv. Lifetime customers need not recharge more than once in 6 months for remaining connected
v. Blackout days (customary/festival days on which free/concessional calls/SMS are not available) limited to a maximum of 5 days in a calendar year. Such days to be pre-specified and no subsequent alteration or addition permitted. The charges applicable on these special days shall be explicitly conveyed to the subscribers.
vi. Promotional offers to be streamlined i.e. the period of promotional offer to be declared i.e. beginning and end dates of the offer and (ii) eligibility criteria for the offer to be clearly defined.

TRAI's Direction and Recommendations on "Carrier Selection and NLD Calling Cards"

On August 20, 2008, TRAI issued the direction and recommendations on the issues related to Carrier Selection and NLD calling cards, the brief highlights of which are as under:-

i. The regime of Carrier Selection is not justifiable on need & cost benefit basis
ii. As an alternative to Carrier Selection, TRAI has recommended to allow NLD / ILD operators to introduce their own NLD/ILD calling cards.
iii. As per TRAI, NLDO and ILDOs should not be allowed to provide local calls and other intelligent network based and value added services like televoting, toll free number, SMS/MMS and content services through their calling cards.
iv. NLDOs/ILDOs shall clearly indicate the specifications of the service to the subscriber at the time of entering into contract with such subscriber.

TRAI's Recommendations on "Mobile Virtual Network Operator (MVNO)"

On August 6, 2008, TRAI made its recommendations on the entry of MVNO. Brief highlights of the same are as under:-

i. Definition of a MVNO shall be "MVNO is a licensee in any service area that does not have spectrum of its own for access service, but can provide wireless (mobile) access services to its own customers through an agreement with the licensed access provider, UAS/CMTS Licensee".
ii. The spectrum for access services as on date would include: 2G, 3G and BWA spectrum. MVNO cannot participate in spectrum auction for Access Services in their service area, as they cannot have their own spectrum. Similarly, ISPs can become MVNOs if it does not have BWA spectrum.
iii. MVNO free to choose its business model (Full or Intermediate or Thin). Typically, a Thin MVNO would offer services in its own brand without any infrastructure and a Full MVNO could set up its own HLR, VLR, IN switches, MSC etc., but not the Radio Access Network (RAN).
iv. MVNO to get parented to an MNO in a service area.
v. Arrangement/agreement between MNO and MVNO to be driven by market forces.
vi. Allocation of Numbers, Number portability, Interconnection with other service providers and roaming to be provided by parent MNO.

The above recommendation is pending before DoT for its approval.

TRAI's Recommendations on "Internet Telephony"

After the consultation Process, on August 18, 2008, TRAI has made the following recommendations on "Internet Telephony":-

i. ISPs should be permitted full fledged, unrestricted internet telephony (i.e. calling from internet to PSTN/PLMN numbers and vice versa within India).
ii. ISPs need not establish direct PoIs with access service providers (i.e. BSOs/CMSPs/UASPs). ISPs shall connect for both intra and inter-circle calls to these access providers via the NLDOs only.
iii. NLDOs shall interconnect to ISPs through the internet cloud to enable unrestricted calling from PSTN/PLMN to internet telephony devices and vice versa. Interconnection with NLDOs may be used for intra and inter-circle internet telephony calls.
iv. NLDOs shall negotiate carriage charges with ISPs within the current ceiling prescribed by TRAI under IUC regulations (i.e. Rs.0.65/min).

v. Applicable Termination Charges (currently Rs.0.30/min shall be payable for internet telephony calls originate from ISPs and terminating in the networks of BSOs/CMSPs/UASPs.
vi. TEC shall identify numbering scheme for Internet Telephony subscribers. Special and Distinguishable blocks of numbers from the E.164 numbering scheme may be identified by TEC for Internet Telephony. DoT may charge ISPs (but not CMSPs/BSOs/UASPs) for allocation of such numbers for internet telephony.
vii. ISPs need not provide emergency number dialling. However ISPs should clearly inform subscribers about the non-availability of such service.
viii. No Quality of Service norms to apply to internet telephony.

The above recommendation is pending before DoT for its approval.

5.1.2 Company

Key developments

- Bharti Airtel **crossed the 79.98 million customers mark**, becoming the largest integrated telecom company in India. With this, Bharti Airtel has emerged as the 3rd largest in-country mobile operator in the world.

- Bharti Airtel was voted as the '**Best Cellular Service Provider**' and '**Best Broadband Service Provider**' at the 2008 Voice & Data 100 Awards. The winners were selected on the basis of an extensive survey, across the Indian telecom industry, conducted by the Voice & Data magazine.

- Airtel made its television debut, redefining home entertainment with **Airtel digital TV***.* The service is available to customers through 21,000 retail points including Airtel Relationship Centres in 62 cities across the country.

- Sunil Mittal received the **'Business Leader Transforming India Award 2008'** at the NDTV Profit Business Awards. In addition Bharti Airtel was adjudged the **'Best Telecom Company'.**

- Bharti Airtel launched its virtual calling card service 'Airtel CallHome' in UK, Singapore **and Canada**. The service is particularly targeted at the huge Indian Diaspora, Non Resident Indians (NRIs) and Indian students in these markets.

- Bhartii Airtel entered into an i**nnovation and technology partnership** with **Infosys Technologies Limited** (Infosys) to deliver superior customer experience to the customers of Airtel digital TV, its Direct-To-Home (DTH) TV service. As part of its Digital Convergence Platform, Infosys will provide a suite of products including devices, application servers and interactive applications that will focus on providing an enhanced digital lifestyle to Airtel digital TV customers.

- **Airtel and HP** collaborate to promote Broadband and PC Penetration. Under the scope of the partnership, Airtel will offer consumers a broadband connection at Discounted Entry Cost with every HP and Compaq notebook and desktop.

- Bharti Airtel **launched iPhone 3G** for its customers in India. iPhone 3G combines all the revolutionary features of iPhone plus 3G networking that is twice as fast*, built-in GPS for expanded location-based mobile services, and iPhone 2.0 software which includes support for Microsoft Exchange ActiveSync and runs hundreds of third party applications available through the new App Store.

- Bharti Airtel and RIM introduced the **BlackBerry Bold** for its customers in India. The BlackBerry Bold smartphone is the first BlackBerry® smartphone to support tri-band HSDPA high-speed networks around the world providing superior functionality and performance for business professionals and power users

- The World's Most Prestigious Half Marathon is now the **Airtel Delhi Half Marathon**; in excess of 30,000 people will run together on November 9, 2008.

- Bharti Airtel launched '**Airtel Innovation Fund**' aimed at promoting innovation and entrepreneurship in the field of telecommunications. This is the first ever innovation fund in India specifically for the telecom sector. The objective of the Fund is to provide opportunities to entrepreneurs with a vision to build businesses based on innovative ideas. The Fund will have an initial corpus of Rs 200 crores and will be led and administered by Bharti Airtel.

- IDG India's CIO magazine recognized Bharti Airtel Limited as a recipient of **2008 CIO 100 Award**. The annual award program recognizes organizations that exemplify the highest level of operational and strategic excellence in information technology (IT). This year's award theme, "The Bold 100", recognizes those executives and organizations who embrace great risk for the sake of great reward. Bharti Airtel was also one of the five recipients of the **Special 2008 CIO Security Award** aimed at CIOs, whose pioneering implementations have taken their enterprise security to the next level.

- Airtel entered into a **strategic outsourcing agreement** with **IBM** to further enhance its customer service experience for its top end Platinum customers through process and technology innovation.

5.2 Results of Operations

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

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

- **Overall Customer base at 79.9 million.**
- **Highest ever-net addition of 8.2 million customers in a single quarter.**
- **Market leader with a market share of all India wireless subscribers at 24.6%**
- **Total Revenues of Rs. 90.2 billion (up 42% Y-o-Y).**
- **EBITDA of Rs. 37 billion (up 37% Y-o-Y).**
- **Cash profit from operations of Rs. 31.3 billion (up 20% Y-o-Y).**
- **Net Profit of Rs. 20.5 billion (up 27% Y-o-Y).**

Bharti Airtel Consolidated

Customer Base

As on September 30, 2008, the company had an aggregate of 79,988,675 customers, consisting of 77,479,215 GSM mobile and 2,509,460 Telemedia customers. Its total customer base as on September 30, 2008 increased by 57% compared to the customer base as on September 30, 2007.

Revenues/Turnover

During the quarter ended September 30, 2008, the company had revenues of Rs 90,203 million; a growth of 42% compared to the quarter ended September 30, 2007. Revenues from mobile services represented 81% of the total revenues for the quarter ended September 30, 2008. Non-voice revenue contributed to approximately 15.1% of the total revenues for the quarter.

Operating Expenses (ex-revenue share license and spectrum fee) During the quarter ended September 30, 2008; the company incurred an operating expenditure of Rs. 31,212 million representing 34.6% of the total revenues. The operating expense comprises:

- Rs. 14,392 million towards network operations costs (~16.0% of turnover)
- Rs. 4,209 million towards employee costs, (~4.7% of turnover)
- Rs. 865 million towards equipments costs, and
- Rs. 11,746 million towards selling general and administrative costs (~13.0% of turnover)

The operating expenses grew by 50.9% compared to the quarter ended September 30, 2007. The increase in the operating expenses is associated to the costs pertaining to the expansion of operations.

EBITDA, Finance Cost and Cash Profit from Operations

During the quarter ended September 30, 2008, the company had an EBITDA of Rs. 36,993 million; a growth of 37% compared to the quarter ended September 30, 2007. The EBITDA margin for the quarter was 41.0%.

The net finance expense for the quarter ended September 30, 2008 was Rs. 5,741 million. The interest on borrowings during the quarter was Rs. 832 million and the finance income (primarily related to income on marketable securities) was Rs. 1,146 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. 31,252 million, an increase of 20%, as compared to the quarter ended September 30, 2007.

During the quarter ended September 30, 2008, the company had depreciation and amortization expenses of Rs. 11,549 million.

Income Before Income Taxes (PBT)

The income before income tax for the quarter was Rs. 19,724 million, an increase of 13%, as compared to the quarter ended September 30, 2007. The current tax for the quarter ended September 30, 2008 was Rs. 1,763 million and deferred tax expense / (income) of Rs. (3,010) million.

Net income

The net income for the quarter ended September 30, 2008 was Rs 20,463 million.

Balance Sheet

As on September 30, 2008, the company had total assets of Rs. 541,806 million and total liabilities of Rs. 272,634 million respectively. The difference of Rs. 269,172 million was on account of stockholder's equity and minority interest.

The company had a net debt of Rs. 50,731 million (US$ 1092 million) as on September 30, 2008, resulting in a net debt to EBITDA (LTM) of 0.38 times. However, Net Debt to EBITDA (LTM) for the period amounts to 0.14 times exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.

Capital Expenditure

During the quarter ended September 30, 2008, the company incurred capital expenditure of Rs. 31,867 million (US$ 686 million).

Human Resources

As on September 30, 2008, the company had a total of 25,616 employees consisting of 8,133 in Mobile services, 11,214 in Telemedia services, 3,686 in Enterprise services, 2,233 in Others and 350 in Passive Infrastructure services.

Mobile Services

Customer Base, Churn, ARPU and MoU

As at the end of the quarter the company had 77,479,215 GSM mobile customers on its network, which accounted for a market share of 24.6% of the all India mobile market.

Of its 77,479,215 GSM mobile customers as of September 30, 2008, post-paid customers contributed 7.1% to the overall customer base while pre-paid customers contributed the balance 92.9%. During the quarter, Bharti's share of

8,095,499 net additions was 28.5% of all India wireless subscriber net additions.

The average monthly churn for the quarter ended September 30, 2008 was 2.5% (1.1% voluntary churn and 1.4% company initiated churn) for its post-paid segment, and 3.2% for the pre-paid segment.

During the quarter, blended ARPU was Rs. 331 (US$ 7.1) per month as compared to Rs 350 (US$ 7.5) per month in the quarter ended June 30, 2008. The blended monthly usage per customer, during the quarter, was at 526 minutes. Non voice revenue, which includes Short Messaging Service (SMS), voice mail service, call management and other value added services like Hello Tunes, Music on Demand and Airtel Live contributed to approximately 10% of the total revenues of the segment. The Short Messaging Services (SMS) revenue, which is primarily text messaging, accounted for 4.3% of the total revenue of the segment, for the quarter ended September 30, 2008.

Revenues, EBITDA and EBIT

The revenues for the quarter ended September 30, 2008 for mobile services stood at Rs 72,843 million, an increase of 44% over the corresponding quarter last year. The revenue from this segment contributed to 81% of the total consolidated revenues. The EBITDA during the quarter ended September 30, 2008 was Rs. 22,009 million representing growth of 6% over the quarter ended September 30, 2007. The EBITDA margin for the quarter ended September 30, 2008 was 30.2%. The EBIT for the quarter ended September 30, 2008 was Rs 15,728 million as compared to Rs 14,058 million for the quarter ended September 30, 2007, an improvement of 12%.

Capital Expenditure

During the quarter ended September 30, 2008, the company incurred a capital expenditure of Rs 15,834 million (US$ 341 million) on its mobile services.

<u>Telemedia Services</u>

Customer Base and ARPU

At the end of the quarter ended September 30, 2008, the company had its Telemedia operations in 95 cities. During the quarter, the company added 115,728 customers on its Telemedia networks with 2,509,460 customers as on September 30, 2008. The company had approximately 9.22 lakh customers (~ 36.7% of the total customer base) subscribing to broadband (DSL) services.

The ARPU for the quarter was Rs. 1,147 (US$ 24.7) per month.

Revenues, EBITDA and EBIT

For the quarter ended September 30, 2008, the revenues from its Telemedia operations of Rs 8,486 million, represented a growth of 21% over the corresponding quarter last year. The EBITDA for the quarter was Rs. 3,696 million compared to Rs. 2,790 million in the corresponding prior year quarter, an increase of 32% respectively. The EBITDA margin for this segment was 43.6% for the quarter ended September 30, 2008. The EBIT for the quarter ended September 30, 2008 was Rs 2,270 million.

Capital Expenditure

During the quarter ended September 30, 2008, the company incurred a capital expenditure of Rs. 2,815 million (US$ 61 million) on its Telemedia services.

<u>Enterprise Services – Carriers</u>

Revenues, EBITDA and EBIT

For the quarter ended September 30, 2008, the revenues from its long distance services were Rs. 17,002 million, representing a growth of 69% over the corresponding quarter last year. The EBITDA from this segment during the quarter was Rs 7,351 million, an increase of 112% over the corresponding quarter last year. The EBITDA margin for the quarter, was 43.2%**.** The EBIT of this segment was Rs. 6,352 million representing an increase of 132% over the corresponding quarter last year.

Capital Expenditure

During the quarter ended September 30, 2008, the company incurred a capital expenditure of Rs. 3,992 million (US$ 86 million) on its Enterprise Services-Carriers.

<u>Enterprise Services - Corporates</u>

Revenues, EBITDA and EBIT

For the quarter ended September 30, 2008, the revenue from this segment was Rs. 4,872 million, a growth of 42% over the corresponding quarter last year. The EBITDA for this segment for the quarter ended September 30, 2008 was Rs. 2,018 million. The EBITDA margin for this segment in the quarter ended September 30, 2008 was 41.4% The EBIT of this segment was Rs. 1,619 million representing a growth of 31% over the corresponding quarter last year.

Capital Expenditure

During the quarter ended September 30, 2008, the company incurred a capital expenditure of Rs. 279 million (US$ 6 million) on its Enterprise Services-Corporates.

<u>Passive Infrastructure Services</u>

Towers and Sharing Operators

As at the end of the quarter, the company had 59,966 towers, out of which 40,692 were ground based and 19,274 were roof top towers and others. Sharing factor for the quarter ended September 30, 2008 was 1.26 times.

Revenues, EBITDA and EBIT

For the quarter ended September 30, 2008, the revenues from its passive infrastructure services were Rs. 11,983 million. The EBITDA from this segment during the quarter was Rs 3,991 million. The EBITDA margin for the quarter, was 33.3%. The EBIT of this segment was Rs. 1,185 million.

Capital Expenditure

During the quarter ended September 30, 2008, the company incurred a capital expenditure of Rs. 7,562 million (US$ 163 million) on its passive infrastructure services.

SECTION 6

STOCK MARKET HIGHLIGHTS

6.1 General Information

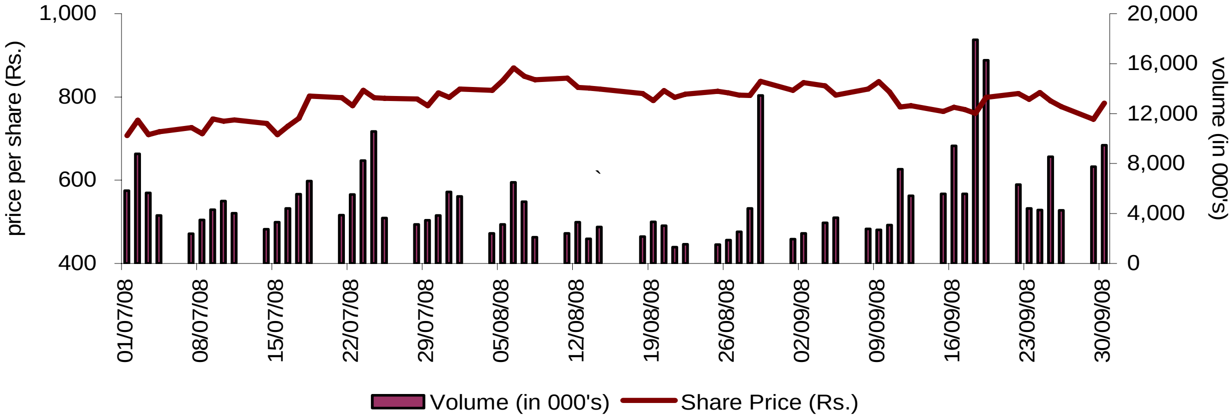
Shareholding and Financial Data		
Code/Exchange		532454/BSE
Bloomberg/Reuters		BHARTI IN/BRTI.BO
No. of Shares Outstanding (30/09/08)	Million Nos.	1,898.10
Closing Market Price - BSE (30/09/08)	Rs./Share	785.05
Combined Volume (NSE & BSE) (01/07/08-30/09/08)	No. in Mn/day	4.95
Combined Value (NSE & BSE) (01/07/08-30/09/08)	Rs. bn./day	3.87
Market Capitalization	Rs. bn	1,490
Market Capitalization	US$ bn	32.08
Book Value Per Equity Share	Rs./share	136.60
Market Price/Book Value	Times	5.75
Net Debt to EBITDA (LTM)[1]	Times	0.38
Enterprise Value	Rs. bn	1,541
Enterprise Value	US$ bn	33.17
Enterprise Value/ Annualised Q2 Revenue	Times	4.27
Enterprise Value/ Annualised Q2 EBITDA	Times	10.41

Note 1: Net Debt to EBITDA (LTM) for the period amounts to 0.14 times exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.

6.2 Summarized Shareholding pattern as of September 30, 2008

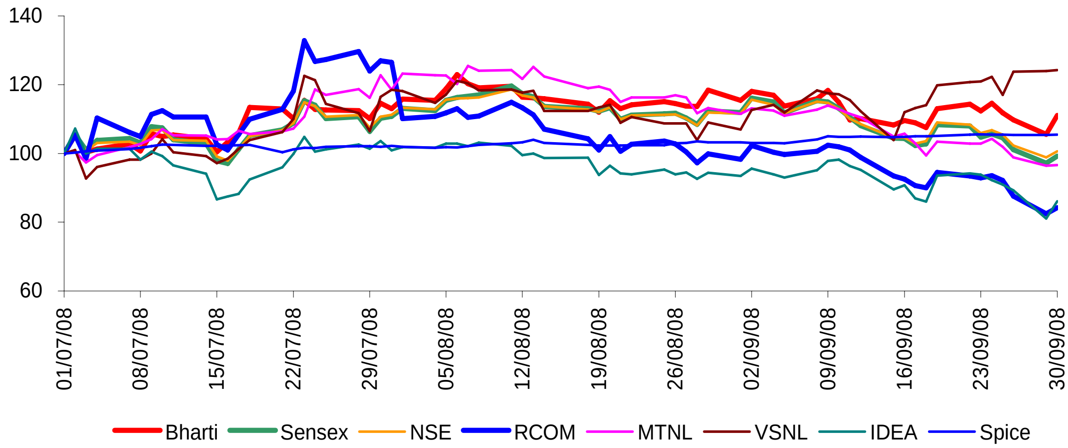
Category	Number of Shares	%
Promoter & Promoter Group		
Indian	859,986,028	45.31%
Foreign	412,303,373	21.72%
Sub total	**1,272,289,401**	**67.03%**
Public Shareholding		
Institutions	544,496,381	28.69%
Non-institutions	81,315,822	4.28%
Sub total	**625,812,203**	**32.97%**
Total	**1,898,101,604**	**100.00%**

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



Source: Bloomberg

6.4 Comparison of Domestic Telecom stock movement with Sensex and Nifty



Bharti	11.0%
Sensex	-0.8%
NSE	0.6%
Idea	-13.9%
RCOM	-15.7%
MTNL	-3.4%
VSNL	24.2%
Spice	5.5%

Source: Bloomberg

SECTION 7

Use of Non-GAAP Financial Information

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

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

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

7.1 Reconciliation of Non-GAAP financial information based on USGAAP

7.1.1 Consolidated

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Operating Income To EBITDA		
Operating Income	**25,444**	**50,620**
Depreciation and Amortization	11,549	21,594
EBITDA	**36,993**	**72,214**
Operating Income to Cash Profit from Operations		
Operating Income	**25,444**	**50,620**
Depreciation and Amortization	11,549	21,594
Interest income	3,440	6,824
Interest expense	(9,181)	(14,397)
Cash Profit from Operations	**31,252**	**64,641**
Operating Income to EBIT		
Operating Income	**25,444**	**50,620**
Less:		
Share of profits in associates/ joint ventures	93	206
Non operating expenses	160	161
Add:		
Other income	274	859
EBIT	**25,465**	**51,112**
Total Revenue to Net Revenue		
Total Revenue	**90,203**	**175,036**
Less:-		
Access charges	12,902	25,328
Net Revenue	**77,301**	**149,708**
Income before Income taxes to Income after current tax expense		
Income before Income taxes	19,724	43,539
Less:-		
Current tax expense	1,763	4,816
Income after current tax expense	**17,961**	**38,723**

7.1.1 Consolidated (cont.)

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Total Non Current Assets		
Property and equipment, net	366,248	366,248
Acquired intangible assets, net	13,478	13,478
Goodwill	27,043	27,043
Investment in associates and joint ventures	112	112
Restricted cash, non-current	54	54
Other assets	7,614	7,614
Total Non Current Assets	**414,549**	**414,549**

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Total Non Current Liabilities		
Long-term debt, net of current portion	47,568	47,568
Deferred taxes on income	4,674	4,674
Unearned income- Indefeasible right to use sales	3,296	3,296
Other liabilities	7,089	7,089
Total Non Current Liabilities	**62,627**	**62,627**

7.1.2 Mobile Services

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Operating Income To EBITDA		
Operating Income	**15,581**	**31,155**
Depreciation and Amortization	6,428	12,072
EBITDA	**22,009**	**43,227**
Operating Income to EBIT		
Operating Income	**15,581**	**31,155**
Less:		
Share of profits in associates/ joint ventures	3	1
Non operating expenses	0	1
Add:		
Other income	150	295
EBIT	**15,728**	**31,448**

7.1.3 Telemedia Services

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Operating Income To EBITDA		
Operating Income	**2,227**	**4,201**
Depreciation and Amortization	1,469	2,861
EBITDA	**3,696**	**7,062**

Operating Income to EBIT		
Operating Income	**2,227**	**4201**
Add:		
Other income	43	50
EBIT	**2,270**	**4251**

7.1.4 Enterprise Services – Carriers

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Operating Income To EBITDA		
Operating Income	**6,278**	**12,205**
Depreciation and Amortization	1,073	2,030
EBITDA	**7,351**	**14,235**

Operating Income to EBIT		
Operating Income	**6,278**	**12,205**
Add:		
Other income	74	135
EBIT	**6,352**	**12,340**

7.1.5 Enterprise Services - Corporates

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Operating Income To EBITDA		
Operating Income	**1,616**	**3,007**
Depreciation and Amortization	402	782
EBITDA	**2,018**	**3,789**

Operating Income to EBIT		
Operating Income	**1,616**	**3,007**
Add:		
Other income	3	8
EBIT	**1,619**	**3,015**

7.1.6 Others

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Operating Income To EBITDA		
Operating Income	**(1,399)**	**(2,702)**
Depreciation and Amortization	115	174
EBITDA	**(1,284)**	**(2,528)**

Operating Income To EBIT		
Operating Income	**(1,399)**	**(2,702)**
Less:		
Non operating expenses	159	160
Add:		
Other Income	4	364
EBIT	**(1,554)**	**(2,498)**

7.1.7 Passive Infrastructure Services

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Operating Income To EBITDA		
Operating Income	**1,275**	**2,953**
Depreciation and Amortization	2,716	4,908
EBITDA	**3,991**	**7,861**

Operating Income To EBIT		
Operating Income	**1,275**	**2,953**
Less:		
Share of profits in associates/ joint ventures	90	205
Add:		
Other Income	0	11
EBIT	**1,185**	**2,759**

7.2 Schedule to Financial Statements

7.2.1 Schedule of Cost of services

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Access charges	12,902	25,328
Licence fees, revenue share and spectrum charges	9,096	17,630
Network operations costs	14,392	26,715
Employee costs	4,209	8,176
Depreciation and Amortization (excluding intangibles)	11,273	21,202
Cost of Services	**51,872**	**99,051**

7.2.2 Schedule of Operating expenses

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Network operations costs	14,392	26,715
Equipment costs	865	1,049
Employee costs	4,209	8,176
Selling, general and administrative costs	11,746	23,924
Operating Expenses	**31,212**	**59,864**

7.2.3 Schedule of Depreciation and Amortization

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Fixed Assets	10,990	20,676
Licence Fees	156	310
ESOP	234	314
Intangibles	169	293
Depreciation and Amortization	**11,549**	**21,593**

7.2.4 Schedule of Net debt

Amount in Rs million

Particulars	Quarter Ended September 2008 [1]	Half Year Ended September 2008
Long term debt, net of current portion	47,568	47,568
Short-term borrowings and current portion of long-term debt	53,914	53,914
Less:		
Cash and cash equivalents	10,484	10,484
Restricted cash	84	84
Restricted cash, non-current	54	54
Short term investments	40,129	40,129
Net Debt [1]	**50,731**	**50,731**

Note 1: Net Debt for the period amounts to Rs 18,696 million exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.

7.2.5 Schedule of Finance cost (net)

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Interest on borrowings	832	1,633
Finance charges	193	550
Finance income	(1,146)	(1,952)
Derivatives and exchange fluctuation	5,862	7,342
Finance cost (net)	**5,741**	**7,573**

7.2.6 Schedule of Income tax

Amount in Rs million

Particulars	Quarter Ended September 2008	Half Year Ended September 2008
Current tax expense	1,763	4,816
Deferred tax expense / (income)	(3,010)	(2,781)
Income tax expense	**(1,247)**	**2,035**

ANNEXURE – DETAILED FINANCIAL AND RELATED INFORMATION

A.1 Financial Statements as Per United States Generally Accepted Accounting Principles (US GAAP)

A.1.1 Consolidated Statement of Operations (as per US GAAP)

Amount in Rs. Million, except ratios

Particulars	Quarter Ended			Half Year Ended		
	Sept. 2008	Sept. 2007	Y-on-Y Growth	Sept. 2008	Sept. 2007	Y-on-Y Growth
Revenues						
Services	88,988	63,058	41%	173,517	121,733	43%
Indefeasible right to use sales	109	109		218	218	
Equipment Sales	1,106	207	434%	1,301	468	178%
Total Revenues	**90,203**	**63,374**	**42%**	**175,036**	**122,420**	**43%**
Operating Expenses						
Cost of Services	(51,872)	(35,790)	45%	(99,051)	(69,035)	43%
(Inclusive of depreciation and amortization)						
Costs of Equipment sales	(865)	(206)	320%	(1,049)	(389)	170%
Selling, general & administrative expenses	(12,022)	(9,343)	29%	(24,316)	(18,614)	31%
(Inclusive of amortization of intangibles)						
Total Operating Expense	**(64,759)**	**(45,339)**	**43%**	**(124,416)**	**(88,038)**	**41%**
Operating Income	**25,444**	**18,035**	**41%**	**50,620**	**34,382**	**47%**
Interest expense	(9,181)	(1,267)		(14,397)	(4,592)	
Interest income	3,440	141		6,824	5,218	
Share of profits in associates / joint ventures	(93)	3		(206)	2	
Other income	274	605	-55%	859	1,414	-39%
Non operating expenses	(160)	(46)		(161)	(52)	
Income before Income Taxes	**19,724**	**17,472**	**13%**	**43,539**	**36,372**	**20%**
Income tax expense	1,247	(1,135)		(2,035)	(4,729)	
Minority interest	(508)	(197)		(791)	(388)	
Net income	**20,463**	**16,139**	**27%**	**40,713**	**31,255**	**30%**
Earnings per share for profit attributable to common shareholders						
Basic	10.79	8.52		21.48	16.50	
Diluted	10.79	8.51		21.46	16.47	
Weighted average number of shares used in computing earnings per share						
Weighted average number of common shares (in millions)	1,896	1,895		1,896	1,894	
Weighted average number of diluted shares (in millions)	1,897	1,898		1,897	1,898	

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

Amount in Rs. Million

Particulars	As at September 30, 2008
ASSETS	
Cash and cash equivalents	10,484
Accounts receivable, net of allowances for doubtful debts	17,169
Unbilled receivables	11,418
Inventories	1,033
Short term investments	40,129
Deferred taxes on income	4,924
Derivative financial instruments	4,750
Restricted cash	84
Pre-paid expenses and other current assets	28,442
Due from related parties	8,824
Total Current Assets	**127,257**
Property and equipment, net	366,248
Acquired intangible assets, net	13,478
Goodwill	27,043
Investment in associates and joint ventures	112
Restricted cash, non-current	54
Other assets	7,614
Total Assets	**541,806**
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	53,915
Trade payables	26,910
Equipment supply payables	62,156
Accrued expenses	26,213
Unearned income	28,619
Unearned income- Indefeasible right to use sales	336
Derivative financial instruments	239
Due to related parties	71
Other current liabilites	11,548
Total current liabilities	**210,007**
Long-term debt, net of current portion	47,568
Deferred taxes on income	4,674
Unearned income- Indefeasible right to use sales	3,296
Other liabilities	7,089
Total liabilities	**272,634**
Minority interest	9,892
Stockholders' equity	
Common stock, par value Rs.10 per share	18,981
Advances against equity	45
Additional paid in capital	73,442
Treasury stock	(110)
Retained earnings	166,677
Accumulated other comprehensive income (loss)	245
Total stockholders' equity	**259,280**
Total liabilities and stockholders' equity	**541,806**

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

Amount in Rs. Million

Particulars		Quarter ended September 30, 2008	Half year ended September 30, 2008
Cash flows from operating activities			
Net income	**a**	**20,463**	**40,713**
Add: Non Cash items	**b**		
Depreciation and amortization		11,549	21,593
Tax expense / (income)		(1,247)	2,035
Impact of fair valuation of financial instruments		5,862	7,355
Cash generated from operations before working capital changes	**c=a+b**	**36,627**	**71,696**
(Increase)/decrease in working capital		(7,155)	3,581
(Increase)/decrease in non-current assets		(745)	(6,778)
Increase/(decrease) in non-current liabilities		(1,321)	(135)
Net cash provided/(used) by/in operating activities	**d**	**(9,221)**	**(3,332)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(31,867)	(72,538)
(Investment) / sale in associate		3	(4)
Net cash provided/(used) by/in investing activities	**e**	**(31,864)**	**(72,542)**
Cash flows from financing activities			
Increase/(decrease) in borrowings		(882)	(2,938)
Increase/(decrease) in Stockholders Equity		1,151	2,861
Net cash provided/(used) by/in financing activities	**f**	**269**	**(77)**
Cash and cash equivalents[5]			
Beginning of the period	**g**	54,940	55,006
End of the period	**h=c+d+e+f +g**	50,751	50,751

Note 5: Includes short-term investments, restricted cash, restricted cash, non-current.

A.2 Trend and Ratio Analysis

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

A.2.1 Based on Statement of Operations

Amount in Rs. Million

Parameters	For the Quarter Ended				
	Sep-08	Jun-08	Mar-08	Dec-07	Sep-07
Total Revenues	90,203	84,833	78,191	69,639	63,374
Access and interconnection charges	12,902	12,426	12,298	10,424	9,317
Operating Expenses	31,212	28,654	25,574	22,590	20,679
Licence Fee	9,096	8,532	7,801	6,991	6,281
EBITDA	36,993	35,221	32,518	29,634	27,097
Cash profit from operations after Derivative and Exchange Fluctuations	31,252	33,389	30,361	28,824	25,971
Income before income taxes	19,724	23,814	21,132	19,032	17,472
Net income	20,463	20,250	18,529	17,224	16,139

	Sep-08	Jun-08	Mar-08	Dec-07	Sep-07
As a % of Total Revenues					
Access and interconnection charges	14.3%	14.6%	15.7%	15.0%	14.7%
Operating Expenses	34.6%	33.8%	32.7%	32.4%	32.6%
Licence Fee	10.1%	10.1%	10.0%	10.0%	9.9%
EBITDA	41.0%	41.5%	41.6%	42.6%	42.8%
Cash profit from operations after Derivative and Exchange Fluctuations	34.6%	39.4%	38.8%	41.4%	41.0%
Income before income taxes	21.9%	28.1%	27.0%	27.3%	27.6%
Net income	22.7%	23.9%	23.7%	24.7%	25.5%

A.2.2 Based on Balance Sheet

Amount in Rs. Million

Parameters	For the Quarter Ended				
	Sep-08	Jun-08	Mar-08	Dec-07	Sep-07
Stockholder's Equity	259,280	238,329	217,042	183,729	166,315
Net Debt	50,731	41,562	42,057	44,885	39,333
Capital Employed = Stockholder's equity + Net Debt	310,011	279,891	259,099	228,614	205,648

Parameters	Sep-08[1]	Jun-08	Mar-08	Dec-07	Sep-07
Return on Stockholder's equity (LTM)	35.9%	37.9%	39.6%	41.0%	41.8%
Return on Capital Employed (LTM)	33.9%	33.8%	33.2%	32.9%	31.5%
Net Debt to EBITDA (LTM) [1]	0.38	0.33	0.37	0.43	0.42
Assets Turnover ratio (LTM)	108.6%	110.8%	115.4%	117.5%	117.2%
Interest Coverage ratio (times)	44.46	43.97	37.46	34.74	34.93
Book Value Per Equity Share (in Rs)	136.6	125.6	114.4	96.8	87.6
Net debt to Stockholders' Equity (Times) [1]	0.20	0.17	0.19	0.24	0.24
Per share data (for the period)					
Net profit/(loss) per common share (in Rs)	10.79	10.68	9.78	9.09	8.52
Net profit/(loss) per diluted share (in Rs)	10.79	10.67	9.76	9.08	8.51
Market Capitalization (Rs. bn)	1,490	1,370	1,568	1,887	1,786
Enterprise Value (Rs. bn)	1,541	1,411	1,610	1,932	1,825

Note 1: Net Debt to EBITDA (LTM) for the period amounts to 0.14 times and Net Debt to Stockholders Equity amounts to 0.09 exclusive of fully and compulsory convertible, non-cumulative, unsecured and interest free Debentures.

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:

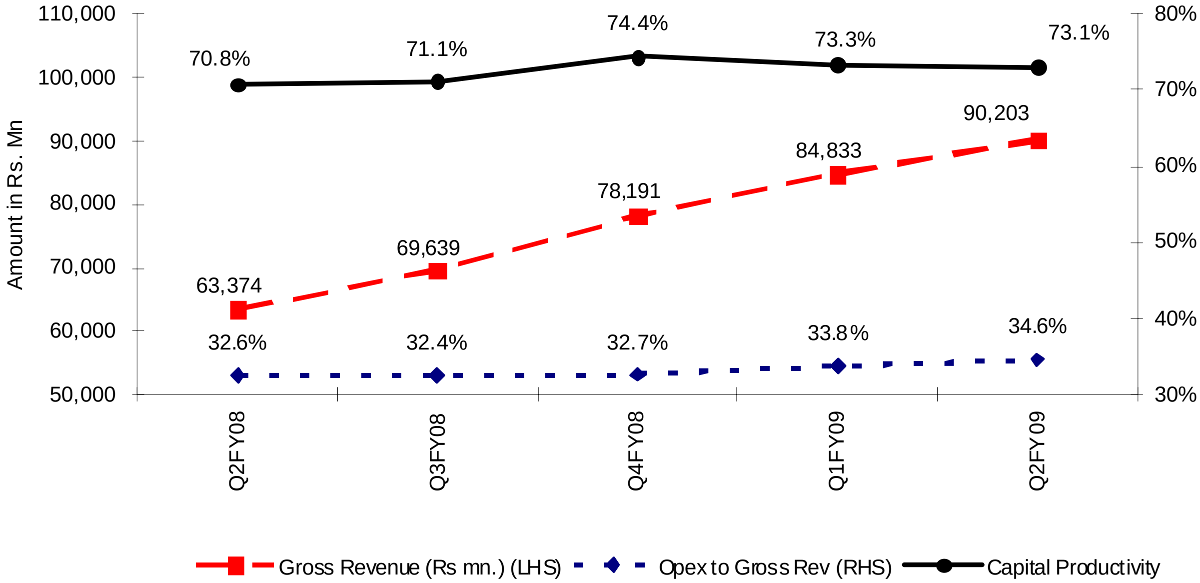
1. Gross Revenues i.e. absolute turnover/sales

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, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
Consolidated						
Customers	000's	79,989	71,777	64,268	57,341	50,951
Employees	No.	25,616	26,144	25,543	24,703	23,264
Mobile services						
Customers	000's	77,479	69,384	61,985	55,163	48,876
Pre-paid customers as a % of total customers	%	92.9%	92.3%	91.6%	91.0%	90.4%
Post-paid customers as a % of total customers	%	7.1%	7.7%	8.4%	9.0%	9.6%
Bharti's mobile subscribers market share[6]	%	24.6%	24.2%	23.7%	23.6%	23.4%
Average Revenue Per User (ARPU)	Rs.	331	350	357	358	366
Average Minutes of Use Per User	Minutes	526	534	507	474	469
Post-paid Voluntary Churn	%	1.1%	1.0%	1.0%	0.9%	1.1%
Post-paid Company Initiated Churn	%	1.4%	1.4%	1.5%	1.8%	2.1%
Pre-paid Churn	%	3.2%	3.8%	4.3%	3.9%	3.8%
SMS Revenue as a % of Total Mobile Revenues	%	4.3%	4.2%	4.4%	4.4%	4.6%
Employees	No.	8,133	8,534	8,452	8,371	8,132
Telemedia Services						
Customers	000's	2,509	2,394	2,283	2,178	2,075
Average Revenue Per User (ARPU)	Rs.	1,147	1,138	1,137	1,140	1,150
Employees	No.	11,214	11,489	12,242	12,227	11,177
Enterprise Services Consolidated						
Employees	No.	3,686	3,749	3,828	3,518	3,353
Others						
Employees	No.	2,233	2,132	725	587	602
Passive Infrastructure Services						
Employees	No.	350	240	296	-	-

Note 6: All India mobile subscribers based on the report published by TRAI.

A.2.5 Traffic, Coverage and Network Trends

Parameters	Unit	Sept. 30, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
Mobile Services	Mn Min	115,834	105,217	89,058	73,840	64,375
Telemedia Services	Mn Min	5,002	4,842	4,736	4,604	4,596
National Long Distance Services	Mn Min	11,349	10,322	9,398	7,898	6,774
International Long Distance Services	Mn Min	2,284	2,048	1,850	1,591	1,345
Total Minutes on Network[7]	**Mn Min**	**134,470**	**122,428**	**105,042**	**87,933**	**77,089**

Note 7 : The minutes are gross of intersegment eliminations

Parameters	Unit	Sept. 30, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept. 30, 2007
Mobile Services						
Census Towns	No.	5,050	5,048	5,023	4,902	4,876
Non-Census Towns and Villages	No.	384,521	364,287	342,623	320,623	290,000
Population Coverage	%	77%	74%	71%	68%	65%
Network Sites	No.	82,554	75,876	69,141	60,299	52,826
Telemedia Services						
Cities covered	No.	95	94	94	94	94
Carriers (National Long Distance)						
Optic Fibre Network[8]	RKms	83,389	78,540	73,787	67,138	55,574

Note 8: With effect from quarter ended September 2007, Optic Fibre Network is inclusive of owned fibre and swapped fibre. With effect from quarter ended December 2007, Optic Fibre Network is inclusive of intra city fibre , previously reported as only inter-city.

A.2.6 Passive Infrastructure Services

Parameters	Unit	Sept. 30, 2008	June 30, 2008	March 31, 2008	Dec. 31, 2007	Sept 30, 2007
Towers						
Total Towers	No.	59,966	58,013	53,083	-	-
Ground Based Towers	No.	40,692	38,845	34,261	-	-
Roof Top Towers and Others	No.	19,274	19,168	18,822	-	-
Key Indicators						
Sharing Revenue per Sharing Operator per month	Rs.	32,177	31,893	30,017	-	-
Sharing Factor	Times	1.26	1.22	1.22	-	-

A.3 Key Accounting Policies as per US GAAP

1. Joint Ventures

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

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

2. Property and equipment

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

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

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

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

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

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

3. Goodwill

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

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

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

4. Foreign currency transactions

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

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

5. Capital leases

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

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

6. Impairment of long – lived assets and intangible assets

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

7. Revenue recognition

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

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

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

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

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

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

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

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

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

8. License fees

Licenses signed prior to NTP - 99

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

Licenses signed under NTP - 99

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

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

UASL Licenses & license fees

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

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

9. Other intangible assets

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

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

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

10. Income-taxes

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

11. Pre operating costs

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

12. Derivative financial instruments

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

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

13. Asset Retirement Obligations

Asset retirement obligations associated with the Group's wireless and wireline services cell sites, switch sites, retail, and administrative location operating leases are subject to the provisions of FAS No. 143 "Accounting for Asset Retirement Obligations" and FASB interpretation no. 47 "Accounting for Conditional Asset Retirement Obligation".. The lease agreements entered into by the Group may contain clauses requiring restoration of the leased site at the end of the lease term and therefore create asset retirement obligations. The Group records the fair value of a liability for an asset retirement obligation in the period in which it is incurred and capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the estimated useful life of the related asset. Upon settlement of the liability, the Group either settles the obligation for its recorded amount or incurs a gain or loss upon settlement.

14. Indefeasible right to use (IRU)

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

15. Allowance for uncollectible accounts receivable

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

16. Issuance of Stock by Subsidiaries

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

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

Amount in Rs million

Particulars	Quarter Ended September 30, 2008	Half Year Ended September 30, 2008
	Audited	Audited
Service Revenue	89,093	173,583
Sales of Goods	143	713
Total Income	**89,236**	**174,296**
Profit before Finance Expenses /(Income) (Net), Depreciation, Amortization, Pre-operative Expenditure,Charity and Donation, Taxation and Other Income	**36,847**	**72,112**
Finance expenses (net)	10,996	10,050
Depreciation and Amortization	11,022	20,994
Amortisation	736	1,314
Other Income	292	907
Charity and Donation	160	161
Profit Before tax	**14,225**	**40,500**
Tax Expenses/ (Income)		
-Current Tax	(246)	2,807
-Fringe Benefit Tax	114	209
-Deferred Tax	(2,789)	(1,763)
Profit After Tax	**17,146**	**39,247**
Minority Interest	465	899
Profit for the period	**16,681**	**38,348**

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, 2008	Half Year Ended September 30, 2008
Net profit / (loss) as per US GAAP	**20,463**	**40,713**
Add: Differences on account of:		
Minority Interest and loss of Joint Venture	14	(136)
Deferred Tax expense	1,668	864
Less: Differences on account of:		
Amortization of Goodwill/ Intangibles	201	400
Being difference in revenue recognition	209	144
License fee amortization	146	292
Differences in accounting for finance charges	5,025	2,020
Remeasurement of financial instruments not applicable in IGAAP	118	337
Differential depreciation provided in IGAAP due to forex fluctuations not considered in US GAAP	(235)	(100)
Net profit/(loss) as per Indian GAAP	**16,681**	**38,348**

GLOSSARY

Technical and Industry Terms

Company Related	
Access and Interconnection Charges / Total Revenues	Access and interconnection charges for the relevant period divided by total revenues for the relevant period.
AGR	Adjusted Gross Revenues. Used for computing the License Fees and WPC charges payable by an Access Provider and have been provisionally defined as gross revenue of the Access Provider net of access charges actually paid to other telecom service providers, roaming revenues passed on to other telecom service providers and service tax and sales tax actually paid to the Government, if the same had been included in the Gross Income.
ARPU (for Mobile and Telemedia Services)	Average revenue per customer per month is computed by: dividing the total revenues, excluding equipment sales 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.
Average Minutes of Use per user	Average minutes of usage per customer per month is calculated by dividing the total minutes of usage (incoming, outgoing and in-roaming) on our network during the relevant period by the average customers; and dividing the result by the number of months in the relevant period.
Average Sharing Operators	Average Sharing Operators are derived by computing the average of the monthly average sharing operators for the relevant period
Average Customers	Average customers are derived by computing the average of the monthly average customers for the relevant period.
Average Towers	Average towers are derived by computing the average of the monthly average towers for the relevant period
Book Value Per Equity Share	Total stockholder’s equity as at the end of the relevant period divided by issued and outstanding equity shares as at the end of the relevant period.
Capital Employed	Capital Employed is defined as sum of stockholder’s equity and net debt.
Cash Profit From Operations	It is not a US GAAP measure and is defined as operating income adjusted for depreciation and amortization, pre-operating costs, interest expense and interest income.
Churn	Churn is calculated by dividing the total number of disconnections during the relevant period by the average customers; and dividing the result by the number of months in the relevant period. Post-paid churn has been subdivided into: a) Voluntary: indicating the number of subscribers who opt out of the network at their own behest. b) Company initiated churn: indicating the number of subscribers whose churn is initiated by the company due to non-payment.
DTH	Direct to Home broadcast service
Earnings Per Basic Share.	It is computed by dividing net income attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Earnings Per Diluted Share	The calculation of Net Profit/ (loss) per diluted share adjusts net profit or loss and the weighted average number of ordinary shares outstanding, to give effect to all dilutive potential ordinary shares that were outstanding during the year. Net profit or loss attributable to ordinary shareholders is adjusted for the after-tax effect of the following: (1) dividends on potential ordinary shares (for example, dilutive convertible preferred shares); (2) interest recognized on potential ordinary shares (for example, dilutive convertible debt); and (3) any other changes in income or expense resulting from the conversion of dilutive potential ordinary shares (e.g., an entity’s contribution to its non-discretionary employee profit-sharing plan may be revised based on changes in net profit due to the effects of items discussed above).
EBITDA	Earnings/ (loss) before interest, taxation, depreciation and amortization. It is not a US GAAP measure and is defined as operating income adjusted for depreciation and amortization and pre-operating costs.

EBITDA Margin or EBITDA / Total Revenues	It is computed by dividing EBITDA for the relevant period by total revenues for the relevant period.
EBIT	Earnings / (Loss) before interest and taxation for the relevant period. It is equivalent to Income/ (loss) before interest income, interest expense and taxes.
Gross Revenue per Employee per month	It is computed by dividing the Gross Revenue (net of inter-segment eliminations) by the closing number of employees in a given business unit and number of months in the relevant period.
Ground Based Towers	Ground based towers refer to towers erected on ground.
ILD	International Long Distance Services.
Income/(loss) after current tax expense	It is not a US GAAP measure and is defined as Income/ (loss) before taxation adjusted for current tax expense.
Interest Coverage Ratio	EBITDA for the relevant period divided by interest on borrowing for the relevant period.
Investments in projects	The investment in projects comprises gross fixed assets, intangible assets, capital work in progress, gross goodwill, investment in JV's and one-time entry fee paid towards acquisition of licenses.
ICT	Information Communication Technology
IPTV	Internet Protocol TV. IPTV is a new method of delivering and viewing television programmes using an IP transmission and service infrastructure, which can deliver digital television to the customers. IPTV when offered using an IP network and high speed broadband technology becomes interactive because of availability of return path and is capable of providing Video on Demand (VOD), time shifted television and many other exciting programmes.
LTM	Last twelve months.
Market Capitalization	Number of issued and outstanding shares as at end of September 30, 2008 multiplied by closing market price (BSE) as at end of September 30, 2008.
MoU	Minutes of Usage. Duration in minutes for which a customer uses the network. It is typically expressed over a period of one month.
Mobile Customers Per Employee	Number of GSM customers on our networks as at end of the relevant period divided by number of employees in the mobile segment as at end of the relevant period.
Mobile TV	Mobile Television. Mobile TV service refers to provision of television services to subscribers for viewing on handheld or portable devices. Technically, there are two main ways of delivering television content to mobile devices; via the mobile telecommunications networks or by using broadcasting technologies.
MPLS	MPLS stands for Multi Protocol Label Switching network created on SDH platform. It simplifies the configuration and management of larger networks as point to point connections are not required.
Network Site	Comprises of Base Transmission System (BTS) which holds the radio transreceivers (TRXs) that define a cell and coordinates the radio links protocols with the mobile device. It includes all the Ground based, Roof top and In Building Solutions as at the end of the period.
Net Debt	It is not a US GAAP measure and is defined as the long-term debt, net of current portion plus short-term borrowings and current portion of long-term debt minus cash and cash equivalents, restricted cash, restricted cash non-current, short-term investments and investments as at the end of the relevant period.
Net Debt to EBITDA	It is computed by dividing net debt as at the end of the relevant period by EBITDA for preceding (last) 12 months from the end of the relevant period.
Net Debt to Stockholder's Equity	It is computed by dividing net debt as at the end of the relevant period by stockholder's equity as at the end of the relevant period.
Net Revenues	It is not a US GAAP measure and is defined as total revenues adjusted for access charges for the relevant period.
NLD	National Long Distance Services.
Non Voice Revenue as a % of consolidated revenue	It is computed by dividing the total non-voice revenue of the company (consolidated) by the total revenues for the relevant period. Non-voice revenues include VAS Revenues for Mobile, VAS and Internet Revenues for Telemedia Services, Bandwidth Revenue for Long Distance Services, and Bandwidth and Internet Revenues for Enterprise Services.
Non Voice Revenue as a % of Mobile Revenue	It is computed by dividing the total non voice revenue of mobile services by the total revenues of mobile services for the relevant period. Non voice revenue for mobile services includes revenues from value added services (including SMS, GPRS, MMS, Ring Back Tones etc.).

Operating Income	Operating Income is defined as total revenues less total operating expenses for the relevant period.
POI	The geographical location where two networks interconnect and exchange traffic
POP	Point of Presence. POP means a technical arrangement made by the National Long Distance Service Operator under which it can accept outgoing calls from and deliver terminating calls to the area required to be served from such Point of Presence.
Post-Paid Services	The provision of mobile services, wherein the subscribers pay for usage including airtime, rental value added services, access and interconnection charges and any other applicable charges at the end of the billing period.
Pre-Paid Services	The provision of mobile services wherein subscribers pay a fixed amount, which is valid for a certain period, for usage including airtime, value added services, access and interconnection charges and any other applicable charges prior to commencement of service.
Return On Capital Employed (ROCE)	For the full year ended March 31, 2005, 2006, 2007 and 2008, ROCE is computed by dividing the sum of net profit and finance cost (net) for the period by average (of opening and closing) capital employed. For the quarterly computation, it is computed by dividing the sum of net profit & finance cost (net) for the preceding (last) 12 months from the end of the relevant period by average capital employed. Average capital employed is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Return On Stockholder's Equity	For the full year ended March 31, 2005, 2006, 2007 and 2008, it is computed by dividing net profit for the period by the average (of opening and closing) Stockholder's equity. For the quarterly computations, it is computed by dividing net profit for the preceding (last) 12 months from the end of the relevant period by the average Stockholder's equity for the preceding (last) 12 months. Average Stockholder's equity is calculated by considering average of quarterly average for the preceding (last) four quarters from the end of the relevant period.
Roof Top Towers and Others	Roof top towers refer to towers erected on the roof top, and others include IBS and micro towers.
SDH	Synchronous Digital Hierarchy. It is a standard technology for synchronous data transmission on optical media, andprovide faster and less expensive network interconnection.
Sharing revenue per Sharing Operator per month	It is computed by dividing gross revenue less energy and other pass through, from Passive Infrastructure services by average sharing operators.
Sharing factor	It is computed by dividing average sharing operators by average towers
Telemedia Customers Per Employee	Number of Telemedia customers on our networks as at end of the relevant period divided by number of employees in the Telemedia segment as at end of the relevant period.
Total Towers	It is the sum of ground based towers, and roof top towers and Others.
Total Operating Expenses / Total Revenues	Total operative expenses for the relevant period divided by total revenues for the relevant period.
Total Operating Expenses	It is defined as sum of equipment costs, employee costs, network operations costs and selling, general and administrative cost for the relevant period.

Regulatory

AUSPI	Association of Unified Telecom Service Providers of India.
BSO	Basic Service Operator
BWA	Broadband Wireless Access
COAI	Cellular Operators Association of India
CMSP	Cellular Mobile Service Provider.
CMTS	Cellular Mobile Telephone Service
DHQ	District Head Quarters

DoT	Department of Telecommunications
EVDO	Evolution Data Only
ILDO	International Long Distance Operator
ISP	Internet Service Provider
IUC	Interconnection Usage Charges.
MNO	Mobile Network Operator
NLDO	National Long Distance Operator
PLMN	Public Land Mobile Network
PSTN	Public Switch Telephone Network
SDCA	Short Distance Charging Area
TDSAT	Telecom Disputes Settlement & Appellate Tribunal.
TEC	Telecom Engineering Centre.
TRAI	Telecom Regulatory Authority of India.
UASL	Unified Access Service License.
Others (Industry)	
BSE	The Stock Exchange, Mumbai
GSM	Global System for Mobile Communications.
IGAAP	Generally Accepted Accounting Principles in India.
NSE	The National Stock Exchange of India Limited.
Sensex	Sensex is a stock index introduced by The Stock Exchange, Mumbai in 1986.
SMS	Short Messaging Service.
US GAAP	United States Generally Accepted Accounting Principles.

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